



## VAKSONS AUTOMOBILES LIMITED




Our Company was incorporated as Vaksons Automobiles Private Limited on February 20, 2003 under the Companies Act, 1956, with the Registrar of Companies, N. C. T. of Delhi and Haryana bearing Registration Number - 119052. The status of our Company was changed to a public limited company and the name of our Company was changed to Vaksons Automobiles Limited by a special resolution passed on September 30, 2014. A fresh Certificate of Incorporation consequent to the change of name was granted to our Company on December 24, 2014, by the Registrar of Companies, Delhi. Our Company's Corporate Identity Number is U51502DL2003PLC119052. For further details, please see the chapter titled "History and certain Corporate Matters" beginning on page 97 of this Prospectus.

**Registered Office:** 105, 1<sup>st</sup> Floor, Barodia Tower, Plot No 12, D Block, Central Market, Prashant Vihar, New Delhi - 110085.

**Tele-Fax:** +91 – 130 – 2218572; **Email:** info@vaksonsautomobiles.in; **Website:** www.vaksonsautomobiles.in

**Company Secretary and Compliance Officer:** Ms. Mahak Bajaj; **Email:** cs@vaksonsautomobiles.in;

**Our Promoters:** Mr. Atul Jain and Mrs. Vandana Jain

THE ISSUE		
<b>PUBLIC ISSUE OF 24,00,000 EQUITY SHARES OF ₹ 10 EACH ("EQUITY SHARES") OF VAKSONS AUTOMOBILES LIMITED ("VAL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 26 PER SHARE (THE "ISSUE PRICE"), AGGREGATING TO ₹ 624.00 LAKHS ("THE ISSUE"), OF WHICH, 1,28,000 EQUITY SHARES OF ₹ 10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE ISSUE (AS DEFINED IN THE CHAPTER "DEFINITIONS AND ABBREVIATIONS") (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 22,72,000 EQUITY SHARES OF ₹ 10 EACH IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 36.50% AND 34.55%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.</b>		
<b>THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER XB OF THE SEBI (ICDR) REGULATIONS, 2009 (as amended from time to time)</b> For further details, please see the section titled "Issue Related Information" beginning on page 168 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" beginning on page 174 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.		
<b>THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE ISSUE PRICE IS 2.60 TIMES OF THE FACE VALUE.</b>		
RISKS IN RELATION TO THE FIRST ISSUE		
This being the first issue of the company, there has been no formal market for the securities of the company. The face value of the shares is ₹ 10 per Equity Share and the issue price is 2.6 times of the face value. The Issue Price (as determined by Company in consultation with the Lead Managers) as stated under the chapter titled "Basis for Issue Price" beginning on page 58 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		
Investment 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 the issuer and the offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this document. <b>Specific attention of the Investors is invited to the section titled "Risk Factors" beginning on page 10 of this Prospectus.</b>		
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 the Issuer 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 document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.		
LISTING		
The Equity Shares issued through this Prospectus are proposed to be listed on the SME Platform of BSE. In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain an in-principle listing approval for the shares being issued in this Issue. However, our company has received an approval letter dated May 29, 2015 from BSE for using its name in this Offer Document for listing of 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 MANAGERS		REGISTRAR TO THE ISSUE
		
<b>BCB Brokerage Private Limited</b> 1207-A, P. J. Towers, Dalal Street, Fort, Mumbai - 400001, Maharashtra, India Tel. No.: +91-22-22720000 Fax No.: +91-22-22722451 Email: <a href="mailto:uttam@bcbbrokerage.com">uttam@bcbbrokerage.com</a> Investor Grievance Email: <a href="mailto:investorgrievance@bcbbrokerage.com">investorgrievance@bcbbrokerage.com</a> Website: <a href="http://www.bcbbrokerage.com">www.bcbbrokerage.com</a> SEBI Registration No.: MB/INM000012078 Contact Person: Mr. Uttam Bagri	<b>Aryaman Financial Services Limited</b> 60, Khatau Building, Gr. Floor, Alkesh Dinesh Modi Marg, Fort, Mumbai - 400 001, Maharashtra, India Tel. No.: +91 – 22 – 22618264; Fax No.: +91 – 22 – 22630434 Email: <a href="mailto:ipo@afsl.co.in">ipo@afsl.co.in</a> ; or <a href="mailto:info@afsl.co.in">info@afsl.co.in</a> Investor Grievance Email: <a href="mailto:feedback@afsl.co.in">feedback@afsl.co.in</a> Website: <a href="http://www.afsl.co.in">www.afsl.co.in</a> SEBI Registration No.: MB / INM000011344 Contact Person: Mr. Pranav Nagar	<b>Cameo Corporate Services Limited</b> Subramanian Building, No. 1 Club House Road, Chennai – 600 002. Tel. No.: +91 – 44 – 2846 0390 / +91 – 44 – 2846 0425 Fax No.: +91 – 44 – 2846 0129 E-mail: <a href="mailto:investor@cameoindia.com">investor@cameoindia.com</a> Website: <a href="http://www.cameoindia.com">www.cameoindia.com</a> SEBI Regn. No.: INR 000003753 Contact Person: Mr. R. D. Ramasamy
ISSUE PROGRAMME		
ISSUE OPENS ON: SEPTEMBER 28, 2015		ISSUE CLOSES ON: OCTOBER 01, 2015

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires the following terms in this Prospectus have the meaning given below:

#### General Terms

Term	Description
“We”, “us”, “our”, “the Issuer”, “the Company”, “our Company” or “VAL”	Unless the context otherwise indicates or implies, refers to Vaksons Automobiles Limited.

#### Company related Terms

Term	Description
AOA/Articles/ Articles of Association	Unless the context otherwise requires, refers to the Articles of Association of Vaksons Automobiles Limited
Auditors	The statutory auditors of our Company being, M/s. DNJ and Co., Chartered Accountants, having their office at #111, Times Square, 28 BMK Market, G.T. Road, Panipat-132103
Audit Committee	The audit committee constituted by our Board of Directors on February 17, 2015
Board / Board of Directors	The collective body of Directors of our Company or duly constituted committee thereof.
Companies Act	Unless Specified otherwise, this would imply to the provisions of the Companies Act, 2013 (to the extent notified) and / or Provisions of the Companies Act, 1956 w. r. t. the sections which have not yet been replaced by the Companies Act, 2013 through any official notification.
Companies Act	The Companies Act, 1956, as amended from time to time
Companies Act, 2013	The Companies Act, 2013 published on August 29, 2013 and applicable to the extent notified by MCA till date.
Competition Act	The Competition Act, 2002, as amended
Corporate and / or Registered Office	The Company's Registered office is situated at 105, 1st Floor, Barodia Tower, Plot No 12, D Block, Central Market Prashant Vihar, New Delhi - 110085, Delhi, India
Directors	The Directors of our Company, unless otherwise specified
Group Companies	The companies, firms, ventures, etc. promoted by our Promoters, irrespective of whether such entities are covered under Section 370(1) (B) of the Companies Act and as described in chapter title d “Our Promoter, Promoter Group and Group Companies” beginning on page 112 of this Prospectus.
Key Management Personnel	The personnel listed as Key Management Personnel in the chapter title d “Our Management” beginning on page 100 of this Prospectus.
Memorandum/ Memorandum of Association/MOA	The Memorandum of Association of our Company, as amended
Promoter	Promoters of our Company being Mr. Atul Jain and Mrs. Vandana Jain
Promoter Group	Such persons, entities and companies constituting our promoter group pursuant to Regulation 2 (1) (zb) of the SEBI ICDR Regulations as disclosed in the chapter titled “Our Promoters and Promoter Group” beginning on page 112 of this Prospectus.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act,
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985, as amended
SEBI Regulations / SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
Shareholders’/Investors’ Grievance Committee	The Shareholders’ / Investors’ Grievance committee constituted by our Board of Directors on February 17, 2015.

## Issue Related Terms and Abbreviations

Term	Description
Allot/Allotment/Allotted	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to the Issue to successful Applicants
Allottee	A successful Applicant to whom the Equity Shares are Allotted
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of the Company
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by ASBA Applicants to make an Application authorizing an SCSB to block the Application Amount in the specified Bank Account maintained with such SCSB. A SBA is mandatory for QIBs (except Anchor Investors) and Non-Institutional Applicants participating in the Issue
ASBA Account	Account maintained by an ASBA Applicant with a SCSB which will be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant
ASBA Applicant(s)	Prospective investors in this Issue who apply through the ASBA process. Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, Non-Retail Investors i.e. QIBs and Non-Institutional Investors participating in this Issue are required to mandatorily use the ASBA facility to submit their Applications.
ASBA Public Issue Account	An Account of the Company under Section 73 of the Act, where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Investors
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks which are Clearing Members and registered with SEBI as Banker to an issue with whom the Escrow Account(s) will be opened and in this case being Axis Bank and HDFC Bank
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Applicants under the Issue and which is described in the chapter titled “Issue Procedure” beginning on page 174 of this Prospectus
Business Day	Monday to Friday (except public holidays)
CAN / Confirmation of Allocation Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Category III FPI	Investors including endowments, charitable societies, charitable trusts, foundations, corporate bodies, trust, individuals and family offices which are not eligible for registration under Category I and II under the SEBI (Foreign Portfolio Investors) Regulations.
Controlling Branches	Such Branches of the SCSBs which co-ordinate Applications by the ASBA Applicants with the Registrar to the Issue and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.
Demographic Details	The demographic details of the Applicants such as their Address, PAN, Occupation and Bank Account details.
Depositories	NSDL and CDSL
Depository Participant or DP	A Depository Participant as defined under the Depositories Act.
Designated Branches	Such Branches of the SCSBs which shall collect the Application Forms used by the Applicants applying through the ASBA process and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a>
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Applicants in the Issue.
Designated Market Maker / Market Maker	Aryaman Capital Markets Ltd. (previously known as Aryaman Broking Limited) having its registered office at 60, Khatau Building, Gr. Floor, Alkesh Dinesh Modi Marg, Opp. P.J. Tower (BSE Bldg.), Fort, Mumbai – 400 001
Designated Stock Exchange	SME Exchange of BSE Limited
Eligible NRIs	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

Term	Description
	to subscribe to the Equity Shares Allotted herein.
Eligible QFIs	QFIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened demat accounts with SEBI registered qualified depository participants.
Equity Shares	Equity shares of our Company of ₹10/- each
Escrow Account(s)	An Account opened with the Escrow Collection Bank(s) and in whose favour the Applicants (excluding the ASBA Applicants) will issue cheques or drafts in respect of the Application Amount when submitting an Application
Escrow Agreement	The agreement to be entered into among our Company, the Registrar to the Issue, the LM, the Escrow Collection Bank(s) and the Refund Bank for collection of the Application Amounts and where applicable, remitting refunds of the amounts collected to the Applicants (excluding the ASBA Applicants) on the terms and conditions thereof.
FIIIs	Foreign Institutional Investors holding a valid certificate of registration under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as repealed, and who are deemed to be Foreign Portfolio Investors.
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as repealed.
Foreign Portfolio Investor or FPI	Foreign portfolio investor under the SEBI (Foreign Portfolio Investors) Regulations.
Issue / Issue size	Public Issue of 24,00,000 Equity Shares of face value ₹10 each for cash at a price of ₹ 26 per Equity Share aggregating to ₹ 624.00 lakhs by Vaksons Automobiles Limited.
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 period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants may submit their application
Issue Price	The price at which the Equity Shares are being issued by our Company under this Prospectus being ₹ 26
Issue Procedure	The procedure to be followed for issue of Equity Shares by our Company under this Prospectus
Issue Proceeds	The proceeds of the Issue. For further information about use of the Issue Proceeds please see the chapter titled “ <i>Objects of the Issue</i> ” beginning on page 50 of this Prospectus
Lead Managers	Lead Managers to the Issue being Arjuman Financial Services Limited and BCB Brokerage Private Limited
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and the SME Platform of BSE.
Market Maker Reservation Portion	The Reserved portion of 1,28,000 Equity shares of ₹ 10 each at ₹ 26 per Equity Share aggregating to ₹ 33.28 lakhs for Designated Market Maker in the Issue of Vaksons Automobiles Limited.
Marketing Mandate Agreement	The agreement dated April 21, 2015 entered into between the Lead Manager, Underwriter, Designated Market Maker and our Company.
Mutual Fund	A Mutual Fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Mutual Funds Portion	5% of the QIB Portion (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only
Non-Institutional Applicant	All Applicants, including Eligible QFIs, sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals, that are not QIBs or Retail Individual Applicants and who have applied for Equity Shares for an amount of more than ₹2,00,000 (but not including NRIs other than Eligible NRIs)
Net Issue	The Issue (excluding the Market Maker Reservation Portion and Promoter Contribution Portion) of 22,72,000 Equity Shares of ₹ 10 each at ₹ 26 per Equity Share aggregating to ₹ 590.72 lakhs by Vaksons Automobiles Limited.
Non Residents	A person resident outside India, as defined under FEMA.
NRIs / Non Resident Indians	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
Prospectus	The Prospectus, to be filed with the RoC containing, inter alia, the Issue opening and closing dates and other information.
Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the



Term	Description
	Escrow Account on or after the Issue Opening Date.
Qualified Foreign Investors / QFIs	Non-resident investors other than SEBI registered FPIs or sub-accounts or SEBI registered FVCIs who meet 'know your client' requirements prescribed by SEBI
Qualified Institutional Buyers / QIBs	As defined under Regulation 2 (1) (zd) of the SEBI Regulations, and includes Public Financial Institutions as specified in Section 2 (72) of the Companies Act, 2013, Scheduled Commercial Banks, Mutual Funds registered with SEBI, FPIs and sub-accounts registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual), Multilateral and Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, foreign venture capital investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with IRDA, Provident Funds with minimum corpus of ₹250 million, Pension Funds with minimum corpus of ₹ 250 million, the National Investment Fund set up by the Government of India, Insurance Funds set up and managed by army, navy or air force of the Union of India and Insurance Funds set up and managed by the Department of Posts, India
Refund Account(s)	The account opened with Refund Banker(s), from which refunds (excluding refunds to ASBA Applicants), if any, of the whole or part of the Application Amount shall be made
Refund Bank	The bank(s) which is/ are clearing members and registered with the SEBI as Bankers to the Issue, at which the Refund Accounts will be opened, in this case being HDFC Bank.
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or the ASBA process, as applicable
Registrar to the Issue	Cameo Corporate Services Limited
Retail Individual Applicants	Individual Applicants (including HUFs applying through their Karta and Eligible NRIs) who have not applied for Equity Shares for an amount of more than ₹ 2,00,000 in the Issue
Self Certified Syndicate Bank(s) or SCSB(s)	A Bank registered with SEBI, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in">www.sebi.gov.in</a>
Stock Exchange	Unless the context requires otherwise, refers to, the BSE Limited.
TRS / Transaction Registration Slip	The slip or document issued by a member of the Syndicate or a SCSB (only on demand), as the case may be, to the Applicant, as proof of registration of the Application
Underwriters	Aryaman Financial Services Limited, Aryaman Capital Markets Ltd (previously known as Aryaman Broking Ltd) and BCB Brokerage Private Limited
Underwriting Agreement	The agreement dated April 22, 2015 entered into between the Lead Manager, Underwriter, Designated Market Maker and our Company.
U.S. Securities Act	U.S. Securities Act of 1933, as amended

#### Technical / Industry Related Terms

Term	Description
ACMA	Automotive Components Manufacturers Association
APAC	Asia-Pacific
AE(s)	Advanced Economies
CV	Commercial Vehicle
HCV	Heavy Commercial Vehicle
HDPE	High Density Polyethylene
LCV	Light Commercial Vehicle
LDPE	Low Density Polyethylene
MCV	Medium Commercial Vehicle
MPR	Monetary Policy Report
NATRIP	National Automotive Testing and R&D Infrastructure Project
PV	Passenger Vehicle
SIAM	Society of Indian Automobiles Manufacturers, India
SCV	Small Commercial Vehicles
SUV	Sport Utility Vehicle
UV	Utility Vehicle
WPI	Wholesale Price Index

## Conventional Terms / General Terms / Abbreviations

Term	Description
A/c	Account
B.A.	Bachelor of Arts
B. Com.	Bachelor of Commerce
BG	Bank Guarantee
BIFR	Board for Industrial and Financial Reconstruction
Bps	Basis Points
BRICS	Brazil, Russia, India, China & South Africa
BSE	BSE Limited or Bombay Stock Exchange Limited
C.A.	Chartered Accountant
CAD	Current Account Deficit
CAGR	Compound Annual Growth Rate
C.S.	Company Secretary
CDSL	Central Depository Services (India) Limited
CENVAT Rules	CENVAT Credit Rules, 2004, as amended
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPI	Consumer Price Index
CRR	Cash Reserve Ratio
CSO	Central Statistics Office
CRISIL	Credit Rating Information Services of India Limited
DIPP	Department Of Industrial Policy and Promotion
EBITDA	Earnings Before Interest, Tax, Depreciation & Amortization
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EMDE(s)	Emerging Market and Developing Economies
EPS	Earnings Per Share
FDI	Foreign Direct Investment
FDI Circular	Circular 1 of 2013 which consolidates the policy framework on FDI, with effect from April 05, 2013
FEMA	Foreign Exchange Management Act, 1999, as amended
FIPB	Foreign Investment Promotion Board of the Government of India
FII(s)	Foreign Institutional Investors
FICCI	Federation of Indian Chambers of Commerce
FPO	Follow On Public Offer, Further Public Offer
Fiscal / Financial Year / FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FVCI	Foreign venture capital investor registered under the FVCI Regulations
GDP	Gross Domestic Product
GFD	Gross Fiscal Deficit
GAAP	Generally Accepted Accounting Principles
GM	General Manager
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants Of India
ICD	Inter Corporate Deposit
IFSC	Indian Financial System Code
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
Indian GAAP	Generally Accepted Accounting Principles in India
INR	Indian Rupee
IPO	Initial Public Offer
IT Act	Income Tax Act, 1961, as amended
KYC Policy	Know Your Customer Policy
LLP	Limited Liability Partnership
MBA	Masters of Business Administration
M.Com.	Masters of Commerce
MD	Managing Director

Term	Description
MICR	Magnetic Ink Character Recognition
MNBC	Miscellaneous Non Banking Company
MoU	Memorandum of Understanding
MSME	Micro, Small & Medium Enterprises
MSF	Marginal Standing Facility
NA	Not Applicable
NAV	Net Asset Value
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NI Act	Negotiable Instruments Act, 1881, as amended
NII's	National Institutional Investors
NPA	Non-Performing Asset
No.	Number
NoC	No Objection Certificate
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NSI	Non Systemically Important
OCB(s)	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA.
OMO	Open Market Operation
p.a.	Per Annum
P/E	Price/Earnings Ratio
RBI	Reserve Bank of India
R & D	Research and Development
Regulation S	Regulation S under the U.S. Securities Act, as amended
RM	Raw Material
RoC	Registrar Of Companies, Delhi
RoNW	Return on Net Worth
Rs. / Rupees / ₹ / INR	Indian Rupees
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the U.S. Securities Act
SARFAESI	The Securitization & Reconstruction of Financial Assets & Enforcement of Securities Act, 2002, as amended
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended
SIDBI	Small Industries Development Bank of India
SLR	Statutory Liquidity Ratio
SME Platform	The Small and Medium Enterprise platform of the Exchange is intended for small and medium sized companies with high growth potential
SMES	Small and Medium Enterprises
Sq. ft.	Square Feet
Sq. mt.	Square Meter
Sr.	Senior
Sr. No.	Serial Number
SSI	Small Scale Industries
STT	Securities Transaction Tax
Sub-Account	Sub-accounts registered with SEBI under the SEBI (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporates or foreign individuals.
TAN	Tax Deduction Account Number allotted under the Income Tax Act
U.S. / US / U.S.A / United States	The United States of America, together with its territories and possessions
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America



Term	Description
U.K	United Kingdom
VAR	Value-At-Risk
VCFs	Venture Capital Funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 and the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
VP	Vice President
WEO	World Economic Outlook
WTD	Whole Time Director
Working Day	All days other than a Sunday or a public holiday on which Commercial Banks in Mumbai are open for business

## CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### Certain Conventions

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

### Financial Data

Unless stated otherwise, the financial data in this Prospectus is derived from our audited financial statements as on and for the Fiscal Years ended March 31, 2015, 2014, 2013, 2012 and 2011 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations and included in this Prospectus. Our Fiscal Year commences on April 1 and ends on March 31 of the following year. In this Prospectus, any discrepancies in any table, graphs or charts between the total and the sums of the amounts listed are due to rounding-off.

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

Any percentage amounts, as set forth in the Section titled “*Risk Factors*”, Chapter titled “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 10, 80 and 140 of this Prospectus, respectively, and elsewhere in this Prospectus, unless otherwise indicated, have been calculated on the basis of our audited financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations.

### Currency, Units of Presentation and Exchange Rates

All references to “Rupees”, “Rs.” or “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or “US Dollars” or “USD” are to United States Dollars, the official currency of the United States of America.

This Prospectus may contain conversions of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. These conversions should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

### Definitions

For definitions, please see the Chapter titled “*Definitions and Abbreviations*” on page 1 of this Prospectus. In the Section titled “*Main Provisions of the Articles of Association of our Company*” beginning on page 196 of this Prospectus, defined terms have the meaning given to such terms in the Articles of Association.

### Industry and Market Data

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

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

## FORWARD-LOOKING STATEMENTS

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

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

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

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

For further discussions of factors that could cause our actual results to differ, please see the Section titled “*Risk Factors*”, Chapter titled “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 10, 80, and 140 of this Prospectus, respectively.

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

## SECTION II - RISK FACTORS

*An investment in equity 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 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 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 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 Prospectus unless otherwise indicated, has been calculated on the basis of the amount disclosed in the Financial Statements prepared in accordance with the Indian Accounting Standards.*

### **Internal Risk Factors**

#### **1. If we are not able to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate our business it may have a material adverse effect on our business**

We require certain statutory and regulatory permits and approvals to operate our existing business. For more information on the status of our material statutory and regulatory permits, please see the chapter titled “*Government and Other Key Approvals*” beginning on page 154 of this Prospectus. We are in the process of making certain applications with the relevant authorities. Following is the list of important approvals and sanctions pending at various stages as on the date of this Prospectus:

- ✓ Certificate of Registration under the Punjab Shops and Commercial Establishments Act, 1958 for our showroom in Panipat
- ✓ Certificate of Registration under the Punjab Shops and Commercial Establishments Act, 1958 for our showroom in Gohana

Further, we are required to renew certain permits and approvals to ensure smooth functioning of the operational and business activities. While we believe that we will be able to renew and / or obtain the required permits and approvals as and when required; there can be no assurance that the relevant authorities will issue any or all requisite permits or approvals in the timeframe anticipated by us, or at all. For example, upon set-up of our proposed multi - brand service centre, we may be required to obtain a fresh consent of the Haryana Pollution Control Board (HPCB) and we cannot guarantee the approval of the same. Failure to obtain, renew and / or maintain the required permits or approvals may result in the interruption of our operations or delay or impede our expansion plans and may have a material adverse effect on our business, financial condition and results of operations.

#### **2. Our business is heavily dependent on our suppliers**

We do not manufacture any of the products that we deal in. Also, our proposed business activities within our subsidiary – VMPL is of trading and no manufacturing. As an authorised dealer of vehicles and as a trader of auto parts, tyres, HDPE, LDPE Polymers, Aluminium Scrap and other metal and plastic items, our business is heavily dependent on the sustenance and business capabilities of the respective suppliers of these products many of whom are also

manufacturers. Since we do not manufacture any product ourselves, nor have any substantial marketing or branding requirements for business, we are reliant on our suppliers for all these aspects. Our sales and profitability would be adversely affected in case of any management inabilities or errors on part of our important / key suppliers / principals.

Following are some of the important factors about our business which we do not directly have control over and are dependent on our suppliers:

- ✓ Introduction of new products and its variants
- ✓ Marketing of these products on a large scale and overall branding in the state of Haryana
- ✓ Errors or rollbacks in sold products creating negative goodwill and consumer litigations
- ✓ Cost competitiveness of these products.
- ✓ Supplier side logistics which in turn affect our delivery levels to clients
- ✓ Availability of parts and repair materials for ensuring smooth after sales

Further, substantial portion of our sales are derived from sale of products in the state of Haryana, and reduction in sales and marketing efforts by our suppliers within this state could have a adverse effect on our results of operations.

### ***3. Our sales are significantly dependent on a few products***

Significant portion ( more than 50%) of our total revenue comes from sale of LCVs and MCVs within the State of Haryana. These products are generally used by Educational Institutions and Corporate as mini-busses and delivery vans as well as by Hospitals for ambulance services. Any new launch within this space by competing vehicle manufacturers, or decrease in the demand for such products for any other reason not in our control, would severely affect our sales growth in the future and hence materially and adversely affect our results of operations and financial condition.

### ***4. Our business is seasonal in nature and hence results of different quarters within a fiscal year may not be fully comparable.***

Sale of vehicles in India has been a seasonal business historically. The primary reason for this is the culture of buying large value assets around festive seasons such as Diwali, Gudi Padwa, etc. Further, the "Traveller" and "Trax-Cruiser" are mainly used by Schools /Colleges/Institutions as mini-buses and schools do most of their asset purchase around the months of January to May (i.e. at the start of new admissions and new term), at the time of collection of fees. Also, it is a customary practice in the automobiles industry to postpone vehicle purchase from the month of December to month of January for the simple reason of change in manufacturing year. Hence, our vehicle sales vary in season time and in lean period. This would make our quarterly results not fully comparable to each other.

Further, any loss of business during the season time due to any unavoidable external or internal mismanagement, would severely affect our results of operations and financial conditions.

### ***5. We have allotted equity shares in the last one year, which are a price below the issue price.***

A substantial portion (95%) of our pre-issue capital consists of shares allotted in the last one year and the same may be below issue price. The details of the same are as below:

<b>Date of Allotment</b>	<b>Name of the Allottees</b>	<b>Number of Shares</b>	<b>Issue Price (₹)</b>	<b>Promoter / Promoter Group</b>
December 10, 2014	Atul Jain	2,50,000	10	Yes
	Vandana Jain	3,50,000	10	Yes
	Shanta Jain	3,00,000	10	Yes
December 11, 2014	Atul Jain	5,00,000	10	Yes
	Vandana Jain	3,10,000	10	Yes
	Shanta Jain	2,00,000	10	Yes
December 12, 2014	Atul Jain	2,00,000	10	Yes
	Deepti Bhadbade Jain	20,000	10	No
December 13, 2014	Atul Jain	7,50,000	10	Yes
	Vandana Jain	2,40,000	10	Yes
	Shanta Jain	3,50,000	10	Yes
December 17, 2014	Shanta Jain	55,000	10	Yes

December 24, 2014	Arvind Kumar Sankhyain	2,69,000	10	No
December 25, 2014	Arvind Kumar Sankhyain	1,50,000	10	No
December 27, 2014	Arvind Kumar Sankhyain	56,000	10	No
<b>Total</b>		<b>40,00,000</b>		

This allotment of 40,00,000 equity shares is part of different tranches of allotments made pursuant to a Rights Issue (approved vide shareholder's resolution dated November 20, 2014) of Equity Shares (including renunciations and unsubscribed portion allotments) hence the allotment price is below the issue price. The funds received from such rights issue have further been utilised towards purchase considerations payable for land bought from promoter group of the company and other working capital needs.

Of the above, our Promoters have subsequently brought in ₹ 210.41 lakhs as additional share premium of ₹ 16/- per share in order to make 13,15,060 equity shares effectively at the same value as the IPO price and thus comply with Regulation 32, 33 and 36 of the SEBI ICDR Regulations, 2009. However, 26,84,944 equity shares would still remain as allotted within the last one year at a differential price from the IPO to Promoter & Promoter Group and others. We cannot assure that subject to compliance of applicable laws, the management of our company would not allot shares in the future at a price below the IPO Price.

**6. *We have recently incorporated a subsidiary – Vaksons Metaplast Pvt. Ltd. Certain proceeds of the issue are to be deployed for infusing fresh capital into this company. However, we do not have substantial experience for the proposed business activities of this enterprise.***

Apart from being an authorised dealer of vehicles for Force Motors Ltd., we have also been involved in the trading of auto parts, utilities and other spares. We now propose to widen the base of our trading operations by entering the business of domestic and international trading in various metal and plastic products with a focus on products and materials that are regularly used within the automobile industry value cycles such as Aluminium scrap, various Alloys, HDPE, LDPE etc. We have hence incorporated a subsidiary – Vaksons Meta Plastics Pvt. Ltd. through which we propose to carry out these business activities. Further, we propose to utilise ₹ 188.00 lakhs out of the issue proceeds for infusing equity into this company and augmenting its capital base for such activities. Since the company proposes to enter into binding agreements w.r.t this business, only after the fund's availability is relatively assured; currently we do not have any binding purchase order from clients or binding commitments from any supplier for these activities. However, we believe that having traded in auto parts and components, we should be able to leverage that experience in these products as well. Considering the fact that these activities are relatively newer to our organisation, we cannot assure that we would be able to:

- ✓ Adequately analyze key risks and other metrics prior to entering into transactions
- ✓ Ensure correctness of our working capital projections and other assumptions
- ✓ Develop a execution team with relevant systems and processes to handle the business management
- ✓ React effectively to any Government regulations which prohibit imports or change import duty structure or other such externality which would be having a major impact on cost of material.

Hence, the lack of experience in this new proposed line of business could adversely affect our ability to achieve our sales and key execution targets and hence adversely impact our future consolidated results of operations and financial conditions.

**7. *We have not placed orders for all of the machinery and equipments proposed to be purchased out of the issue proceeds as part of the proposed additional multi-brand service centre at Sonapat, Haryana. Delay or inability to procure these assets as envisaged could adversely affect our financial conditions and execution targets.***

We currently operate a vehicle service centre at Sonapat, Haryana. We propose to set up an additional service centre in a plot of land (already purchased by us) near our existing service centre at Sonapat. As part of this project, we propose to utilise around ₹ 15.11 lakhs from the Issue Proceeds to purchase the required machinery and equipments. We have estimated the requirement of funds for this objective by obtaining quotations from suppliers of such assets, however, in order to keep the pricing and quality of these products open until the point of purchase we have not yet placed any orders for the same.



We believe that since the delivery of these products do not have a substantial lag time, it would be preferred to order the same once the monies required for such purchases are readily available. However, any delays or inability to procure such products at competitive prices, could result in additional expenditures in the future and may adversely affect our profitability of such capex plan.

**8. Our promoters and directors are interested in the company for various other operational transactions and arrangements apart from their shareholding and directorship interests. We have hence entered into various related party transactions in the past and we may continue to do so in the future.**

We have entered into various related party transactions such as payment of rent, re-imbursements of other maintenance expenses on the rented properties, purchase of land, remunerations, etc. with the directors, promoters and their relatives. A summary of our related party transactions in the last five years is as disclosed below:

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
Remuneration	3.60	1.92	1.92	1.20	1.20
Rent	2.40	1.80	1.80	1.80	1.80
Purchase Of land	450.00	-	-	-	-
Allotment of Shares	352.50	-	-	-	2.50
Share Premium Received	210.41	-	-	-	-
Net Amt. Received during the year (re-imbursements)	66.16	60.56	28.22	15.30	27.93
Net Amt. Adjusted during the year (re-imbursements)	104.55	32.17	22.12	15.30	18.89
Loan / Advances repaid by Entities	99.15	20.50	14.75	6.00	18.10
Loan / Advances given to Entities	75.80	33.90	24.75	15.00	11.50
Balance Outstanding at year end	-	38.39	10.00	3.90	3.00

For details regarding the related party transactions of the company, please see “Annexure XV” of the Restated Financial Report on page 136 of this Prospectus.

While we believe that these transactions have been conducted on arms length basis, there can be no assurance that our Company could not have achieved more favourable terms had such transactions not to be entered into within related parties. Furthermore, it is likely that our Company will enter into related party transactions in the future.

**9. We have recently acquired land from our Promoter for setting up our proposed multi-brand service centre in Sonapat.**

We have recently purchased land aggregating to 1033 sq. yards from our Promoter Group Entity for ₹ 450.00 lakhs by utilising parts of the rights issue proceeds (and subsequent share premium amounts) pursuant to sale of land agreement dated December 11, 2014. This land was purchased with the intention of setting up our proposed multi-brand service centre. Though the management believes that the transaction was carried out on an arm's length basis, we cannot guarantee that there will be no such future transactions involving our Promoter / Promoter Group.

**10. We have recently acquired land from our Promoter for setting up our proposed multi-brand service centre in Sonapat. Our Company is yet to complete the Stamp duty and registration related formalities.**

Our Company has purchased land at Jiwan Vihar, Patti Musalaman, Murthal Road, Dist. Sonapat – 131001, Haryana measuring 1,033 sq. yards from our Promoter Group, Mrs. Shanta Jain, for ₹ 450.00 lakhs vide Agreement for Sale of Land dated December 11, 2014 and our Company has taken possession of the said land for construction of proposed Service centre. Though, the formalities for purchase of land have been completed, our Company has yet to pay the Stamp Duty on the same for registration in its name due to pending NOC from the Divisional Commissioner of Sonapat. If we fail to obtain the NOC, we may not be able to register the land at all or may face delay in doing the same. This may affect our future strategy of constructing a proposed multi-brand service centre in Sonapat which may in turn affect our financial growth.

Further, we intend to raise an amount of ₹ 35 lakhs <sup>(1)</sup> for payment of Stamp Duty at the time of registration of the said land. Failure to register the land, due to non-availability of NOC or any other factor may result in the IPO funds being unutilised for the period until we obtain the necessary clearances for registration.

<sup>(1)</sup> Stamp Duty is estimated based on the opinion letter received from Hari Om Sharma, Advocate, dated September 07, 2015

**11. We do not own some of the key properties from which we operate our business activities. Inability to ensure hassle free use of these properties or inability to procure similar properties at acceptable terms could result in temporary disruption of our operational activities and hence adversely affect our results of operations and financial condition.**

Some of the key properties from which we operate are not owned by us and the same are obtained on rental / lease basis. Further, we rent certain properties from our Promoters and Promoter Group members. The details of the same are as below:

S. No.	Property Description	Location	Name of Owner	Rent	Term of Rent
1	Registered Office	105, First Floor, Barodia Tower, Central Market, Prashant Vihar, D-Block, Rohini - 110085	Chander Kanta	₹ 15,000 per month	01/09/2014 to 31/08/2017
2	Sonepat Showroom and Service Centre	A-Block, Subham Garden Complex, Murthal Road, Sonepat-131001	Atul Jain and Shanta Jain	₹ 20,000 per month	01/03/2014 to 31/03/2016
3	Gohana Showroom	Panipat Road, Gohana, Sonepat District - 131301	Shree Chand Saini	₹ 7,000/- per month	07/07/2014 to 06/07/2017
4	Panipat Showroom	G. T. Road, Panipat – 132103	Raj Kumar	₹ 10,000 per month	01/12/2014 to 30/11/2017

Any termination of the Agreements whether due to any breach or otherwise, or non-renewal thereof, could temporarily disrupt our functioning and adversely affect our business operations.

**12. We are dependent on our Promoters, and senior management, for their expertise and market goodwill. Our separation, if any, from our Promoters or key members of senior management may adversely affect our business.**

We are dependent on our Promoters, Mr. Atul Jain and Mrs. Vandana Jain as well as key members of the senior management such as Mr. Satender Kumar Jain for their expertise and market goodwill. Any separation from these important members may adversely affect our business. We believe that our Promoters family lend strength to the trust and reliability reposed in us and enables us to attract and retain fresh talent. Our separation, if any, with our Promoters family for any reasons whatsoever shall adversely affect our business and results of operations.

**13. Some of the agreements entered into by us with respect to our properties, are not adequately stamped and registered, resulting in making them inadmissible as evidence in legal proceedings.**

Some of the agreements entered into by us with respect to our properties are not adequately stamped such as the sale of land agreement entered into for purchase of land where we propose to set up our new multi-brand service centre. The effect of inadequate stamping is that the document is not admissible as evidence in legal proceedings and parties to that agreement may not be able to legally enforce the same, except after paying a penalty for inadequate stamping. The effect of non-registration, in certain cases, is to make the document inadmissible in legal proceedings. Any potential dispute vis-à-vis the said premises and our non-compliance of local laws relating to stamp duty and registration may adversely impact the continuance of our activity from such premises.

**14. There may be possible conflicts of interest between us and our Promoter or one of our Promoter Group Entities. If our Promoter or Promoter Group Entity act in a manner that is contrary to our interests, our business, financial condition and results of operations could be adversely affected.**

Our Promoter - Mrs. Vandana Jain is actively involved in the management of the business operations of one of our Promoter Group Entity (M/s. Aditya Overseas, a sole proprietary firm of Mrs. Vandana Jain), who is in a similar line of our business when compared to our Company. Our Promoter's attention to our Promoter Group Entity may distract or dilute attention from our business, which may adversely affect our business, financial condition and results of operations. Further, there is no non-compete agreement in place between us and M/s Aditya Overseas with respect to the business of trading of aluminium scraps, etc. There can be no assurance that our Promoter Group Entity will not provide comparable services, expand their presence or acquire interests in competing ventures in the locations in which

we operate. For further details, please see the chapters titled “Our Business” and “Our Promoters, Promoter Group and Group Companies” beginning on pages 80 and 112 respectively of this Prospectus.

**15. Our insurance policies provide limited coverage and we may not be insured against some business risks.**

Our insurance policies currently consists of Standard Fire and Special Peril Policy which covers the stock held in our premises at A-Block, Shubham Garden Complex, Murthal Road, Sonapat-131001. As on the date of this Prospectus, the total sum insured by our Company under this policy aggregates to ₹ 135.00 lakhs. Notwithstanding the insurance coverage that we carry, we may not be fully insured against some business risks and the occurrence of an accident that causes losses in excess of limits specified under the relevant policy, or losses arising from events not covered by insurance policies, could materially and adversely affect our financial condition and results of operations. For details on our insurance coverage, please see “Insurance” in the chapter titled “Our Business” beginning on page 80 of this Prospectus.

**16. 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 chapter titled “Objects of the Issue” on page 50 of this Prospectus, 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.

**17. Our Company logo has not been registered under the Trademarks Act, 1999. Consequently we may not be able to effectively protect our intellectual property.**

Our Company has made an application with the Trademarks Registry, for registration of our logo. There is no assurance that the application will be approved by the Trade Mark Registry. In addition, our application for the registration of the trade mark may be opposed by third parties and we may have to incur significant cost and spend time in litigations in relation to these oppositions. In the event we are not able to obtain the trademark registration of our Company, we may not be able to avail the legal protection and legal remedies (in case of infringement) available as a proprietor of registered trademarks. Non-registration may adversely affect our Company’s ability to protect its trademark against infringements which may materially and adversely affect our goodwill and business. If our Company fails to successfully protect or enforce its intellectual property rights, it may be required to change its logo. Any such change could require our Company to incur additional costs and may impact its brand recognition in the market and amongst buyers and potential buyers. For details on the trademark applications, please see the chapter titled “Government and other Statutory Approvals” beginning on page 154 of this Prospectus.

**18. There is a legal proceeding initiated by our Company and the same is pending before the Judicial/Statutory authorities. Any rulings by such authorities against our Company may have an adverse impact on their operations.**

Our Company is involved in a legal proceeding, which is pending before the Judicial / Statutory authorities. A summary of the pending proceedings is set forth below. The amount claimed in this litigation has been disclosed to the extent ascertainable. Any developments in the proceedings or any rulings by such authorities against our Company may have an adverse impact on our goodwill, results of operations and financial condition:

**a. Litigations / Proceedings filed by our Company**

Sr. No.	Nature of Matter	No. of Matters	Amount (to the extent quantifiable) (₹ in lakhs)
1	Litigation involving Criminal Laws	1	0.32

For more information regarding litigations, please see the chapter titled “Outstanding Litigations and Material Developments” beginning on page 150 of this Prospectus.

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

We have experienced negative operating as well as financial cash flows, in the past.

(₹ in lakhs)

Particulars	Financial Year Ended				
	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11
Net Cash flow from Operating activities	(118.05)	51.88	(42.59)	(16.65)	10.87
Net Cash Flow from Investing Activities	(565.33)	(34.03)	(11.22)	0.89	(1.12)
Net Cash Flow From Financing Activities	675.58	1.86	57.15	13.35	(11.15)

If the negative cash flow trend persists in future, our Company may not be able to generate sufficient amounts of cash flow to finance our Company's working capital, make new capital expenditure, pay dividends, repay loans, make new investments or fund other liquidity needs which could have a material adverse effect on our business and results of operations.

**20. Our Company has availed unsecured loan which are repayable on demand. Any demand from the lenders for repayment of such unsecured loan may affect our cash flow and financial condition.**

As on March 31, 2015, our Company has availed a total sum of ₹ 95.00 lakhs as unsecured loans (as per our restated financial statements) which may be recalled at any time. Sudden recall may disrupt our operations and also may force us to opt for funding at higher interest rates, resulting in higher financial burden. Further, we will not be able to raise funds at short notice and thus result in shortage of working capital fund. For further details, please see "Unsecured Loans" under "Financial Information" beginning on page 123 of this Prospectus. Any demand for the repayment of such unsecured loan, may adversely affect our cash flow and financial condition.

**21. We are subject to the restrictive covenants of banks in respect of the overdraft and other banking facilities availed from them.**

Our financing arrangements contain restrictive covenants whereby we are required to obtain approval from our lenders, regarding, among other things, change or alter capital structure, effect any scheme of amalgamation or reconstitution, implement a new scheme of expansion or take up an allied line of business / manufacture, etc. For further details on the, please see the chapter titled "Financial Indebtedness" beginning on page 148 of this Prospectus. There can be no assurance that such consents will be granted or that we will be able to comply with the financial covenants under our financing arrangements. In the event we breach any financial or other covenants contained in certain of our financing arrangements, we may be required under the terms of such financing arrangements to immediately repay our borrowings either in whole or in part, together with any related costs. This may adversely impact our results of operations and cash flows.

**22. Our Promoters have provided security to our Bankers towards financial arrangement availed by our Company.**

Our Company has availed financial arrangement from our Bankers for which security in form of immovable properties owned by our Promoters has been provided. In case in future due to any circumstances, if these securities are withdrawn, our Bankers shall ask for new securities which the Company will have to arrange in future. This may have effect our business and financial operations. For further details, please see the chapter titled "Financial Indebtedness" beginning on page 148 of this Prospectus.

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

We are dependent on our key managerial personnel for executing the day-to-day activities and managing our business efficiently. If any of the members of our key managerial personnel is unable or unwilling to continue in his present position, we may not be able to replace him easily or at all, and our business, results of operations and financial condition may be materially and adversely impacted. For experience and qualifications of our key managerial personnel, please see "Key Managerial Personnel" in the chapter titled "Our Management" beginning on page 100 of this Prospectus.

**24. We will be controlled by our Promoter Group - so long as they control majority of our Equity Shares.**

After the completion of this Issue, our Promoter Group will control, directly or indirectly, a majority of our outstanding Equity Shares (i.e. 55.27%). As a result, our Promoter Group will continue to exercise significant control over us, including being able to control the composition of our board of directors and determine decisions requiring simple or special majority voting, and our other shareholders will be unable to affect the outcome of such voting. Our Promoter Group may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders, such as actions which delay, defer or cause a change of our control or a change in our capital structure, merger, consolidation, takeover or other business combination involving us, or which discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

We cannot assure you that our Promoter Group will act in our interest while exercising their rights in such entities, which may in turn materially and adversely affect our business and results of operations. We cannot assure you that our Promoter Group will act to resolve any conflicts of interest in our favour. If our Promoter Group sells a substantial number of the Equity Shares in the public market, or if there is a perception that such sale or distribution could occur, the market price of the Equity Shares could be adversely affected. No assurance can be given that such Equity Shares that are held by the Promoter Group will not be sold any time after the Issue / lapse of lock-in period, which could cause the price of the Equity Shares to decline.

**25. Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.**

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements, and that of our Subsidiary and the dividends they distribute to us. Our business is working capital as well as capital intensive. We further propose to incur capital expenditure in setting up more facilities for service centres, showrooms, offices, etc. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our operations, financial condition and results of operations.

**26. In the event there is any delay in the completion of the Issue, there would be a corresponding delay in the completion of the objects of this Issue which would in turn affect our revenues and results of operations.**

The funds that we receive would be utilized for the objects of the Issue as has been stated in the chapter titled “Objects of the Issue” beginning on page 50 of this Prospectus. The proposed schedule of implementation of the objects of the Issue is based on our management’s estimates. If the schedule of implementation is delayed for any other reason whatsoever, including any delay in the completion of the Issue, we may have to revise our working capital limits resulting in unprecedented financial mismatch and this may affect our revenues and results of operations.

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

As per the SEBI (ICDR) Regulation 2009, appointment of monitoring agency is required only for Issue size above ₹ 50,000 lakhs. Hence we have not appointed any monitoring agency and the deployment of Issue Proceeds as stated in the chapter titled “Objects of the Issue” on page 50 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 working capital requirements which are based on the management estimates.

**28. Some of our Group Companies have incurred losses in the past. Sustained losses by Group Companies could adversely affect our promoter’s financial condition.**

Some of our Group Companies have incurred losses in the recent past. Although these losses are not substantial, sustained losses by our Group Companies could adversely affect our promoters’ financial condition. A summary of their financials has been set forth below:

Sr. No.	Name	Net Profit after Tax (₹ in lakhs)		
		Fiscal 2014	Fiscal 2013	Fiscal 2012
1	Fabino Life Sciences Ltd.	(0.05)	(0.10)	(1.08)
2	NBL Buildcon Pvt. Ltd.	0.03	0.01	(0.10)
3	Keshav Health Foods Pvt. Ltd.	(0.07)	(0.04)	(0.03)



For further details, please see the chapter titled “*Our Promoters and Promoter Group*” beginning on page 112 of this Prospectus.

***29. We do not have any consolidated financials of our Company to display any business synergy between our subsidiary and us.***

Vaksons Metaplast Pvt. Ltd. was incorporated on April 06, 2015 as a subsidiary of our Company and hence no full year financials of the same are available. Since the subsidiary was incorporated after March 31, 2015, there are no consolidated financials available which will show the business synergy brought into our Company by the said subsidiary. It may so happen that the subsidiary may not yield any synergy or may not be able to grow its business as planned. This in turn may lead to us making a dead investment resulting loss of capital and adversely affecting our financial condition.

**External Risk Factors**

***30. The new Companies Act, 2013 is recently 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.***

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notifications, resulting in the corresponding provisions of the companies Act, 1956 ceasing to have effect. The new companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures in prospectus, corporate governance norms, audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or deposits a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibition on loans to directors and insider trading and restriction on directors and insider trading and restriction on directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. To ensure compliance with the requirement of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance cost and divert management attention.

The Companies Act, 2013 introduced certain additional requirements which do not have corresponding equivalents under the companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncement or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial step. We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013 which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have adverse effects on our business and results of operations.

***31. Our Company is subject to risk arising from changes in interest rates and banking policies.***

Increased interest rates will have a bearing on profitability and credit controls will have an effect on our liquidity and will have serious effects on adequate working capital requirements. We are dependent on our existing bank for arranging of our working capital requirement etc. Accordingly, any change in the existing banking policies or increase in interest rates may have an adverse impact on profitability of our company.

***32. Our ability to raise foreign capital may be constrained by Indian law.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain its ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to it without stringent conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

***33. Instability in financial markets could materially and adversely affect our results of operations and financial condition.***

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America or Europe, may have a negative impact on



the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

The global financial turmoil, an outcome of the sub-prime mortgage crisis which originated in the United States of America, led to a loss of investor confidence in worldwide financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index. Any prolonged financial crisis may have an adverse impact on the Indian economy and us, thereby resulting in a material and adverse effect on our business, operations, financial condition, profitability and price of our Equity Shares.

***34. Political instability or changes in the Government in India or in the Government of the states where we operate could cause us significant adverse effects.***

We are incorporated in India and most of our operations, assets and personnel are located in India. Consequently, our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The Government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business is also impacted by regulation and conditions in the various states in India where we operate. Since 1991, successive Governments have pursued policies of economic liberalisation and financial sector reforms. However, there can be no assurance that such policies will be continued. Any political instability could affect the rate of economic liberalisation, specific laws and policies affecting foreign investment, the Automobile industry or investment in our Equity Shares. A significant change in the Government's policies, in particular, those relating to the Automobile industry in India, could adversely affect our business, results of operations, financial condition and prospects and could cause the price of our Equity Shares to decline.

***35. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.***

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares will trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, impede travel and other services and ultimately adversely affect our business. In addition, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on the value of share prices generally as well as the price of our Equity Shares. 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 the price of our Equity Shares.

***36. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business and the trading price of the Equity Shares.***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and future financial performance and our ability to obtain financing to fund its growth, as well as the trading price of the Equity Shares.

***37. There is no existing market for our Equity Shares, and we do not know if one will develop. Our stock price may be highly volatile after the Issue and, as a result, you could lose a significant portion or all of your investment.***

There is no guarantee that our Equity Shares will be listed on the Stock Exchanges in a timely manner or at all and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares. Prior to the Issue, there has not been a public market for the Equity Shares. Further, we cannot predict the extent to which investor interest will lead to the development of an active trading market on the Stock Exchanges or how liquid that market will become. If an active market does not develop, you may experience difficulty selling the Equity Shares that you purchased. The Issue Price is not indicative of prices that will prevail in the open market following the Issue. Consequently, you may not be able to sell your Equity Shares at prices equal to or greater than the Issue Price. The

market price of the Equity Shares on the Stock Exchanges may fluctuate after listing as a result of several factors, including the following:

- Volatility in the Indian and other Global Securities Markets;
- The performance of the Indian and Global Economy;
- Risks relating to our business and industry, including those discussed in this Red Herring Prospectus;
- Strategic actions by us or our competitors;
- Investor perception of the investment opportunity associated with the Equity Shares and our future performance;
- Adverse media reports about us, our shareholders or Group Companies;
- Future sales of the Equity Shares;
- Variations in our quarterly results of operations;
- Differences between our actual financial and operating results and those expected by investors and analysts;
- Our future expansion plans;
- Perceptions about our future performance or the performance of Indian Steel Processing companies generally;
- Performance of our competitors in the Indian Steel / Steel Processing industry and the perception in the market about investments in the Steel sector;
- Significant developments in the regulation of the Steel industry in our key locations;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant developments in India's economic liberalisation and deregulation policies; and
- Significant developments in India's fiscal and environmental regulations. There has been significant volatility in the Indian stock markets in the recent past, and our Equity Share
- Price could fluctuate significantly as a result of market volatility. A decrease in the market price of the Equity Shares could cause you to lose some or all of your investment.

***38. Economic developments and volatility in securities markets in other countries may cause the price of the Equity Shares to decline.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, the financial crisis in the United States and European countries, lead to a global financial and economic crisis that adversely affected the market prices in the securities markets around the world, including Indian securities markets. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

***39. Conditions in the Indian securities market and stock exchanges may affect the price and liquidity of our Equity Shares.***

Indian stock exchanges, which are smaller and more volatile than stock markets in developed economies, have in the past, experienced problems which have affected the prices and liquidity of listed securities of Indian companies. These problems include temporary exchange closures to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected. Further, a closure of, or trading stoppage on, either of the Stock Exchanges could adversely affect the trading price of our Equity Shares.

***40. Our ability to pay dividends in the future will depend upon future earnings, financial conditions, cash flows, working capital requirements and capital expenditures.***

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. There can be no assurance that we will be able to pay dividends. Additionally, we may be prohibited by the terms of our future debt financing agreements to make any dividend payments until a certain time period as may be agreed with lenders.

**41. Significant differences exist between Indian GAAP and other accounting principles, such as U. S. GAAP and IFRS, which may be material to investors' assessments of our financial condition.**

Our financial statements, including the financial statements provided in this Prospectus are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of U. S. GAAP or IFRS on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. Each of U. S. GAAP and IFRS differs in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

**PROMINENT NOTES:**

1. The Net Worth of our Company was ₹ 659.77 lakhs as of March 31, 2015 and the book value of each Equity Share was ₹ 15.80 as of March 31, 2015 as per our Restated Financial Statements. For more information, please see the section titled "*Financial Information*" beginning on page 123 of this Prospectus.

2. Issue of 24,00,000 Equity Shares of the face value ₹ 10 each at a price of ₹ 26 per Equity Share for cash at a premium aggregating ₹ 624.00 lakhs.

3. The average cost of acquisition of the Equity Shares held by our Promoters are as below –

Mr. Atul Kumar Jain	-	₹ 13.89 per share
Mrs. Vandana Jain	-	₹ 25.12 per share

For further details, please see the chapter titled "*Capital Structure*" beginning on page 41 of this Prospectus.

4. Our Company, its Promoters / Directors, Company's Associates or Group companies have not been prohibited from accessing the Capital Markets under any order or direction passed by SEBI. The Promoters, Group Companies and Associate Companies are not declared as wilful defaulters by RBI / Government authorities and there are no violations of securities laws committed in the past or pending against them except as stated under chapters titled "*Risk Factors*", "*Our Promoter, Promoter Group and Group Companies*" and "*Outstanding Litigations and Material Developments*" on pages 10, 112 and 150 of this Prospectus, respectively.

5. Investors are advised to refer to the chapter titled "*Basis for Issue Price*" beginning on page 58 of this Prospectus.

6. Investors are free to contact the Lead Managers for any clarification, complaint or information pertaining to the Issue. The Lead Managers and our Company shall make all information available to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever.

7. In the event of over-subscription, allotment shall be made as set out in paragraph titled "*Basis of Allotment*" beginning on page 190 of this Prospectus and shall be made in consultation with the Designated Stock Exchange i.e. BSE. The Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner as set out therein.

8. Except as disclosed in the chapters titled "*Our Promoter, Promoter Group and Group Companies*" and "*Annexure XVI - Related Party Transactions*" beginning on pages 112 and 136 respectively, of this Prospectus, respectively, none of our Group Companies have business interests or other interests or any other transaction with / in our Company.

9. No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Financial Statements. For details, please see the section titled "*Financial Information*" beginning on page 123 of this Prospectus.

10. The details of transactions by our Company with Promoter Group and Group Companies during the last year are disclosed under "*Annexure XVI - Related Party Transactions*" on page 136 of this Prospectus.

11. None of the members of the Promoters Group / Directors and their immediate relatives have entered into any Transactions in the Equity shares of our Company within the last six months from the date of this Prospectus, except as disclosed in the chapter titled “*Capital Structure*” beginning on page 41 of this Prospectus.
12. Investors may contact the LM, the Registrar to the Issue or the Compliance Officer of our Company, for any complaints pertaining to the Issue.
13. For details on securities issued for a consideration other than cash, please see the chapter titled “*Capital Structure*” beginning on page 41 of this Prospectus.
14. There are no financing arrangements whereby the Promoter Group, the Directors of our Company who are the Promoters of our Company, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of 6 (six) months immediately preceding the date of this Prospectus.
15. Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
16. Our Company was incorporated as Vaksons Automobiles Private Limited on February 20, 2003 under the Companies Act, 1956, with the Registrar of Companies, N. C. T. of Delhi and Haryana bearing Registration Number - 119052. The status of our Company was changed to a public limited company and the name of our Company was changed to Vaksons Automobiles Limited by a special resolution passed on September 30, 2014. A fresh certificate of incorporation consequent to the change of name was granted to our Company on December 24, 2014, by the Registrar of Companies, Delhi. Our Company's Corporate Identity Number is U51502DL2003PLC119052 and its Registered Office is situated at 105, 1st Floor, Barodia Tower, Plot No 12, D Block, Central Market Prashant Vihar, New Delhi - 110085, Delhi, India.

## SECTION III – INTRODUCTION

### SUMMARY OF OUR INDUSTRY

#### OVERVIEW OF THE AUTOMOBILE INDUSTRY

##### Global Scenario

The global automobile industry is a key sector of the economy for every major country in the world. The worldwide automobile industry has been enjoying a period of relatively strong growth and profitability. Global car sales climbed to record highs in February 2015. However, this gain moderated to less than one per cent above the previous year, which is the smallest increase in two years. Western Europe posted the fastest growth, followed by solid gains in North America and Asia.

Activity continued to weaken in both Eastern Europe and South America. In particular, sales in Russia plunged 38% below a year earlier. Car sales in South America posted a double-digit decline in February, with volumes undercut by the economic downturn in Brazil and low commodity prices. Colombia's automobile exports plunged 40% below the previous year earlier in January, largely due to more than a 60% fall-off in petroleum receipts. Colombia was the strongest economy in South America last year, with car sales climbing 12%.

Vehicle purchases in the United States climbed back above an annualized 17 million units in March, up from an average of 16.4 million during the previous two months. Light trucks continued to lead the way, with volumes buoyed by a 45% surge in luxury SUVs, as declining gasoline prices continue to buoy purchases of larger vehicles. Purchases in Canada are also being bolstered by low gasoline prices, with volumes climbing to an annualized 1.86 million last month and setting a record for the month of March, largely due to a 5.5% y/y increase in light truck sales.

The table below projects the International Automobile Sales over the past three years –

*(Units in millions)*

Sr. No.	Country	2012	2013	2014	2015 (Expected)
1.	<b>North America</b>	<b>17.11</b>	<b>18.33</b>	<b>19.42</b>	<b>20.08</b>
	Canada	1.68	1.74	1.85	1.86
	United States	14.44	15.53	16.44	17.00
	Mexico	0.99	1.06	1.13	1.22
2.	<b>Europe</b>	<b>15.9</b>	<b>15.63</b>	<b>15.89</b>	<b>16.17</b>
	Germany	3.08	2.95	3.04	3.17
	Russia	2.93	2.78	2.49	1.99
	Others	9.89	10.9	10.36	11.01
3.	<b>Asia</b>	<b>27.25</b>	<b>29.98</b>	<b>31.69</b>	<b>33.91</b>
	China	13.18	16.30	18.37	19.65
	India	2.02	1.83	1.88	1.97
	Others	12.05	11.85	11.44	12.29
4.	<b>South America</b>	<b>4.72</b>	<b>4.75</b>	<b>4.15</b>	<b>3.71</b>
	Brazil	2.84	2.76	2.50	2.25
	Others	1.88	1.99	1.65	1.46
	<b>TOTAL SALES</b>	<b>64.98</b>	<b>68.69</b>	<b>71.15</b>	<b>73.87</b>

*(Source: Global Auto Report, issued by Scotia Bank on April 10, 2015)*

##### Indian Scenario

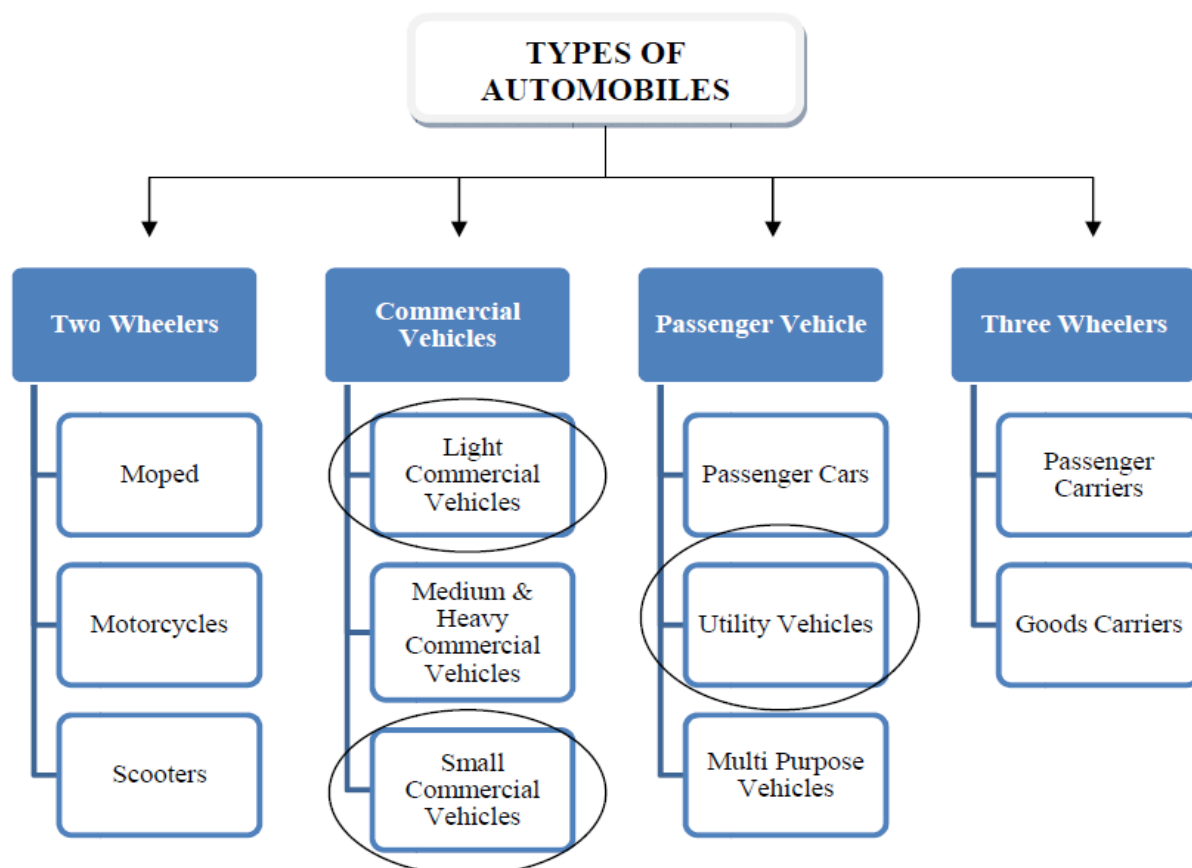
The automobile industry accounts for 22 per cent of the country's manufacturing gross domestic product (GDP). The auto sector is one of the biggest job creators, both directly and indirectly. It is estimated that every job created in an auto company leads to three to five indirect ancillary jobs.

India is expected to become a major automobile manufacturing hub and the third largest market for automobiles by 2020, according to a report published by Deloitte.

India is currently the seventh-largest automobiles producer in the world with an average annual production of 17.5 million vehicles, and is on way to become the fourth largest automotive market by volume, by the end of 2015. The Commercial Vehicles (CV) industry in India has registered an increase of 8.59 per cent in September 2014, as fleet owners have started to buy trucks in the anticipation of an improved economic activity.

(Source: Sectoral report, issued by IBEF in January, 2015)

### Classification of the Automobile Industry



**Note:** Vaksons Automobiles Ltd. specializes in the sale of Light Commercial Vehicles (LCV), Small Commercial Vehicles (SCV) and Utility Vehicle (UV).

#### ➤ Two Wheelers:

The overall domestic sales during April-March 2014 grew marginally by 3.53 percent over the same period last year because of growth in Scooters and motorcycles sales.

Two Wheelers sales registered growth of 7.31 percent during April-March 2014 over April-March 2013. Within the Two Wheelers segment, Scooters and Motorcycles grew at 23.24 percent and 3.91 percent respectively, while Mopeds declined by (-) 8.35 percent in April-March 2014 over April-March 2013.

(Source: Society of Indian Automobiles Manufacturers (SIAM), India)

#### ➤ Commercial Vehicles:

After two years of down cycle, the domestic Commercial Vehicle (CV) industry is gradually showing some signs of recovery. The pace at which domestic CV sales have been declining has reduced to 10.1% compared to a contraction of 20.2% witnessed during FY 2014. Within the CV space, the Medium & Heavy Commercial Vehicle (M&HCV) Truck segment has posted a positive growth of 4.2% in 6m FY 2015 while the HCV (16T+) segment, which accounts for almost half of total M&HCV (Truck) sales has been witnessing strong demand (up 22.3% in 6m FY 2015). The



M&HCV segment is expected to post a modest growth of 6-8% in FY 2015 with meaningful recovery remaining dependant on pick-up in infrastructure projects, industrial activity and overall capex cycle, all of which depends on the pace at which reforms in the land acquisition, mining and environmental clearances are implemented across key sectors.

While the M&HCV Truck segment seems to have bottomed out, the LCV Truck segment is still experiencing demand contraction.

(Source: ICRA's Report on the Indian Commercial Vehicle Industry, published in November 2014)

The table below shows the trend in Domestic Commercial Vehicle Volumes and Growth Rates by segments -

Segments	Domestic Commercial Vehicle Sales (in Nos)						YoY Growth (%)					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	6m FY15	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	6m FY15
LCV Bus Sales	34,413	44,816	48,868	47,827	42,799	24,175	27.7%	30.2%	9.0%	-2.1%	-10.5%	-1.3%
LCV Truck Sales	253,364	317,030	411,415	476,695	389,312	165,184	45.8%	25.1%	29.8%	15.9%	-18.3%	-16.0%
<b>Total LCV Sales</b>	<b>287,777</b>	<b>361,846</b>	<b>460,283</b>	<b>524,522</b>	<b>432,111</b>	<b>189,359</b>	<b>43.4%</b>	<b>25.7%</b>	<b>27.2%</b>	<b>14.0%</b>	<b>-17.6%</b>	<b>-14.4%</b>
M&HCV Bus Sales	43,083	47,938	49,882	46,913	38,709	18,041	23.5%	11.3%	4.1%	-6.0%	-17.5%	-20.8%
M&HCV Truck Sales	201,861	275,121	299,334	221,776	161,918	86,163	35.8%	36.3%	8.8%	-25.9%	-27.0%	4.2%
<b>Total M&amp;HCV Sales</b>	<b>244,944</b>	<b>323,059</b>	<b>349,216</b>	<b>268,689</b>	<b>200,627</b>	<b>104,204</b>	<b>33.5%</b>	<b>31.9%</b>	<b>8.1%</b>	<b>-23.1%</b>	<b>-25.3%</b>	<b>-1.2%</b>
<b>Total CV Sales</b>	<b>532,721</b>	<b>684,905</b>	<b>809,499</b>	<b>793,211</b>	<b>632,738</b>	<b>293,563</b>	<b>38.7%</b>	<b>28.6%</b>	<b>18.2%</b>	<b>-2.0%</b>	<b>-20.2%</b>	<b>-10.1%</b>

Source: SIAM, ICRA's Estimates

All segments of the CV industry are expected to witness an improving trend with M&HCVs Trucks leading from the front. The M&HCV segment is expected to register a growth of 6-8% in FY 2015. The LCV segment is however expected to continue to witness subdued demand on back of over capacity issues and challenging financing environment.

#### ➤ Passenger Vehicles:

Domestic sales of Passenger Vehicles recovered in current fiscal with 4.0% Y-o-Y growth vis-à-vis 6.1% decline in industry volume during FY14. The Indian Passenger Vehicle (PV) industry grew by 4.0% during 11mFY15 in contrast with the 6.1% decline in industry volume during FY14. Amongst various automotive segments, passenger car (PC, ~72% of industry volume) and utility vehicle (UV, ~21% of industry volume) segments registered growth of 5.2% and 5.5%, respectively during 11mFY15.

On the other hand, van segment (7% of industry volume) continue to shrink, with volume declining by 11.0% during 11mFY15 after registering a 19.6% Y-o-Y decline during FY14.

Indian domestic PV market can be broadly divided under three consumer segments, i.e. First Time Buyers (FTBs), Replacement / Exchange customers and customers opting for additional car. The Indian PV industry's domestic volumes is likely to grow by 5-7% in FY16 supported by return of first time buyers, replacement demand owing to large base of FY10/FY11 and aggressive new model launches planned in compact UV segment. Indian used car market will continue to outpace new car market, and is likely to reach 1.3x of new car market by volume in FY16e.

The PV industry is expected to revert to a volume CAGR of 8-10% (domestic + exports) over the medium term. Market share in the domestic PV industry still remains concentrated in the hands of few players, reflected in the fact that top four players account for ~77% of industry volumes.

(Source: ICRA's Report on the Indian Passenger Vehicle Industry, published in March 2015)

#### ➤ Three Wheelers:

Three Wheelers sales declined by (-) 10.90 percent in April-March 2014 over the same period last year. Passenger Carriers and Goods Carriers declined by (-) 12.74 percent and (-) 2.53 percent respectively in April-March 2014 over April-March 2013.

(Source: Society of Indian Automobiles Manufacturers (SIAM), India)

## SUMMARY OF OUR BUSINESS

### OVERVIEW

Our company is an authorised dealer of Light Commercial Vehicles (LCV), Multi-Utility Vehicles (MUV), Small Commercial Vehicles (SCV Vehicles) and spare parts for Force Motors Ltd. We currently operate three different showrooms of Force Motors Ltd., namely at Sonapat, Panipat and Gohana within the state of Haryana. We also operate an in-house service centre / workshop at Sonapat for the servicing and other after-sales needs of our clients. We have over a decade of experience in distributing all types of vehicles on behalf of Force Motors Ltd. including but not limited to Commercial Transporters (“Traveller”), MUV Vehicles (“Trax Cruiser”, “Trax School Van”, Trax Kargo-King”), Small Commercial Vehicles (“Trump-40” and Trump-15). For further details of our products and services, please see “*Products and Services*” beginning on page 80 of this Prospectus.

We believe that after-sales service is equally important and goes a long way in customer retention as well as goodwill creation. Hence, our in-house operated service centre is equipped with necessary tools and know-how and can park up to 12 vehicles at one time. Further, we have recently acquired a land parcel admeasuring 1033 sq. yards at Sonapat near our existing service centre at Sonapat, wherein we intend to set up a new multi-brand service centre which will have additional parking capacity up to 12 vehicles. This would enable us to undertake various tasks in a more efficient and effective manner using latest technologies like Automatic Alignment of Vehicles, Automatic Car Wash system, Car Scanners system, etc. which are not currently available at our existing service centre. Further, this new set-up will enable us to serve passenger vehicles of all-make. For details regarding our new multi-brand service centre, please see “*Objects of the Issue*” beginning on page 50 of this Prospectus.

Apart from the vehicle dealership business, we have also been involved in trading of vehicle spare parts and utilities of branded as well as generic products forming part of the auto value chain. We have further recently incorporated a subsidiary company in the name and style of “Vaksons Metaplast Pvt. Ltd.” in order to undertake trading in auto parts, HDPE and LDPE polymer, aluminium scrap, and other metal and plastic items on a larger scale with good trading margins. We believe that our experience of selling and servicing vehicles would hold us in good stead with this diversification venture undertaken by the company and also provide for increased financial size. This business venture would require induction of more fund based capacity and the same is being proposed to be carried out through this fund raising exercise.

We have over the years developed a philosophy for quality and have also obtained ISO Certification for our Quality Management Systems (ISO 9001:2008). We have also been awarded a “**Certificate of Appreciation**” in February 2015, by Force Motors Ltd. for “Best Dominance in the MUV Market Category”.

### OUR STRENGTHS

Today's dynamic markets and technologies have called into question the sustainability of competitive advantage. We believe that following key strengths of our company would ensure our survival and help us attain a prominent position in the market:

#### ✓ *Experienced Promoter-Directors and an Established group*

Our Promoter family (the Jain Group) have been involved in the Automobile business in India for more than a decade. Moreover, they are involved in various other businesses like trading of health supplement products, pharmaceuticals and other allied products, realty and infrastructure development, trading of aluminium scraps, paper scraps, textile, etc. Their wide exposure and operations have helped them develop goodwill over the years and gain an accredited name in the industry. Our Promoter-Directors' good relationships with industry stalwarts enables us to leverage our existing business relations from various industries and have been instrumental in implementing our growth strategies. For further details regarding the education qualifications and experience of our Promoters and Directors, please see “*Our Management*” beginning on page 100 of this Prospectus.

#### ✓ *In-house qualified staff for respective technical departments of the company*

Our Company is managed by a team of professionals led by our Managing Director and Promoter, Mr. Atul Jain. We believe our growth strategy in combination with our management's demonstrated ability to manage inventories to consistently meet our customers' high expectations for service and reliability, serves as a foundation for future revenue growth and stable operating profit. Our Promoters and our Key Managerial Personnel have fair industry experience and have been instrumental in the consistent growth of our Company's performance. We have also been awarded a

“Certificate of Appreciation” in February 2015, by Force Motors Ltd. for “Best Dominance in the MUV Market Category”. For further details on education, experience and other details of our Management, please see the Chapter titled “Our Management” beginning on page 100 of this Prospectus.

✓ ***Long term association with suppliers***

We do not manufacture any of the products that we deal in. However, in order to ensure steady supply of LCVs, MCVs, MUVs, CVs, etc., we have obtained an authorised dealership of Force Motors Ltd in the year 2003. Their products have been awarded various recognitions several times, such as “Force Gurkha” was recently awarded “Declared Racing Car of the Year” in the Zenith Auto-awards 2015, “Best Competition 4x4 of 2015”, “Best Motorsport Award 2015” and “Monster of the year 2015” by Top Gear India. Further, for procuring of other products such as spare parts and auto components, we have relations with the relevant suppliers since over a year. We expect to derive benefits from these associations and we believe that this will aid us in effectively managing our business.

✓ ***Location advantages***

We have established ourselves well in the state of Haryana. The locations of our showrooms have certain competitive advantages. One of our showrooms is in Panipat, which is an industrial hub of Haryana, and hence we believe it will boost the demand for our products (like Goods Carriers like Trump – 40, Kargo King, etc.). Similarly, we also have a showroom in Sonapat, which is an educational hub of Haryana. Sonapat has an approximately 5000 acre Rajiv Gandhi Education City with a still-growing list of more than 30 educational institutes including several universities, medical colleges, engineering colleges and other institutes. We believe that the presence of such institutes in the city will boost the demand for our products (such as the Traveller School Bus).

## **OUR STRATEGIES / FUTURE PLANS**

The key elements of our business strategy include the following:

✓ ***Diversify from distributing vehicles to trading of other related spare parts, utilities as well as metal and plastic products forming part of the auto business chain***

We began our operations in this Industry as an Authorised Dealer of cars and spare parts for Force Motors Ltd. Gradually, we undertook trading of generic as well as branded vehicle spare parts and utilities. We have further recently incorporated a subsidiary in the name and style of “Vaksons Metaplast Pvt. Ltd.” in order to undertake trading in auto parts, HDPE and LDPE polymer, aluminium scrap, and other metal and plastic items on a larger scale with good trading margins. We believe that our experience of selling and servicing vehicles would hold us in good stead with this diversification venture undertaken by the company and also provide for increased financial size.

✓ ***Increase our business development appetite by augmenting our available working capital resources and increasing our in-house servicing capacity***

We operate in a working capital intensive industry. The lead time for procuring our products is high. In order to ensure readily available products along with a low lead time for our customers, we need to stock different types of vehicles and models to meet varied need of our customers. Besides inventory, we also need working capital for supporting our clients with reasonable lines of credit.

Further, we plan to increase our business development appetite by expanding our operational capabilities. Hence, we are in the process of setting up a multi-brand service centre at Sonapat (near our existing service centre at Sonapat) in order to augment our capacity of our existing service centre. Once the new service centre becomes operational, our parking capacity will increase to 24 vehicles in total. Further, this new service centre will be open for all automobiles products including Force Motors, unlike the existing service centre which caters exclusively to Force Motors products. We will provide after-sales and mechanical services for products of other Car manufacturers besides Force Motors. Further, we plan to offer services using the following latest technologies (including, but not limited to) at our new multi-brand service centre -

- Automatic Car Wash system, which is a quick and convenient alternative to the perils of hand washing. It also prevents scratching and damage to a vehicle's finish that result from improper hand washing and also offer improved access to reach areas such as wheels, fender wells, undercarriage, and more.
- Car scanner, a diagnostic and test equipment, for testing every complex automotive part and diagnosing it better
- Automatic alignment of vehicles

This would enable us to undertake various tasks in a more efficient and effective manner using latest technologies which are not currently available at our existing service centre.

In order to effectively operate the aforementioned additional facilities along with the existing facilities we need to have access to a larger amount of liquid funds. Hence, we propose to invest in this new facility and augment our working capital base through this IPO. For further details, please see “*Objects of the Issue*” on page 50 of this Prospectus.

✓ ***Tie-up with Schools, Colleges and other Educational Institutes***

We have a location advantage of having our presence in the city of Sonapat. Sonapat is one of the largest educational hubs across North India. The Government of Haryana has planned Rajiv Gandhi Education City spread over an approximately 5000 acres of land across the Delhi border. Various premier education institutes of Delhi are planning to expand and establish their presence in the Sonapat District. We believe that the presence of such institutes in the city will boost the demand for our products (such as the Traveller School Bus). In order to capitalize our presence in this city, we intend to focus our marketing activities towards Schools, Colleges and Educational Institutes.

**For further details regarding our business operations and key risks pertaining to the same, please see the chapter and the section titled “Our Business” and “Risk Factors” beginning on pages 80 and 10 of this Prospectus respectively.**

## SUMMARY OF FINANCIAL INFORMATION

The following summary financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations 2009 and restated as described in the Independent Auditor's Report of Singla & Associates, Chartered Accountants, dated September 08, 2015 in the chapter titled "Financial Statements" beginning on page 123 of this Prospectus. The summary financial information presented below should be read in conjunction with our restated financial statements for the year ended March 31, 2015, 2014, 2013, 2012 and 2011 including the notes thereto and the chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 140 of this Prospectus.

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

(₹ in lakhs)

Particulars	As on March 31,				
	2015	2014	2013	2012	2011
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
(a) Share capital	417.53	17.53	17.53	17.53	17.53
(b) Reserves and surplus	242.24	13.71	3.10	(0.31)	(1.82)
<b>Total Shareholder's Funds(A)</b>	<b>659.77</b>	<b>31.24</b>	<b>20.63</b>	<b>17.22</b>	<b>15.71</b>
<b>Share application money pending allotment (B)</b>	-	-	-	-	-
<b>Non-current liabilities</b>					
(a) Long-term borrowings	114.69	42.66	16.35	8.90	9.70
(b) Deferred tax liabilities (net)	-	0.56	0.28	-	-
<b>Total Non Current Liabilities (C)</b>	<b>114.69</b>	<b>43.22</b>	<b>16.63</b>	<b>8.90</b>	<b>9.70</b>
<b>Current liabilities</b>					
(a) Short-term borrowings	203.33	169.99	164.40	96.47	65.57
(b) Trade payables	196.46	55.34	59.90	48.42	56.79
(c) Other current liabilities	27.76	48.93	45.46	23.42	23.13
(d) Short-term provisions	9.08	4.48	0.97	0.25	-
<b>Total Current Liabilities (D)</b>	<b>436.63</b>	<b>278.74</b>	<b>270.73</b>	<b>168.56</b>	<b>145.49</b>
<b>TOTAL (A+B+C+D)</b>	<b>1,211.09</b>	<b>353.19</b>	<b>307.98</b>	<b>194.68</b>	<b>170.90</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
(a) Fixed assets					
(i) Tangible assets	593.04	48.56	17.18	6.40	6.07
(ii) Intangible assets	-	-	-	-	-
(b) Non-current investments	37.33	20.70	19.09	17.68	14.59
(c) Deferred tax assets (net)	2.74	-	-	0.67	1.28
(d) Long-term loans and advances	42.77	5.95	14.80	2.52	3.38
<b>Total Non Current Assets (A)</b>	<b>675.88</b>	<b>75.21</b>	<b>51.06</b>	<b>27.27</b>	<b>25.31</b>
<b>Current assets</b>					
(a) Current investments	-	-	-	-	-
(b) Inventories	338.34	148.58	165.09	86.08	110.68
(c) Trade receivables	180.21	63.93	38.51	59.57	31.42
(d) Cash and cash equivalents	16.32	24.12	4.41	1.07	3.48
(e) Short-term loans and advances	-	41.35	45.70	17.90	-
(f) Other current assets	0.34	-	3.21	2.79	0.01
<b>Total Current Assets (B)</b>	<b>535.21</b>	<b>277.98</b>	<b>256.92</b>	<b>167.41</b>	<b>145.59</b>
<b>TOTAL(A+B)</b>	<b>1,211.09</b>	<b>353.19</b>	<b>307.98</b>	<b>194.68</b>	<b>170.90</b>

**SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED**
*(₹ in lakhs)*

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
<b>Income</b>					
Revenue from operations	1,621.44	1,419.09	1,202.40	1,226.95	728.31
Other income	3.11	2.08	2.20	2.96	2.15
<b>Total Income</b>	<b>1,624.55</b>	<b>1,421.17</b>	<b>1,204.60</b>	<b>1,229.91</b>	<b>730.46</b>
<b>Expenditure</b>					
Purchases of stock-in-trade	1,672.53	1,315.86	1,203.61	1,161.58	758.52
Changes in inventories	(189.76)	16.51	(79.01)	24.60	(55.44)
Employee benefits expense	22.84	21.66	32.57	13.72	7.92
Finance costs	40.19	30.04	18.24	16.75	11.03
Depreciation and amortisation expense	22.66	4.44	2.01	1.12	1.06
Other expenses	32.17	17.29	22.10	10.01	6.42
<b>Total expenses</b>	<b>1,600.63</b>	<b>1,405.80</b>	<b>1,199.52</b>	<b>1,227.78</b>	<b>729.51</b>
<b>Profit / (Loss) before exceptional and extraordinary items and tax</b>	<b>23.92</b>	<b>15.37</b>	<b>5.08</b>	<b>2.13</b>	<b>0.95</b>
Exceptional items	-	-	-	-	-
<b>Profit / (Loss) before extraordinary items and tax</b>	<b>23.92</b>	<b>15.37</b>	<b>5.08</b>	<b>2.13</b>	<b>0.95</b>
Extraordinary items	-	-	-	-	-
<b>Profit / (Loss) before tax</b>	<b>23.92</b>	<b>15.37</b>	<b>5.08</b>	<b>2.13</b>	<b>0.95</b>
<b>Tax expense:</b>					
Current tax expense	9.08	4.48	0.97	0.25	-
Deferred tax	(3.29)	0.28	0.95	0.61	(1.28)
<b>Profit / (Loss) from continuing operations</b>	<b>18.13</b>	<b>10.61</b>	<b>3.16</b>	<b>1.27</b>	<b>2.23</b>
<b>Profit / (Loss) from discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Tax expense of discontinuing operations	-	-	-	-	-
<b>Profit / (Loss) from discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit / (Loss) for the year</b>	<b>18.13</b>	<b>10.61</b>	<b>3.16</b>	<b>1.27</b>	<b>2.23</b>



# SUMMARY OF CASH FLOW STATEMENT, AS RESTATED

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net Profit / (Loss) before extraordinary items and tax	23.92	15.37	5.06	2.13	0.95
<u>Adjustments for:</u>					
Depreciation and amortization	22.66	4.44	2.02	1.12	1.06
Finance costs	40.19	30.04	18.23	16.75	11.03
Interest income	(1.81)	(1.80)	(1.57)	(2.35)	(2.06)
Operating profit / (loss) before working capital changes	<b>84.96</b>	<b>48.05</b>	<b>23.76</b>	<b>17.65</b>	<b>10.98</b>
<u>Adjustments for :</u>					
Increase/(Decrease) in Inventories	(189.76)	16.51	(79.01)	24.60	(55.44)
Increase/(Decrease) in Trade receivables	(116.28)	(25.42)	21.06	(28.15)	0.22
Increase/(Decrease) in Short-term loans and advances	41.35	4.35	(27.80)	(17.90)	11.74
Increase/(Decrease) in Long-term loans and advances	(36.82)	8.85	(12.28)	1.10	(2.46)
Increase/(Decrease) in Other current assets	(0.34)	3.21	(0.43)	(2.78)	(0.01)
Increase/(Decrease) in Other non-current assets	(16.63)	(1.61)	(1.41)	(3.09)	(10.49)
Increase/(Decrease) in Trade payables	141.12	(4.56)	11.48	(8.37)	46.13
Increase/(Decrease) in Other current liabilities	(21.17)	3.47	22.04	0.29	10.20
Cash Generated from Operations	(113.57)	52.85	(42.59)	(16.65)	10.87
Direct Taxes Paid	4.48	0.97	-	-	-
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(118.05)</b>	<b>51.88</b>	<b>(42.59)</b>	<b>(16.65)</b>	<b>10.87</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of Fixed Assets	(567.14)	(35.83)	(12.79)	(1.46)	(3.18)
Interest income	1.81	1.80	1.57	2.35	2.06
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(565.33)</b>	<b>(34.03)</b>	<b>(11.22)</b>	<b>0.89</b>	<b>(1.12)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>					
Proceeds From issue of share capital	400.00	-	-	-	7.75
Proceeds From Share Premium	210.40	-	-	-	-
Increase/(Decrease) in Long Term Borrowing	72.03	26.31	7.45	(0.80)	(7.58)
Increase/(Decrease) in Short Term Borrowing	33.34	5.59	67.93	30.90	(0.29)
Finance costs	(40.19)	(30.04)	(18.23)	(16.75)	(11.03)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>675.58</b>	<b>1.86</b>	<b>57.15</b>	<b>13.35</b>	<b>(11.15)</b>
<b>Net (Decrease)/Increase in cash and Cash Equivalents(A+B+C)</b>	<b>(7.80)</b>	<b>19.71</b>	<b>3.34</b>	<b>(2.41)</b>	<b>(1.40)</b>
Cash and cash equivalent at beginning of Year	24.12	4.41	1.07	3.48	4.88
<b>Cash and cash equivalent at end of Year</b>	<b>16.32</b>	<b>24.12</b>	<b>4.41</b>	<b>1.07</b>	<b>3.48</b>

## THE ISSUE

### PRESENT ISSUE IN TERMS OF THIS PROSPECTUS

<b>Equity Shares Offered:</b> Present Issue of Equity Shares by our Company	24,00,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 26 per share aggregating ₹ 624.00 lakhs
<b>Of which:</b>	
<b>Issue Reserved for the Market Makers</b>	1,28,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 26 per share aggregating ₹ 33.28 lakhs
<b>Net Issue to the Public</b>	22,72,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 26 per share aggregating ₹ 590.72 lakhs

<b>Equity Shares outstanding prior to the Issue</b>	41,75,300 Equity Shares
<b>Equity Shares outstanding after the Issue</b>	65,75,300 Equity Shares
<b>Objects of the Issue</b>	Please see the chapter titled “ <i>Objects of the Issue</i> ” beginning on page 50 of this Prospectus

This issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details, please see the section titled “*Issue Related Information*” beginning on page 168 of this Prospectus.

The present issue has been authorised by our Board vide resolution passed at its meeting held on February 16, 2015 and by our Shareholders vide a special resolution passed pursuant to section 62 (1) (C) of the Companies Act, 2013 at the EGM held on February 17, 2015.

## GENERAL INFORMATION

Our Company was incorporated as Vaksons Automobiles Private Limited on February 20, 2003 under the Companies Act, 1956, with the Registrar of Companies, N. C. T. of Delhi and Haryana bearing Registration Number - 119052. The status of our Company was changed to a public limited company and the name of our Company was changed to Vaksons Automobiles Limited by a special resolution passed on September 30, 2014. A fresh certificate of incorporation consequent to the change of name was granted to our Company on December 24, 2014, by the Registrar of Companies, Delhi. Our Company's Corporate Identity Number is U51502DL2003PLC119052 and its Registered Office is situated at 105, 1st Floor, Barodia Tower, Plot No 12, D Block, Central Market Prashant Vihar, New Delhi - 110085,

For further details, please see chapter titled “History and Certain Corporate Affairs” beginning on page 97 of this Prospectus.

### Brief Company and Issue Information

<b>Registered Office</b>	105, 1 <sup>st</sup> Floor, Barodia Tower, Plot no. 12, D Block, Central Market, Prashant Vihar, New Delhi, - 110085 <b>Tele-Fax No.:</b> +91 – 130 – 2218572 <b>Email:</b> info@vaksonsautomobiles.in <b>Website:</b> www.vaksonsautomobiles.in
<b>Date of Incorporation</b>	February 20, 2003
<b>Company Registration No.</b>	119052
<b>Company Identification No.</b>	U51502DL2003PLC119052
<b>Address of Registrar of Companies</b>	4 <sup>th</sup> Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019 Tel No.: +91 – 11 – 2623 5704 Fax No.: + 91 – 11 – 2623 5702
<b>Issue Programme</b>	Issue Opens on : September 28, 2015 Issue Closes on : October 01, 2015
<b>Designated Stock Exchange</b>	SME Platform of BSE Limited
<b>Company Secretary &amp; Compliance Officer</b>	Ms. Mahak Bajaj 105, 1 <sup>st</sup> Floor, Barodia Tower, Plot no. 12, D Block, Central Market, Prashant Vihar, New Delhi, Delhi - 110085 <b>Tel No.:</b> +91 – 9812787354 <b>Tele-Fax No.:</b> +91 – 130 – 2218572 <b>Email:</b> cs@vaksonsautomobiles.in

### Board of Directors of our Company

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

<b>Name</b>	<b>Designation</b>	<b>Director's Identification No.</b>
Atul Jain	Chairman and Managing Director	00004339
Satender Kumar Jain	Whole-Time Director	02734794
Deepti Bhadbhade Jain	Non-Executive Non-Independent Director	07047638
Pankaj bhai	Non-Executive Independent Director	01845747
Mahesh Pandey	Non-Executive Independent Director	02444591
Sumeet Alakh	Non-Executive Independent Director	07042374

For further details pertaining to the educational qualification and experience of our Directors, please see the chapter titled “Our Management” beginning on page 100 of this Prospectus.

*Note: Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems, such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the SCSBs, giving full details such as name, address of applicant, application number, number of Equity Shares*

*applied for, amount paid on application and designated branch or the collection centre of the SCSB where the ASBA Application Form was submitted by the ASBA Applicants.*

## Details of Key Intermediaries pertaining to this Issue and our Company

### LEAD MANAGERS OF THE ISSUE



#### **BCB Brokerage Private Limited**

1207-A, P.J Towers, Dalal Street  
Fort, Mumbai-400001, Maharashtra, India  
Tel. No.: +91-22-22720000  
Fax No.: +91-22-22722451  
Website: [www.bcbbrokerage.com](http://www.bcbbrokerage.com)  
Email: [uttam@bcbbrokerage.com](mailto:uttam@bcbbrokerage.com)  
Investor Grievance Email: [investorgrievance@bcbbrokerage.com](mailto:investorgrievance@bcbbrokerage.com)  
Contact Person: Mr. Uttam Bagri  
SEBI Registration No.: MB/INM000012078



#### **Aryaman Financial Services Limited**

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

### REGISTRAR TO THE ISSUE



#### **Cameo Corporate Services Limited**

‘Subramanian Building’,  
No. 1 Club House Road,  
Chennai – 600 002.  
Tel.: +91 – 44 – 2846 0390  
Fax: +91 – 44 – 2846 0129  
E-mail: [investor@cameoindia.com](mailto:investor@cameoindia.com)  
Website: [www.cameoindia.com](http://www.cameoindia.com)  
Contact Person: Mr. R. D. Ramasamy  
SEBI Regn. No.: INR 000003753

### LEGAL ADVISOR TO THE ISSUE

#### **M/s Kanga & Company (Advocates & Solicitors)**

Readymoney Mansion,  
43, Veer Nariman Road,  
Mumbai- 400 001  
Tel No.: +91 – 22 – 66230000, +91 – 22 – 66332288  
Fax No.: +91 – 22 – 66339656 / 57  
Contact Person: Mr. Chetan Thakkar  
Email: [chetan.thakkar@kangacompany.com](mailto:chetan.thakkar@kangacompany.com)  
Website: [www.kangacompany.com](http://www.kangacompany.com)

## STATUTORY AUDITORS OF OUR COMPANY

### **DNJ & Co., Chartered Accountants**

#111, Times Square 28, BMK Market,  
G. T. Road, Panipat (West) - 132103  
Tel No.: 0180 – 2646239  
Contact Person: Mr. Nipun Jain  
Email: nipunjain.ca@gmail.com

## PEER REVIEW AUDITORS

### **M/s. Singla & Associates, Chartered Accountants**

23, IInd Floor, North West Avenue,  
Club Road, West Punjabi Bagh,  
New Delhi - 110026  
Tel No.: +91 – 11 – 25221200 / 25223461  
Fax No.: +91 – 11 - 4264667  
Contact Person: Mr. Shiv Charan  
Email: singlafca\_2006@yahoo.com

## BANKERS TO OUR COMPANY



### **Punjab National Bank**

B.O: SCO, 41-42,  
HSIDC Industrial Area  
Kundli (Sonapat)  
Tel No.: +91 – 130 – 2371169, 2370169  
Fax No.: +91 – 130 – 2370169  
Email: bo3916@pnb.co.in  
Website: www.pnbindia.in

## BANKERS TO THE ISSUE / ESCROW COLLECTION BANKS



### **Axis Bank Limited**

Ground Floor, Jeevan Prakash Building,  
Sir P.M. Road, Fort, Mumbai – 400 001.  
Tel No.: +91 – 22 – 4086 7371 / 7464 / 7429 / 7373  
Fax No.: +91 – 22 – 4086 7327  
Website: www.axisbank.com  
Email: linford.d'abreo@axisbank.com  
Contact Person: Linford D'Abreo  
SEBI Registration No.: INBI00000017



### **HDFC Bank Limited**

FIG – OPS Department, Lodha I,  
Think Techno Campus, O-3 Level,  
Next to Kanjurmarg Railway Station,  
Kanjurmarg (East), Mumbai – 400 042.  
Tel No.: +91 – 22 – 3075 2928  
Fax No.: +91 – 22 – 2579 9801  
Email: [uday.dixit@hdfcbank.com](mailto:uday.dixit@hdfcbank.com)  
Website: www.hdfcbank.com  
Contact Person: Mr. Uday Dixit  
SEBI Registration No.: INBI00000063

## REFUND BANKER TO THE ISSUE



**HDFC Bank Limited**  
 FIG – OPS Department, Lodha I,  
 Think Techno Campus, O-3 Level,  
 Next to Kanjurmarg Railway Station,  
 Kanjurmarg (East), Mumbai – 400 042.  
 Tel No.: +91 – 22 – 3075 2928  
 Fax No.: +91 – 22 – 2579 9801  
 Email: [uday.dixit@hdfcbank.com](mailto:uday.dixit@hdfcbank.com)  
 Website: [www.hdfcbank.com](http://www.hdfcbank.com)  
 Contact Person: Mr. Uday Dixit  
 SEBI Registration No.: INBI00000063

## SELF CERTIFIED SYNDICATE BANKS

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

## MARKET MAKER



**Aryaman Capital Markets Ltd.**  
 60, Khatau Building, Gr. Floor,  
 Alkesh Dinesh Modi Marg,  
 Opp. P.J. Tower (BSE Bldg.),  
 Fort, Mumbai – 400 001  
 Tel. No.: +91 – 22 – 2261 8635  
 Fax No.: +91 – 22 – 2263 0434  
 Email: [aryacapm@gmail.com](mailto:aryacapm@gmail.com)  
 Contact person: Mr. Harshad Dhanawade  
 SEBI Registration No.: INB011465938  
 Market Maker Registration No.: SMEMM0651421122012

## Statement of Inter-se Allocation of Responsibilities

Sr. No.	Activities Responsibility	Responsibility	Coordination
1	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, size of issue, allocation between primary and secondary, etc.	AFSL and BBPL	BBPL
2	Due diligence of the Company's operations/ management/ business plans/ legal etc. Drafting and design of the Draft Prospectus and Prospectus. The Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing of the same, follow up and coordination till final approval from all regulatory authorities,	AFSL and BBPL	AFSL
3	Drafting and approval of publicity material including statutory advertisement, corporate advertisement, brochure, etc.	AFSL and BBPL	AFSL
4	Appointment of all other intermediaries (e.g. Registrar(s), Printer(s) and Banker(s) to the Issue, Advertising agency etc.)	AFSL and BBPL	BBPL
5	International Institutional Marketing ; allocation of investors for meetings and finalizing road show schedules and preparation and finalization of the road-show presentation	AFSL and BBPL	BBPL
6	Domestic Institutional Marketing (including banks/ mutual funds); allocation of investors for meetings and finalizing road show schedules	AFSL and BBPL	BBPL



Sr. No.	Activities Responsibility	Responsibility	Coordination
7	Non-Institutional & Retail Marketing of the Issue, which will cover, <i>inter alia</i> , <ul style="list-style-type: none"> <li>Formulating marketing strategies, preparation of publicity budget</li> <li>Finalising Media and PR strategy, if any</li> <li>Finalising centres for holding conferences for brokers etc., if any</li> <li>Finalising collection centres; and</li> <li>Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material</li> </ul>	AFSL and BBPL	AFSL
9	Coordination with Stock-Exchanges for ASBA software, applications uploaded, etc.	AFSL and BBPL	AFSL
10	Post-issue activities, which shall involve essential follow-up steps including follow-up with Bankers to the Issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, demat credit and refunds and coordination with various agencies connected with the post-issue activity such as Registrars to the Issue, Bankers to the Issue, Self-Certified Syndicate Banks etc. including responsibility for underwriting arrangements, as applicable.	AFSL and BBPL	AFSL

#### Monitoring Agency

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the issue size is below ₹ 50,000 lakhs. Since the Issue size is below ₹ 50,000 lakhs, our Company has not appointed a monitoring agency for this issue. However, as per the Clause 52 of the SME Listing Agreement to be entered into with BSE upon listing of the equity shares and the corporate governance requirements, the audit committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

#### IPO Grading

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

#### Trustees

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

#### Details of the Appraising Authority

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

#### Credit Rating

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

#### Expert Opinion

Except the report of the Peer Review Auditor of our Company on the Restated Financial Statements and the report of the Statutory Auditor of our Company on the Statement of Tax Benefits included in this Prospectus, our Company has not obtained any other expert opinion.

The term “expert” shall not be construed to mean an “expert” as defined under the Securities Act.

#### Underwriting

This Issue is 100% Underwritten. The Underwriting agreement is dated April 22, 2015. 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 lakhs)	% of the Total Issue Size Underwritten
<b>Aryaman Financial Services Ltd.</b> 60, Khatau Building, Gr. Floor, Alkesh Dinesh Modi Marg, Opp. P. J. Tower (BSE Bldg.), Fort, Mumbai – 400 001 Tel. No.: +91 – 22 – 2261 8264 Fax No.: +91 – 22 – 2263 0434 Email: ipo@afsl.co.in	19,00,000	494.00	79.17%
<b>BCB Brokerage Pvt. Ltd.</b> 1207-A, P. J. Towers, Dalal Street, Fort, Mumbai - 400 001 Tel. No.: +91 – 22 – 22720000 Fax No.: +91 – 22 – 22722451 Email: bbplmumbai@gmail.com	3,72,000	96.72	15.50%
<b>Aryaman Capital Markets Ltd.</b> 60, Khatau Building, Gr. Floor, Alkesh Dinesh Modi Marg, Opp. P.J. Tower (BSE Bldg.), Fort, Mumbai – 400 001 Tel. No.: +91 – 22 – 2261 8264 Fax No.: +91 – 22 – 2263 0434 Email: aryacapm@gmail.com	1,28,000	33.28	5.33%
<b>Total</b>	<b>24,00,000</b>	<b>624.00</b>	<b>100.00%</b>

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

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

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

Our Company and the Lead Managers, Aryaman Financial Services Limited and BCB Brokerage Pvt. Ltd. have entered into an agreement dated April 21, 2015 with Aryaman Capital Markets Ltd., a Market Maker registered with the SME Platform of BSE in order to fulfil the obligations of Market Making.

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

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

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

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

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

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

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

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

12. **Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to ₹ 25,000 lakhs, the applicable price bands for the first day shall be:
  - a. In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
  - b. In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.
  - c. Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading.

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

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

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

## CAPITAL STRUCTURE

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

(₹ in lakhs, except share data)

Sr. No.	Particulars	Aggregate Value at Nominal Value	Aggregate Value at Issue Price
<b>A</b>	<b>Authorised Share Capital</b>		
	75,00,000 Equity Shares of face value of ₹ 10 each	750.00	-
<b>B</b>	<b>Issued, Subscribed and Paid-up Share Capital before the Issue</b>		
	41,75,300 Equity Shares of face value of ₹ 10 each	417.53	-
<b>C</b>	<b>Present Issue in terms of this Prospectus<sup>(1)</sup></b>		
	Issue of 24,00,000 Equity Shares of ₹ 10 each at a price of ₹ 26 per equity Share	240.00	624.00
	<i>Which comprises:</i>		
	1,28,000 Equity Shares of ₹ 10 each at a price of ₹ 26 per Equity Share reserved as Market Maker Portion	12.80	33.28
	Net Issue to Public of 22,72,000 Equity Shares of ₹ 10 each at a price of ₹ 26 per Equity Share to the Public	227.20	590.72
	<i>Of which:</i>		
	11,36,000 Equity Shares of ₹ 10 each at a price of ₹ 26 per Equity Share will be available for allocation for Investors of up to ₹ 2.00 lakhs	113.60	295.36
	11,36,000 Equity Shares of ₹ 10 each at a price of ₹ 26 per Equity Share will be available for allocation for Investors of above ₹ 2.00 lakhs	113.60	295.36
<b>D</b>	<b>Equity Share Capital after the Issue</b>		
	65,75,300 Equity Shares of ₹ 10 each	657.53	
<b>E</b>	<b>Securities Premium Account</b>		
	Before the Issue	210.41	
	After the Issue	594.41	

<sup>(1)</sup>The present Issue has been authorized pursuant to a resolution of our Board dated February 16, 2015 and by Special Resolution passed under Section 62(1)(C) of the Companies Act, 2013 at an Extra-Ordinary General Meeting of our shareholders held with a shorter notice on February 17, 2015.

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

### Changes in Authorized Share Capital

- (i) The initial authorised share capital of ₹ 10,00,000 divided into 1,00,000 Equity Shares ₹ 10 each was increased to ₹ 25,00,000 divided into 2,50,000 Equity Shares of ₹ 10 each pursuant to a resolution of our shareholders dated November 25, 2010.
- (ii) The authorised share capital of ₹ 25,00,000 divided into 2,50,000 Equity Shares of ₹ 10 each was increased to ₹ 75,00,000 divided into 75,00,000 Equity Shares of ₹ 10 each pursuant to a resolution of our shareholders dated November 20, 2014.

## Notes to the Capital Structure

### 1. Share Capital History of our Company:

#### a) Equity Share Capital

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

Date of Allotment of Equity Shares	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature / Reason of Allotment	Nature of Consideration	Cumulative No. of Equity Shares	Cumulative Paid Up Share Capital (₹)	Cumulative Share Premium (₹)
On Incorporation	10,000	10	10	Subscription to MoA	Cash	10,000	1,00,000	Nil
March 25, 2003	87,800	10	10	Further Allotment	Cash	97,800	9,78,000	Nil
December 26, 2010	77,500	10	10	Further Allotment	Cash	1,75,300	17,53,000	Nil
December 10, 2014	9,00,000	10	10	Further Allotment <sup>(1)</sup>	Cash	10,75,300	1,07,53,000	Nil
December 11, 2014	10,10,000	10	10	Further Allotment <sup>(1)</sup>	Cash	20,85,300	2,08,53,000	Nil
December 12, 2014	2,20,000	10	10	Further Allotment <sup>(1)</sup>	Cash	23,05,300	2,30,53,000	Nil
December 13, 2014	13,40,000	10	10	Further Allotment <sup>(1)</sup>	Cash	36,45,300	3,64,53,000	Nil
December 17, 2014	55,000	10	10	Further Allotment <sup>(1)</sup>	Cash	37,00,300	3,70,03,000	Nil
December 24, 2014	2,69,000	10	10	Further Allotment <sup>(1)</sup>	Cash	39,69,300	3,96,93,000	Nil
December 25, 2014	1,50,000	10	10	Further Allotment <sup>(1)</sup>	Cash	41,19,300	4,11,93,000	Nil
December 27, 2014	56,000	10	10	Further Allotment <sup>(1)</sup>	Cash	41,75,300	4,17,53,000	Nil <sup>(2)</sup>

<sup>(1)</sup> These allotments are part of different tranches of allotments made pursuant to a Rights Issue (approved vide shareholder's resolution dated November 20, 2014) of Equity Shares (including renunciations and unsubscribed portion allotments).

<sup>(2)</sup> Our Promoters Mr. Atul Jain and Mrs. Vandana Jain, pursuant to the proviso clause (i) of Regulation 33 (1) (b), have brought in additional amount of Securities Premium and the same is confirmed vide resolution dated February 16, 2015, to the extent of ₹ 210.41 lakhs. The same is further confirmed by a certificate dated April 23, 2015 issued by M/s. DNJ & Co., Chartered Accountants (Statutory Auditors). For further details, please refer to "Shareholding of Our Promoters" on page 43 of this Prospectus.

#### b) Shares allotted for consideration other than cash

Our Company has not issued any Equity Share for consideration other than cash.

- c) No shares have been allotted in terms of any scheme approved under sections 391-394 of the Companies Act, 1956.
- d) No bonus shares have been issued out of Revaluation Reserves.
- e) No shares have been issued at a price lower than the Issue Price within the last one year from the date of this Prospectus except as mentioned below :



Date of Allotment	Name of the Allottees	Number of Shares	Issue Price (₹)	Reasons	Promoter / Promoter Group
December 10, 2014	Atul Jain	2,50,000	10	Rights Issue	Yes
	Vandana Jain	3,50,000 <sup>(1)</sup>	10 <sup>(1)</sup>		Yes
	Shanta Jain	3,00,000	10		Yes
December 11, 2014	Atul Jain	5,00,000	10	Rights Issue	Yes
	Vandana Jain	3,10,000 <sup>(1)</sup>	10 <sup>(1)</sup>		Yes
	Shanta Jain	2,00,000	10		Yes
December 12, 2014	Atul Jain	2,00,000	10	Rights Issue	Yes
	Deepti Bhadbade Jain	20,000	10		No
December 13, 2014	Atul Jain	7,50,000 <sup>(1)</sup>	10 <sup>(1)</sup>	Rights Issue	Yes
	Vandana Jain	2,40,000 <sup>(1)</sup>	10 <sup>(1)</sup>		Yes
	Shanta Jain	3,50,000	10		Yes
December 17, 2014	Shanta Jain	55,000	10	Rights Issue	Yes
December 24, 2014	Arvind Kumar Sankhyain	2,69,000	10	Rights Issue	No
December 25, 2014	Arvind Kumar Sankhyain	1,50,000	10	Rights Issue	No
December 27, 2014	Arvind Kumar Sankhyain	56,000	10	Rights Issue	No

<sup>(1)</sup> Out of these allotments made at ₹ 10/- per share, our promoters – Mr. Atul Jain and Mrs. Vandana Jain have pursuant to the proviso clause (i) of Regulation 33 (1) (b) brought in premium of ₹ 16/- per share for 4,15,060 shares and 9,00,000 shares respectively. Hence a total of 13,15,060 shares are in effect allotted at the same price as the Issue Price. The same is confirmed by a certificate dated April 23, 2015 issued by M/s. DNJ & Co., Chartered Accountants (Statutory Auditors).

#### f) Shareholding of our Promoters

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

Date of Allotment / Transfer	Nature of Transaction	Consideration	No. of Shares	Face Value (₹)	Issue Price (₹)	Cumulative no. of Shares	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital
<b>Mr. Atul Jain</b>								
20-Feb-03	Subscription to MOA	Cash	5,000	10	10	5,000	0.12%	0.08%
25-Mar-03	Further Allotment	Cash	15,000	10	10	20,000	0.48%	0.30%
26-Dec-10	Further Allotment	Cash	10,000	10	10	30,000	0.72%	0.46%
27-Oct-14	Transfer	Cash	(25,000)	10	10	5,000	0.12%	0.08%
10-Dec-14	Further Allotment <sup>(1)</sup>	Cash	2,50,000	10	10	2,55,000	6.11%	3.88%
11-Dec-14	Further Allotment <sup>(1)</sup>	Cash	5,00,000	10	10	7,55,000	18.08%	11.48%
12-Dec-14	Further Allotment <sup>(1)</sup>	Cash	2,00,000	10	10	9,55,000	22.87%	14.52%
13-Dec-14	Further Allotment <sup>(1)</sup>	Cash	3,34,940	10	10	12,89,940	30.89%	19.62%
13-Dec-14	Further Allotment <sup>(1)</sup>	Cash	4,15,060	10	10 <sup>(2)</sup>	17,05,000	40.84%	25.93%
<b>Mrs. Vandana Jain</b>								
25-Mar-03	Further Allotment	Cash	5,000	10	10	5,000	0.12%	0.08%
26-Dec-10	Further Allotment	Cash	22,500	10	10	27,500	0.66%	0.42%
25-Nov-12	Transfer	Cash	10,000	10	10	37,500	0.90%	0.57%

31-Aug-13	Transfer	Cash	15,000	10	10	52,500	1.26%	0.80%
10-Dec-14	Further Allotment <sup>(1)</sup>	Cash	3,50,000	10	10 <sup>(2)</sup>	402,500	9.64%	6.12%
11-Dec-14	Further Allotment <sup>(1)</sup>	Cash	3,10,000	10	10 <sup>(2)</sup>	712,500	17.06%	10.84%
13-Dec-14	Further Allotment <sup>(1)</sup>	Cash	2,40,000	10	10 <sup>(2)</sup>	952,500	22.81%	14.49%

<sup>(1)</sup> These allotments are part of different tranches of allotments made pursuant to a Rights Issue (approved vide shareholder's resolution dated November 20, 2014) of Equity Shares and further renunciations.

<sup>(2)</sup> These Equity Shares were originally allotted at a price of ₹ 10/- each. However, pursuant to the proviso clause (i) of Regulation 33 (1) (b), our Promoters have brought in additional amount of Securities Premium of ₹ 16/- per share aggregating to ₹ 210.41 lakhs. The same is confirmed by a certificate dated April 23, 2015 issued by M/s. DNJ & Co., Chartered Accountants (Statutory Auditors).

Notes:

- None of the shares belonging to our Promoters have been pledged till date.
- The entire Promoters' shares shall be subject to lock-in from the date of listing of the equity shares (issued through this Prospectus for periods as per applicable Regulations of the SEBI (ICDR) Regulations. For details please see Note no. 2 of "Capital Structure" on page 41 of this Prospectus.
- Our Promoters have confirmed to the Company and the Lead Managers that the Equity Shares held by our Promoters have been financed from their personal funds and no loans or financial assistance from any bank or financial institution has been availed by them for this purpose.

g) None of the members of the Promoter Group, Directors and their immediate relatives have entered into any transactions in the Equity shares of our Company within the last six months from the date of this Prospectus.

h) None of the members of the Promoter Group, Directors and their immediate relatives have financed the purchase by any other person of Equity shares of our Company other than in the normal course of business of the financing entity within the period of six months immediately preceding the date of this Prospectus.

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

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

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

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

Name of Promoter	No. of Shares locked in	As a % of Post Issue Share Capital
Mr. Atul Jain	4,20,060	6.39%
Mrs. Vandana Jain	9,27,500	14.11%
<b>Total</b>	<b>13,47,560</b>	<b>20.49%</b>

For details on the date of Allotment of the above Equity Shares, the nature of Allotment, face value and the price at which they were acquired by Mr. Atul Jain and Mrs. Vandana Jain, please see Note 1(f) under "Notes to Capital Structure" on page 41 of this Prospectus.

We confirm that in compliance with regulation 33 of SEBI ICDR Regulations, the minimum Promoter contribution of 20% as shown above which is subject to lock-in for three years does not consist of:

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

- Equity Shares acquired by the Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Issue.  
*Note: Our promoters – Mr. Atul Jain and Mrs. Vandana Jain have pursuant to the proviso clause (i) of Regulation 33 (1) (b) brought in premium of ₹ 16/- per share for 4,15,060 shares and 9,00,000 shares respectively. Hence a total of 13,15,060 shares are in effect allotted at the same price as the Issue Price. The same is confirmed by a certificate dated April 23, 2015 issued by M/s. DNJ & Co., Chartered Accountants (Statutory Auditors).*
- The Equity Shares held by the Promoters and offered for minimum 20% Promoters' Contribution are not subject to any pledge.
- Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum Promoters' Contribution subject to lock-in.
- Equity shares issued to our Promoters on conversion of Partnership Firms into Limited Companies.

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

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

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

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

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

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

Sr. No.	Name of Shareholder	Pre-Issue		Post-Issue	
		No. of Equity Shares	As a % of Issued Equity	No. of Equity Shares	As a % of Issued Equity
<b>A</b>	<b>Promoters</b>				
1	Atul Jain	17,05,000	40.84%	17,05,000	25.93%
2	Vandana Jain	9,52,500	22.81%	9,52,500	14.49%
	<b>Total (A)</b>	<b>26,57,500</b>	<b>63.65%</b>	<b>26,57,500</b>	<b>40.42%</b>
<b>B</b>	<b>Promoter Group</b>				

1	Shanta Jain	9,22,000	22.08%	9,22,000	14.02%
2	Shreya Jain	22,000	0.53%	22,000	0.33%
3	Neha Jain	14,000	0.34%	14,000	0.21%
4	Aditya Jain	13,800	0.33%	13,800	0.21%
5	Kamal Naini Jain	5,000	0.12%	5,000	0.08%
	<b>Total (B)</b>	<b>9,76,800</b>	<b>23.39%</b>	<b>9,76,800</b>	<b>14.86%</b>
<b>Total Promoter &amp; Promoter Group Holding</b>		<b>36,34,300</b>	<b>87.04%</b>	<b>36,34,300</b>	<b>55.27%</b>
<b>Total Paid up Capital</b>		<b>41,75,300</b>	<b>100.00%</b>	<b>65,75,300</b>	<b>100.00%</b>

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

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

Sr. No.	Particulars	No. of Shares	% of Shares to Pre – Issue Share Capital
1	Atul Jain	1705000	40.84%
2	Vandana Jain	952500	22.81%
3	Shanta Jain	922000	22.08%
4	Dhani Ram Sankhyan	475000	11.38%
5	Deepti Bhadbhade Jain	25,000	0.60%
6	Shreya Jain	22,000	0.53%
7	Neha Jain	14,000	0.34%
8	Aditya Jain	13,800	0.33%
9	Parveen Kumar Jain	10,000	0.24%
10	Vaibhav Jain	6,000	0.14%
	<b>Total</b>	<b>41,45,300</b>	<b>99.28%</b>

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

Sr. No.	Particulars	No. of Shares	% of then Share Capital
1	Atul Jain	1705000	40.84%
2	Vandana Jain	952500	22.81%
3	Shanta Jain	922000	22.08%
4	Dhani Ram Sankhyan	475000	11.38%
5	Deepti Bhadbhade Jain	25,000	0.60%
6	Shreya Jain	22,000	0.53%
7	Neha Jain	14,000	0.34%
8	Aditya Jain	13,800	0.33%
9	Parveen Kumar Jain	10,000	0.24%
10	Vaibhav Jain	6,000	0.14%
	<b>Total</b>	<b>41,45,300</b>	<b>99.28%</b>

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

Sr. No.	Particulars	No. of Shares	% of then Share Capital
1	Vandana Jain	37,500	21.39%
2	Atul Jain	30,000	17.11%
3	Shanta Jain	20,000	11.41%
4	Neha Jain	12,000	6.85%
5	Shreya Jain	12,000	6.85%
6	Aditya Jain	11,800	6.73%
7	Suresh Kumar Jain (HUF)	10,000	5.70%
8	Parveen Kumar Jain	10,000	5.70%
9	Kamla Devi Jain	9,000	5.13%

Sr. No.	Particulars	No. of Shares	% of then Share Capital
10	Vinod Kumar Jain	5,000	2.85%
10	Jagdish Chander	5,000	2.85%
<b>Total</b>		<b>1,57,300</b>	<b>89.73%</b>

5. Neither the Company, nor its Promoters, Directors or the Lead Managers have entered into any buyback and/or standby arrangements for purchase of Equity Shares of the Company from any person.
6. None of our Directors or Key Managerial Personnel holds Equity Shares in the Company, except as stated in the chapter titled “*Our Management*” beginning on page 100 of this Prospectus.
7. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed under “*Basis of Allotment*” in the chapter titled “*Issue Procedure*” beginning on page 190 of this Prospectus.
8. An investor cannot make an application for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
9. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock-in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
10. 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 Lead Managers and Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines
11. No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoters to the persons who receive allotments, if any, in this Issue.
12. As on date of this Prospectus, the entire issued share capital of our Company is fully paid-up. The Equity Shares offered through this Public Issue will be fully paid up.
13. As on date of this Prospectus, there are no outstanding financial instruments or any other rights that would entitle the existing Promoters or shareholders or any other person any option to receive Equity Shares after the Issue.
14. There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.
15. Since the entire application money is being called on application, all successful applications, shall be issued fully paid up shares only. Also, as on the date of this Prospectus the entire pre-issue share capital of the Company has been made fully paid up.
16. Except as disclosed in the Prospectus, our Company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or issue of bonuses or rights or further public issue of specified securities or Qualified Institutional Placement.
17. We have not issued any Equity Shares out of reserves. We have not issued any Equity Shares for consideration other than cash.
18. As on date of this Prospectus, there are no outstanding ESOP’s, warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares, nor has the company ever allotted any equity shares pursuant to conversion of ESOP’s till date.

19. Our Company shall ensure that transactions in the Equity Shares by our Promoters and our Promoter Group between the date of this Prospectus and the Issue Closing Date shall be reported to the Stock Exchange within 24 hours of such transaction.

20. The Lead Managers and their associates do not directly or indirectly hold any shares of the Company.

21. Our Company has sixteen (16) shareholders, as on the date of this Prospectus.

22. Our Company has not revalued its assets since incorporation.

23. Our Company has not made any public issue (including any rights issue to the public) since its incorporation.

#### 24. Shareholding Pattern of the Company

The following is the shareholding pattern of the Company in compliance with Clause 37 of the Listing Agreement as on the date of this Prospectus:

Category code	Category of Shareholder	No. of Shareholders	Total no. of Shares	Total no. of Shares held in Demat Form	Total shareholding as a % of total no. of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of total no. of shares
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>							
(1)	Indian						-	-
(a)	Individuals/ Hindu Undivided Family	7	36,34,300	-	87.04%	87.04%	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub Total (A)(1)</b>	<b>7</b>	<b>36,34,300</b>	<b>-</b>	<b>87.04%</b>	<b>87.04%</b>	<b>-</b>	<b>-</b>
<b>(2)</b>	<b>Foreign</b>							
(a)	Individuals ( Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>7</b>	<b>36,34,300</b>	<b>-</b>	<b>87.04%</b>	<b>87.04%</b>	<b>-</b>	<b>-</b>
<b>(B)</b>	<b>Public Shareholding</b>							
(1)	Institutions						-	-
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-
(b)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	FII / FVCI / QFI	-	-	-	-	-	-	-
(g)	Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



Category code	Category of Shareholder	No. of Shareholders	Total no. of Shares	Total no. of Shares held in Demat Form	Total shareholding as a % of total no. of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of total no. of shares
<b>(2)</b>	<b>Non-Institutions</b>							
(a)	Bodies Corporate	-	-	-	-	-	-	-
<b>(b)</b>	<b>Individuals</b>							
	(i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	7	41,000	-	0.98%	0.98%	-	-
	(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakhs	2	5,00,000	-	11.98%	11.98%	-	-
(c)	Qualified Foreign Investor	-	-	-	-	-	-	-
(d)	Any Other (specify) – Non-Resident Entities	-	-	-	-	-	-	-
	<b>Sub-Total (B)(2)</b>	<b>9</b>	<b>5,41,000</b>	<b>-</b>	<b>12.96%</b>	<b>12.96%</b>	<b>-</b>	<b>-</b>
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>9</b>	<b>5,41,000</b>	<b>-</b>	<b>12.96%</b>	<b>12.96%</b>	<b>-</b>	<b>-</b>
	<b>Total (A+B)</b>	<b>16</b>	<b>41,75,300</b>	<b>-</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>-</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository receipts have been issued</b>							
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	<b>16</b>	<b>41,75,300</b>	<b>-</b>	<b>100.00%</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>

Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category “Promoters and Promoter Group”

Sr. No	Name of the Shareholder	Details of Shares held		Encumbered Shares		Details of Warrants / Convertible Securities		Total Shares	
		No. of shares held	As a % of (A+B+C)	No. of shares	As a % of (A+B+C)	No. of Warrants / Convertible Securities	As a % of (A+B+C)	No. of shares	As a % of (A+B+C)
1	Atul Jain	17,05,000	40.48%	-	-	-	-	17,05,000	40.48%
2	Vandana Jain	9,52,500	22.81%	-	-	-	-	9,52,500	22.81%
3	Shanta Jain	9,22,000	22.08%	-	-	-	-	9,22,000	22.08%
4	Shreya Jain	22,000	0.53%	-	-	-	-	22,000	0.53%
5	Neha Jain	14,000	0.34%	-	-	-	-	14,000	0.34%
6	Aditya Jain	13,800	0.33%	-	-	-	-	13,800	0.33%
7	Kamal Naini Jain	5,000	0.12%	-	-	-	-	5,000	0.12%
	<b>Total</b>	<b>36,34,300</b>	<b>87.04%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,34,300</b>	<b>87.04%</b>

Public Shareholders holding more than 1% of the pre-issue paid-up capital of our Company

Sr. No.	Particulars	No. of Shares	% of Shares Pre-Issue Share Capital
1	Dhani RamSankhyan	4,75,000	11.38%
	<b>Total</b>	<b>4,75,000</b>	<b>11.38%</b>

## SECTION IV – PARTICULARS OF THE ISSUE

### OBJECTS OF THE ISSUE

The Object of the Issue is to raise funds in order to:

- Finance the setting up of Vehicle Service Centre at Sonapat, Haryana
- Meet Long Term Working Capital Requirements of the company
- Invest in our subsidiary company – Vaksons Metaplast Pvt. Ltd.
- Land Registration
- Meet Issue related Expenses

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

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

### Issue Proceeds & Net Proceeds

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

Particulars	Amount (₹ in lakhs)
Gross Proceeds from the Issue	624.00
Less: Issue related Expenses	54.00
<b>Net Proceeds from the Issue</b>	<b>570.00</b>

### Fund Requirements

The net proceeds of the issue are to be utilized as shown below:

Sr. No.	Particulars	Amount (₹ in lakhs)
1	Finance the setting up of Vehicle Service Centre at Sonapat, Haryana.	51.24
2	Meet Long Term Working Capital Requirements of the company	301.06
3	Invest in our subsidiary company – Vaksons Metaplast Pvt. Ltd.	182.70
4	Land Registration	35.00
<b>TOTAL</b>		<b>570.00</b>

### Means of Finance

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

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

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

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

For further details on the risks involved in our expansion plans and executing our business strategies, please see the section titled “Risk Factors” beginning on page 10 of the Prospectus.

## DETAILS OF THE FUND REQUIREMENTS

### 1. Finance the setting up of Vehicle Service Centre at Sonapat, Haryana

Our company currently operates three showrooms in Haryana and the post sales servicing and maintenance / repair work of these cars is done at our Service Centre at Sonapat. This existing service centre at Sonapat is relatively smaller than required and we believe that service shall be a key component of not only our business model but also as a future client satisfaction and retention mechanism, and hence we propose to set up a larger service centre at Sonapat from the funds raised through this IPO.

The company has recently acquired land parcel admeasuring 1,033 sq. yards situated at Jiwan Vihar, Patti Musalaman, Murthal Road, Dist. Sonapat – 131001. This land parcel is near our existing service centre and hence the proposed new set up shall be constructed on this land. The estimated costs for the same are as detailed below:

Particulars	Amount (₹ in lakhs)	Remarks	Proposed Schedule of Implementation
Building and Utilities / Shed Development <sup>(1)</sup>	36.12	Based on Estimates vide letter dated June 10, 2015 issued by M/s. Aggarwal & Associates (Registered Architect and Govt. of India approved Valuer) and reviewed by our in-house Project Management Team	November 2015
Acquisition and Installation of Machines Equipments <sup>(2)</sup>	15.11	Based on Quotations received from M/s. Samvat Garage Equipments	January 2016
<b>TOTAL</b>	<b>51.24</b>		

<sup>(1)</sup> A detailed break-up of the estimated costs is as below –

Sr. No.	Description	Area (Sq. Ft.)	Rate (₹)	Amount (₹ in lakhs)
1.	Shed (Ht. – 18’-0” / 21’-0”) (R.C.C. Column up to plinth level and above steel columns. First class brick work up to 10’-0” height, Steel trusses over colour coated sheet roofing. Colour coated sheet side cladding. Steel shutters & windows, Electrical fitting. Cement and plastering. Kota Stone Flooring)	4,000	700	28.00
2.	Site Earth Filling and Roads	Lump Sum		6.00
3.	Glazed tiles in Toilet	Lump Sum		1.32
4.	Tube Well	Lump Sum		0.80
	<b>TOTAL</b>			<b>36.12</b>

<sup>(2)</sup> A detailed break-up of the estimated costs is as below –

Sr. No.	Name of Equipment	Basic Price (₹ in lakhs)	Quantity	Total Price (₹ in lakhs)
1	Computer Wheel Alignment (Model: E- 750)	3.95	1	3.95
2	Tyre Changer (Model: TC- 24)	1.30	1	1.30

Sr. No.	Name of Equipment	Basic Price (₹ in lakhs)	Quantity	Total Price (₹ in lakhs)
3	AC Gas Recycling Equipment	1.65	1	1.65
4	Break Bleeder (Model: BT)	0.15	1	0.15
5	Car Washer (Model: AS- 80)	0.62	1	0.62
6	Grease Gun	0.31	1	0.31
7	Air Impact Wrench (Model: AT-1015)	0.11	6	0.71
8	Accessories for Air Impact Wrench (1/2 Inch)	0.06	6	0.36
9	Air Compressor (5HP)	1.98	1	1.98
10	Hydraulic Jack (Light Duty)	0.11	1	0.11
11	Hydraulic Jack (Heavy Duty)	0.14	1	0.14
12	Customised Tool Kit	0.15	1	0.15
13	Tools Trolley with Tools (List of Tools enclosed)	0.65	1	0.65
14	Battery Charger	0.17	1	0.17
15	GVT8400	0.52	1	0.52
16	HVT7200	0.34	1	0.34
17	Small Tools	2.00	-	2.00
	<b>Total</b>			<b>15.11</b>

### Funds Deployed

The details of funds deployed on the above object as on August 31, 2015 as certified vide certificate dated September 08, 2015 issued by M/s. DNJ & Co., Chartered Accountants is as follows:

Sr. No.	Particulars	Amount (₹ in Lakhs)
1	Land / Ground Leveling expenses	10.25
	<b>Total</b>	<b>10.25</b>

The details of source of funds on the above deployment as certified vide certificate dated September 03, 2015 issued by M/s. DNJ & Co., Chartered Accountants is as follows:

Sr. No.	Particulars	Amount (₹ in Lakhs)
1	Internal Accruals	10.25 <sup>(1)</sup>
	<b>Total</b>	<b>10.25</b>

<sup>(1)</sup> Pending the receipt of IPO Proceeds, the amount has been deployed for this object from internal accruals. Upon receipt of the IPO Proceeds, these amounts shall be recouped.

## 2. Meet Long Term Working Capital Requirements of the company

### Working Capital Cycle:

We operate as an authorised dealer of motor vehicles. We procure the vehicles in sizable quantities from our supplier and then distribute the same to retail customers from our showrooms. The lead time for procuring our products is high. In order to ensure readily available customized product along with a low lead time for our customers, we need to stock different variants of vehicles and models to meet varied need of our customers. We do enjoy certain lines of credit from our supplier but our final customers are not offered sufficient credit period. This helps us off-set our inventory holding costs to a certain extent.

In addition to the vehicle dealership model, we also operate as a trader and distributor of auto parts, components, utilities and other spares. The lead time for procuring these products is not high as some of them are imported products and also in order to ensure readily available customized products along with a low lead time for our customers, we need to stock different grades and dimensions of each part to meet varied need of our customers. Further, we are required to provide sufficient credit period to our trading customers resulting in high receivables while we may not receive such higher credit terms from our suppliers. This increases our need for working capital finance.

We have been constantly increasing our operational scales and as a result of which our turnover has increased from a sale of ₹ 1,229.91 lakhs in FY 2011-12 to sales of ₹ 1,624.55 lakhs in FY 2014-15. After recently commencing the trading of auto parts, we believe that our working capital requirements are bound to increase.

Further, due to our strategy to explore newer markets for supply of such products we may have to provide additional credit for the same in the ensuing years in order to gain more orders and hence we believe this too is one of the major reasons for increase in our working capital requirements.

**Basis of estimation of working capital requirement and estimated working capital requirement:**

(₹ in lakhs)

Sr. No.	Particulars	Holding Levels (days)	Fiscal 2015	Holding Levels (days)	Fiscal 2016
<b>I</b>	<b>Current Assets:</b>				
1	Inventories	80	338.34	82	475.00
2	Sundry Debtors	40	180.21	60	375.00
3	Cash and Bank Balances		16.32		31.58
4	Other Current Assets (including Capital Exp)		0.34		140.91
	<b>Total Current Assets (A)</b>		<b>535.21</b>		<b>1,022.49</b>
<b>II</b>	<b>Current Liabilities</b>				
1	Sundry Creditors	42	196.46	45	275.00
2	Other Current Liabilities		27.76		40.19
	<b>Total Current Liabilities (B)</b>		<b>224.22</b>		<b>315.19</b>
<b>III</b>	<b>Total Working Capital Gap (A – B)</b>		<b>310.99</b>		<b>707.30</b>
<b>IV</b>	<b>Funding Pattern:</b>				
1	Working Capital Facilities from Banks <sup>(1)</sup>		225.00		225.00*
2	Internal Accruals / Owned Funds <sup>(2)</sup>		85.99		181.24
3	Part of the Net proceeds to be utilised		0.00		301.06

<sup>(1)</sup> Our company has been sanctioned working capital facilities consisting of an aggregate fund based limit of ₹ 225.00 lakhs and an aggregate non-fund based limit of ₹ 120.00 lakhs. For further details regarding our working facilities, please see the Chapter titled “Financial Indebtedness” beginning on page 148 of this Prospectus.

<sup>(2)</sup> Internal Accruals / Owned Funds is as certified by the Statutory Auditor of our Company vide certificate dated September 08, 2015

Hence, our Company proposes to utilise ₹ 301.06 lakhs of the Net Proceeds towards working capital requirements for meeting our future business requirements.

**Justification for “Holding Period” levels**

<b>Inventories</b>	The Company expects to further diversify its inventory portfolio going ahead by including tradable products of other manufacturers and also keep the stock of various grades in line with the requirement of its customers. However, the same would be offset to some extent from better inventory planning in the Motor Vehicle category. Hence the inventory holding period for FY 2015-16 has been estimated to be 82 days as compared to 80 days in FY 2014-15.
<b>Debtors</b>	The sales of our motor vehicles do not require us to provide any substantial credit to customers. However we propose to increase our business of trading in auto parts, components, utilities and other spares. Depending upon customer to customer, we may provide credit upto 60 to 90 days period. Hence, the receivables period for FY 2015-16 is estimated to be 60 days compared to the 40 days for FY 2014-15.
<b>Creditors</b>	We propose to better our creditor days by proper inventory planning. However, the trading of products would to some extent off-set the betterment of this and hence we propose to increase our creditor period from 42 days in FY 2014-15 to around 45 days in FY 2015-16.

### Schedule of Implementation

The Issue Proceeds of ₹ 301.06 lakhs are to be deployed in the FY 2015 – 16 itself.

#### 3. Invest in our subsidiary company – Vaksons Metaplast Pvt. Ltd.

We have incorporated a subsidiary, namely Vaksons Metaplast Pvt. Ltd. on April 06, 2015 with an intention of widening the base of our trading operations by entering the business of domestic and international trading in various metal and plastic products with a core specification on products and materials that are regularly used within the automobile industry value cycles such as auto parts, HDPE and LDPE polymer, aluminium scrap, and other metal and plastic items on a larger scale with good trading margins. Hence, for this purpose, we propose to utilise ₹ 182.70 lakhs out of the issue proceeds for infusing equity into this company and augmenting its working capital base for such activities. Our Subsidiary currently does not have a stated dividend policy.

We believe that our experience of selling and servicing vehicles would hold us in good stead with this diversification venture undertaken by the company and also provide for increased financial size. Further, success of our subsidiary business will give us an edge over our competitors since we will be able to provide our customers with sales, service and auto parts under one roof.

#### Basis of estimation of working capital requirement and estimated working capital requirement:

(₹ in lakhs)

Sr. No.	Particulars	Holding Levels (days)	Fiscal 2016
<b>I</b>	<b>Current Assets:</b>		
1	Inventories	20	102.70
2	Sundry Debtors	118	650.00
3	Cash and Bank Balances		75.59
4	Other Current Assets (including Capital Exp)		105.01
	<b>Total Current Assets (A)</b>		<b>933.30</b>
<b>II</b>	<b>Current Liabilities</b>		
1	Sundry Creditors	90	477.60
2	Other Current Liabilities		17.00
	<b>Total Current Liabilities (B)</b>		<b>494.60</b>
<b>III</b>	<b>Total Working Capital Gap (A – B)</b>		<b>438.70</b>
<b>IV</b>	<b>Funding Pattern:</b>		
1	Working Capital Facilities from Banks <sup>(1)</sup>		250.00
2	Internal Accruals / Owned Funds <sup>(2)</sup>		6.00
3	Part of the Net proceeds to be utilised		<b>182.70</b>

Note: Since VMPL is a newly incorporated subsidiary, there are no past financial numbers which may be disclosed for justifying the estimation of working capital. However, the same is estimated based on internal management estimates for its first year of business (i.e. FY 2016).

<sup>(1)</sup> Our company has been sanctioned working capital facilities consisting of an aggregate fund based limit of ₹ 250.00 lakhs and an aggregate non-fund based limit of ₹ 500.00 lakhs.

<sup>(2)</sup> Internal Accruals / Owned Funds is as certified by the Statutory Auditor of our Company vide certificate dated September 08, 2015

Hence, our Company proposes to utilise ₹ 182.70 lakhs of the Net Proceeds towards working capital requirements for meeting our future business requirements.

#### Justification for “Holding Period” levels

<b>Inventories</b>	Our focus is to cater to every consumer / industry participant of this market segment. As a company in trading activities we intend to hold inventory based on orders received, so as to ensure readily available products along with a low lead time for our customers. Hence the inventory holding period for FY 2016
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	has been estimated to be 20 days.
<b>Debtors</b>	Since the business of VMPL is in its nascent stages, we need to establish a customer base, which in turn necessitates offering more than favourable credit terms to our customers. Further, with large competition in this business activity and existing industry standards we need to provide credit for a period of about 115 – 120 days depending upon the profile of the customer and potential repeat business from the same. Hence we have considered, the receivables period to be 118 days for FY 2016.
<b>Creditors</b>	As per the industry standards and intense competition, we estimate to enjoy a decent credit period from our suppliers. Further, considering the goodwill and the reputation that our Promoter family (Jain Group) have established over the years (through diversified businesses) in various cities in North India, we believe that we will be able to obtain at least 3 month credit. Hence the creditors holding level period has been estimated at 90 days in FY 2016.

#### ***Schedule of Implementation***

The Issue Proceeds of ₹ 182.70 lakhs are to be deployed in the FY 2015 – 16 itself.

#### **4. Land Registration**

Our Company has purchased land at Jiwan Vihar, Patti Musalaman, Murthal Road, Dist. Sonapat – 131001, Haryana admeasuring 1,033 sq. yards from our Promoter Group Mrs. Shanta Jain for ₹ 450.00 lakhs vide Agreement for Sale dated December 11, 2014 and our Company has taken possession of the said land for construction of proposed Service centre.

Though, the formalities for purchase of land have been completed, our Company has yet to pay the Stamp Duty on the same for registration in its name due to pending NOC from relevant authority. Our Company has estimated the Stamp Duty payable for the said land to be ₹ 35 lakhs<sup>(1)</sup>. Our Company intends to raise this amount from the IPO as registering the land is an integral part of our completing our proposed service centre.

<sup>(1)</sup> Stamp Duty is estimated based on the opinion letter received from Hari Om Sharma, Advocate, dated September 07, 2015

#### **Issue related Expenses**

The total estimated Issue Expenses are ₹ 54.00 lakhs, which is 8.65% of the Issue Size. The details of the Issue Expenses are tabulated below:

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount (₹ in lakhs)</b>	<b>% of Total Issue</b>	<b>% of Issue Size</b>
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.	42.00	77.77%	6.73%
2	Printing & Stationery, Distribution, Postage, etc.	2.00	3.70%	0.32%
3	Advertisement and Marketing Expenses	2.00	3.70%	0.32%
4	Regulatory and other Expenses	8.00	14.81%	1.28%
<b>Total</b>		<b>54.00</b>	<b>100.00%</b>	<b>8.65%</b>

#### ***Schedule of Implementation***

The Issue Proceeds of ₹ 54.00 lakhs are to be deployed in the FY 2015 – 16 itself.

#### **Appraisal**

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

#### **Monitoring of Utilization of Funds**

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

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

### **Interim Use of Funds**

Pending utilization of the Net Proceeds for the purposes described above, our Company will deposit the Net Proceeds with scheduled commercial banks included in schedule II of the RBI Act. Our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any listed company or for any investment in the equity markets.

### **Variation in Objects**

In accordance with Section 27 of the Companies Act, 2013, our Company shall not vary the objects of the Issue without our Company being authorised to do so by the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details as required under the Companies Act. The notice in respect of such resolution to Shareholders shall simultaneously be published in the newspapers, one in English and one in Regional vernacular language of the jurisdiction where our Registered Office is situated. The Shareholders who do not agree to the above stated proposal, our Promoters or controlling Shareholders will be required to provide an exit opportunity to such dissenting Shareholders, at a price as may be prescribed by SEBI, in this regard.

### **Other Confirmations**

No second-hand equipment is proposed to be purchased out of the Net Proceeds. The Promoters, Directors, Key Managerial Personnel, Senior Management Personnel and the Group Companies do not have any existing or anticipated interest in the proposed acquisition of the equipments and items or in the entity from whom we have obtained quotations for the same. No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, our board of Directors, our Key Management Personnel or Group Companies except in the normal course of business and in compliance with applicable law.

## BASIC TERMS OF ISSUE

### Terms of the Issue

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

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

### Authority for the Issue:

The present issue has been authorized pursuant to a resolution of our Board dated February 16, 2015 and by Special Resolution passed under Section 62(1)(C) of the Companies Act, 2013 at an Extra-Ordinary General Meeting of our shareholders held with a shorter notice on February 17, 2015.

### Other Details

<b>Face Value</b>	The Equity Shares having a face value of ₹ 10 each are being offered in terms of this Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.
<b>Issue Price</b>	The Equity Shares pursuant to this Prospectus are being offered at a price of ₹ 26 each.
<b>Market Lot and Trading Lot</b>	The Market lot and Trading lot for the Equity Share is 4,000 (Four Thousand) and in multiples of 4,000 thereafter; subject to a minimum allotment of 4,000 Equity Shares to the successful applicants.
<b>Terms of Payment</b>	Applications should be for a minimum of 4,000 equity shares and 4,000 equity shares thereafter. The entire price of the equity shares ₹ 26 per share (₹ 10 face value + ₹ 16 premium) is payable on application.  In case of allotment of lesser number of equity shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.
<b>Ranking of the Equity Shares</b>	The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank <i>pari-passu</i> in all respects including dividends with the existing Equity Shares of the Company. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

### Minimum Subscription

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

If the issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under section 40 of the Companies Act, 2013.

## BASIS FOR ISSUE PRICE

The Issue Price has been determined by our Company in consultation with the Lead Managers on the basis of the key business strengths. The face value of the Equity Shares is ₹10 and Issue Price is ₹ 26 per Equity Shares and is 2.6 times of the face value. Investors should read the following basis with the sections titled “Risk Factors” and “Financial Information” and the chapter titled “Our Business” beginning on pages 10, 123 and 80 respectively, of this Prospectus to get a more informed view before making any investment decisions. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

### Qualitative Factors

We believe that the following strengths help differentiate us from our competitors and enable us to compete successfully in our industry:

- Experienced Promoter-Directors and an Established group;
- Long term association with suppliers through exclusive dealership in our region;
- Location advantages w. r. t. our showrooms being in vicinity of industrial zones and educational hubs;
- In-house experienced staff for respective technical departments of the company
- Ready Land parcel available to set up our proposed new service centre

For further details regarding some of the qualitative factors, which form the basis for computing the Issue Price, please see “Business Overview – Our Strengths” on page 80 of this Prospectus.

### Quantitative Factors

Information presented in this chapter is derived from our unconsolidated and consolidated restated financial statements prepared in accordance with Indian GAAP.

#### 1) Earnings per Share (EPS)

Year ended March 31	Basic & Diluted EPS (in ₹)	Weight
2015	1.33	3
2014	2.25	2
2013	0.67	1
<b>Weighted Average</b>	<b>1.53</b>	

#### Notes:

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

#### 2) Price Earnings Ratio (P/E) in relation to the Issue price of ₹ 26 per share of ₹ 10 each

Particulars	P/E Ratios
P/E ratio based on basic and diluted EPS as at March 31, 2015	19.55
P/E ratio based on basic and diluted weighted average EPS as at March 31, 2015	16.99
<b>Industry P/E<sup>(1)</sup></b>	
Highest – Binny Mills	202.40
Lowest – Lahoti Overseas	4.50
Industry Average	27.50

<sup>(1)</sup> Source: Capital Market Volume XXX/13, Aug 17 – Aug 30, 2015; Segment: Trading

### 3) Return on Net Worth (RoNW)

Year ended March 31	RoNW (%)	Weight
2015	2.75	3
2014	33.96	2
2013	15.22	1
<b>Weighted Average</b>	<b>15.23</b>	

**Note:** Return on Net worth has been calculated as per the following formula:  
Net profit/loss after tax, as restated / Net worth

**Minimum Return on Net Worth (RoNW) after Issue needed to maintain the Pre-Issue Basic & diluted EPS for the FY 2014-15 (based on Restated Financials) at the Issue Price of ₹ 26 is 6.81%.**

### 4) Net Asset Value (NAV)

Financial Year	NAV (in ₹)
NAV as at March 31, 2015	15.80
NAV after Issue	19.52
Issue Price	26.00

**Note:** Net Asset Value has been calculated as per the following formula:  
Net worth / weighted average number of Equity shares outstanding during the year/ period.

### 5) Comparison with Industry peers

None of the listed Companies are comparable based on our size and business i.e. auto dealership of commercial vehicles.

- 6) The Company in consultation with the Lead Managers believe that the issue price of ₹ 26 per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the Risk Factors and Financials of the company including important profitability and return ratios, as set out in the Financial Statements included in this Prospectus to have more informed view about the investment proposition. The Face Value of the Equity Shares is ₹ 10 per share and the Issue Price is 2.6 times of the face value i.e. ₹ 26 per share.

## STATEMENT OF POSSIBLE TAX BENEFITS

To,  
The Board of Directors,  
**Vaksons Automobiles Limited**  
Sonipat, Haryana

Dear Sirs,

### **Subject: Statement of Possible Tax Benefits**

We hereby certify that the enclosed annexure states the possible tax benefits available to Vaksons Automobiles Limited (the "Company") and to the Equity Shareholders of the Company under the provisions of the Income-tax Act, 1961 presently in force in India. Several of these benefits are dependent on the Company or its Equity Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Equity Shareholders to derive tax benefits is dependent upon fulfilling such conditions.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications arising out of their participation in the proposed Initial Public Offer of Equity Shares of the Company particularly in view of ever changing tax laws in India.

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

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

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

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

For **DNJ & Co.**  
**Chartered Accountants**

**Nipun Jain**  
**Partner**  
Firm Registration No. 009150N  
Membership No. 087820

Place: Panipat  
Date: April 23, 2015



## STATEMENT OF TAX BENEFITS

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

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

### SPECIAL TAX BENEFITS TO THE COMPANY

Nil

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

1. In accordance with section 10(34), dividend income (referred to in section 115-O) will be exempt from tax.
2. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off with other income and the excess loss after set-off can be carried forward for set-off with the business income of the next eight Assessment Years.
3. In accordance with section 32(1)(ii), the company can claim depreciation on specified tangible (being Buildings, Plant & Machinery, Computer and Vehicles) and intangible assets (being Knowhow, Copyrights, Patents, Trademarks, Licenses, Franchises or any other business or commercial rights of similar nature acquired on or after 1st April, 1998) owned by it and used for the purpose of its business. In case of any new plant and machinery (other than ships and aircraft) that will be acquired and installed by the company engaged in the business of manufacture or production of any article or thing, the company will be entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in section 32 of the Act.
4. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off with other income and the excess loss after set-off can be carried forward for set-off with the business income of the next eight Assessment Years.
5. If the company invests in the equity shares of another company, as per the provisions of Section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income if the transaction is chargeable to securities transaction tax.
6. Income received in respect of the units of mutual funds specified under clause 10(23D) or income received in respect of units from administrator of the specified undertakings or income received in respect of units from the specified company is exempt from tax in the hand of the company, under section 10(35) of the I.T. Act.
7. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:
  - 20 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed after indexation of the cost. Or
  - 10 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed without indexation.
8. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education Cess") and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.

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

## **Section 115O**

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

## **Tax Rates**

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

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

Nil

## **GENERAL TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY**

### **I. Under the Income-Tax Act**

#### **A. Resident**

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) on or after April 1, 2003 will be exempt from tax.
2. Shares of the Company held as capital asset for a period of more than twelve months preceding the date of transfer will be treated as a long term capital asset.

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

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

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

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

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

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

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

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

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

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

## **B. Non-Residents**

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

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

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

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

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

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

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

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

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

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

### C. Non-Resident Indians

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

1. In accordance with section 115E, income from investment or income from long-term capital gains on transfer of assets other than specified asset of the company shall be taxable at the rate of 20% (plus applicable surcharge and "Education Cess"). In case of income by way of long term capital gains in respect of a specified asset, shall be chargeable at 10% plus applicable surcharge and "Education Cess")
2. In accordance with section 115F, subject to the conditions and to the extent specified therein, long-term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is invested within six months of the date of transfer in any specified asset.
3. In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Income Tax Act.
4. In accordance with section 115-I, where a Non-Resident India opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the Company) will be computed and tax will be charged according to the other provisions of the Income-tax Act.
5. As per the provisions of section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they were beneficial than the domestic law wherever India has entered into Double Taxation Avoidance\ Agreement (DTAA) with the relevant country.

### D. Foreign institutional investors (FIIs)

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) on or after April 1, 2003 will be exempt from tax in the hands of Foreign Institutional Investors (FIIs).
2. In accordance with section 115AD, FIIs will be taxed at 10% (plus applicable surcharges and "Education Cess") on long-term capital gains in respect of securities (other than units referred to in section 115AB) listed in a recognised

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

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

#### **E. Mutual Funds**

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

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

#### **F. Under the Gift Tax Acts**

Gift tax is not levied in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift-tax.



## SECTION IV – ABOUT THE ISSUER COMPANY

### INDUSTRY OVERVIEW

*The information in this chapter has been extracted from the websites of and publicly available documents from various sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with this Issue has independently verified the information provided in this chapter. Industry sources and publications, referred to in this chapter, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.*

### OVERVIEW OF THE GLOBAL AND INDIAN ECONOMY

#### GLOBAL SCENARIO

The global economic activity appears to be stabilizing, but with markedly divergent growth between advanced and emerging economies, and between commodity exporters and importers. Monetary policy stances across countries have been easing and market expectations on the timing of the US monetary policy normalization have been pushed back. In response, there have been large movements in exchange rates and other asset prices. Reflecting risk appetite and search for long-term yields have fallen to record lows amidst heightened volatility in financial markets. Even though financial conditions are easy and are being reflected in financial asset prices, the outlook for global growth remains moderate, held back by still-weak demand.

The table below shows the real GDP growth (Y-o-Y, Per cent) –

Period	Q1-2014	Q2-2014	Q3-2014	Q4-2014	2015P
<b>Advanced Economies</b>					
United States	1.9	2.6	2.7	2.4	3.6
Euro area	1.1	0.8	0.8	0.9	1.2
Japan	2.1	-0.4	-1.4	-0.7	0.6
United Kingdom	2.7	2.9	2.8	3.0	2.7
Canada	2.1	2.6	2.7	2.6	2.3
<b>Emerging Market Economies</b>					
China	7.4	7.5	7.3	7.3	6.8
Russia*	0.6	0.7	0.9	0.4	-3.0
Brazil*	2.7	-1.2	-0.6	-0.2	0.3
Mexico	0.9	2.8	2.2	2.6	3.2
South Africa	2.1	1.3	1.5	1.3	2.1
<i>Memo Items:</i>	2014				2015P
World Output	3.3				3.5
World Trade Volume	3.1				3.8

P: Projection.

\*not seasonally adjusted

Sources: OECD, IMF and Bloomberg.

The United States growth has been firming up, aided by improving labor and housing market conditions. The sharp appreciation in the US dollar in recent months could, however, dampen prospects for exports. The Euro area, economic conditions remain weak although some pick-up in Q4 of 2014 and the early months of 2015 is being observed, supported by lower crude prices and the depreciation in the euro as well as increased bank lending. In China, activity has slowed over the second half of 2014 and Q1 of 2015 as investment demand lost pace and the real estate sector

weakened on d e leveraging a nd financial repair a mong ho useholds a nd c orporations. T he R ussian e conomy s lowed sharply d ue to falling o il p rices a nd W estern sanctions. C ontraction c ontinues i n B razil as h igh i nflation squeezes domestic demand. Falling oil and commodity prices also weighed on growth prospects of countries in the Middle East, Eastern Europe and Latin America.

The pace of global trade continues to be weighed down by both cyclical and structural factors, with world trade volume growing by only 3.1 per cent in 2014 - well below the pre-crisis trend. Even though world trade growth is expected to pick up moderately along with improvement in global output in 2015, risks continue to tilt downwards.

Since August 2014, strong supply positions have led to a drastic fall in world energy prices, with Brent and WTI crude oil prices falling below US\$ 50 per barrel in January 2015. Most non-energy prices have also been on a steady decline. Global food prices continue to slide downward, underpinned by strong production expectations, robust inventories, the strong US dollar and limited demand from major importers like China. Looking ahead, commodity prices will likely remain stable as slack in the global economy persists.

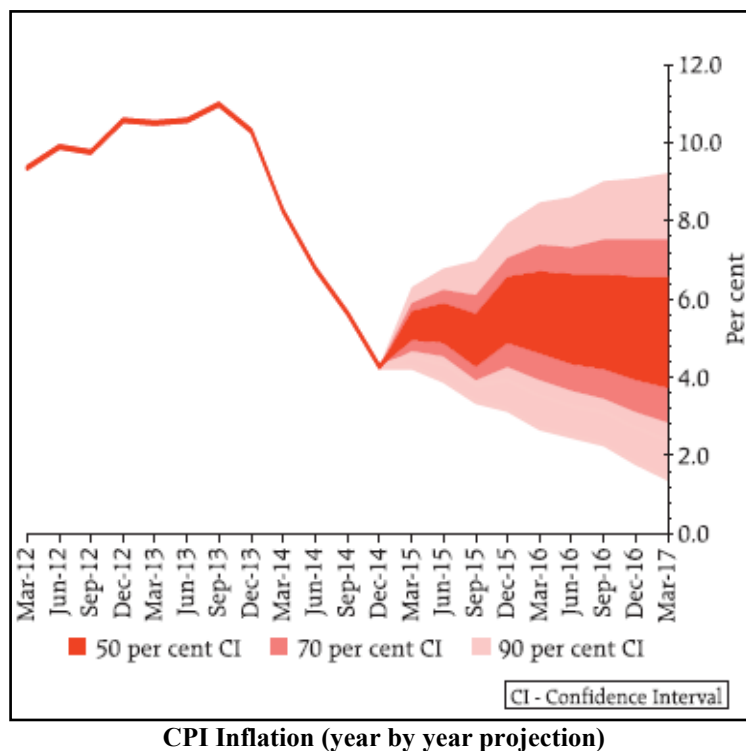
With respect to inflation, the Euro area is struggling to emerge out of a deflationary spiral with CPI inflation of (-) 0.1% in March. In the US and the UK, inflation has been declining since the second half of 2014, with zero inflation in February in both countries. For the UK, low food and fuel prices have been the prime factors for keeping inflation low. In the US, appreciation of the dollar has also had a disinflationary effect. In Japan too, CPI inflation has shrugged off the effects of the hike in the consumption tax in April 2014 a nd has steadily fallen to 2.2 per cent, primarily driven down by falling commodity prices

(Source: Monetary Policy Report, issued by RBI on April 01, 2015)

## INDIAN SCENARIO

Since t he f irst M onetary P olicy R eport ( MPR) o f S eptember 2 014, t ectonic s hifts i n t he global a nd d omestic environment d rastically c hanged t he initial c onditions t hat h ad u nderpinned s taff's o utlook a t t hat t ime. T he most significant shock to forecasts has been the collapse of international commodity prices, particularly those of crude. For the Indian economy, this translated into a sizable softening of prices of both raw materials and intermediates. Their pass-through, gi ven t he p ersisting slack i n e conomic act ivity, weakened p ricing p ower a nd f ed i nto a f aster t han anticipated easing of output price pressures.

It is indicated that the CPI inflation will remain below the target of 6 per cent set for January 2016, hovering around 5 per cent in the first half of 2015-16, and a little above 5.5 per cent in the second half, as can be seen in the chart below—



Medium-term projections derived from model estimates assuming an unchanged economic structure, fiscal consolidation in line with the recalibrated path, a normal monsoon and no major exogenous or policy shocks indicate that CPI inflation in 2016-17 could be around 5.0 per cent in Q4 of 2016-17, with risks evenly balanced around it.

Advance estimates of the CSO indicate that the growth of real GDP (market prices) picked up to 7.4 per cent in 2014-15 from 6.9 per cent a year ago. However, the Real Gross Domestic Product (GDP) growth for 2014-15 was projected by the Reserve Bank at 5.5 per cent. The CSO's provisional estimates of GDP (base: 2004-05) tracked staff's projected path well up to Q2 of 2014-15. The new GDP data (rebased to 2011-12) released by the Central Statistics Office (CSO) at the end of January 2015 and on February 9, however, came as a major surprise as it produced significantly higher growth at constant prices.

Driving this quickening of activity, the weighted contribution of private final consumption expenditure is estimated to have risen to 4.1 per cent in 2014-15 from 3.6 per cent in 2013-14. Quarterly data suggest, however, that the growth of private final consumption expenditure slowed down considerably in Q3 of 2014-15; it would need to have grown by around 12 per cent in Q4 to match advance estimates of 7.1 per cent for the full year.

In the money markets, interest rates eased during Q3, barring intermittent spikes around the third week of October due to festival-related pick-up in currency demand, and again in the second half of December on account of advance tax payments and quarter-end balance sheet adjustments.

Pro-active liquidity management under the new operating procedure of monetary policy has played a key role in the seamless transmission of policy impulses through the money markets.

In the foreign exchange market, the predominant driver has been robust capital flows that started from March 2014. The exchange rate of the rupee moved in a narrow range of ₹61.04 - 62.14 per US\$ but with an upward bias through most of Q3. From December 10, however, the rupee experienced downward pressures, slipping to a recent low of ₹63.75 on December 30 on a combination of factors – spillovers from the Russian currency crisis.

The forward market also exhibited heightened activity in Q3, with the six-months forward premium declining from 8.16 per cent on October 9 to 7.13 per cent on December 26.

The Union Budget 2015-16 has provided for higher allocations to infrastructure and a substantial increase in the resource transfer to states, keeping in view the two-fold objectives of promoting inclusive growth and strengthening fiscal federalism. This has necessitated a deviation from the fiscal consolidation trajectory in 2015-16 and an extension of the period of convergence to the 3 per cent target for the gross fiscal deficit (GFD) as a proportion to GDP by one year. The budgeted reduction in GFD in 2015-16 reflects the combined impact of a compression in plan revenue expenditure and an increase in non-debt capital receipts.

*(Source: Monetary Policy Report, issued by RBI on April 01, 2015)*

## OVERVIEW OF THE AUTOMOBILE INDUSTRY

### GLOBAL SCENARIO

The global auto industry is a key sector of the economy for every major country in the world. The worldwide automobile industry has been enjoying a period of relatively strong growth and profitability. Global car sales climbed to record highs in February 2015. However, this gain moderated to less than one per cent above the previous year, which is the smallest increase in two years. Western Europe posted the fastest growth, followed by solid gains in North America and Asia.

Activity continued to weaken in both Eastern Europe and South America. In particular, sales in Russia plunged 38% below a year earlier. Car sales in South America posted a double-digit decline in February, with volumes undercut by the economic downturn in Brazil and low commodity prices. Colombia's automobile exports plunged 40% below the previous year earlier in January, largely due to more than a 60% fall-off in petroleum receipts. Colombia was the strongest economy in South America last year, with car sales climbing 12%.

Vehicle purchases in the United States climbed back above an annualized 17 million units in March, up from an average of 16.4 million during the previous two months. Light trucks continued to lead the way, with volumes buoyed by a 45% surge in luxury SUVs, as declining gasoline prices continue to buoy purchases of larger vehicles. Purchases in Canada are also being bolstered by low gasoline prices, with volumes climbing to an annualized 1.86 million last month and setting a record for the month of March, largely due to a 5.5% y/y increase in light truck sales.

The table below projects the International Automobile Sales over the past three years –

(Units in millions)

SR. NO.	COUNTRY	2012	2013	2014	2015 (EXPECTED)
1.	<b>North America</b>	<b>17.11</b>	<b>18.33</b>	<b>19.42</b>	<b>20.08</b>
	Canada	1.68	1.74	1.85	1.86
	United States	14.44	15.53	16.44	17.00
	Mexico	0.99	1.06	1.13	1.22
2.	<b>Europe</b>	<b>15.9</b>	<b>15.63</b>	<b>15.89</b>	<b>16.17</b>
	Germany	3.08	2.95	3.04	3.17
	Russia	2.93	2.78	2.49	1.99
	Others	9.89	10.9	10.36	11.01
3.	<b>Asia</b>	<b>27.25</b>	<b>29.98</b>	<b>31.69</b>	<b>33.91</b>
	China	13.18	16.30	18.37	19.65
	India	2.02	1.83	1.88	1.97
	Others	12.05	11.85	11.44	12.29
4.	<b>South America</b>	<b>4.72</b>	<b>4.75</b>	<b>4.15</b>	<b>3.71</b>
	Brazil	2.84	2.76	2.50	2.25
	Others	1.88	1.99	1.65	1.46
	<b>TOTAL SALES</b>	<b>64.98</b>	<b>68.69</b>	<b>71.15</b>	<b>73.87</b>

(Source: Global Auto Report, issued by Scotia Bank on April 10, 2015)

## INDIAN SCENARIO

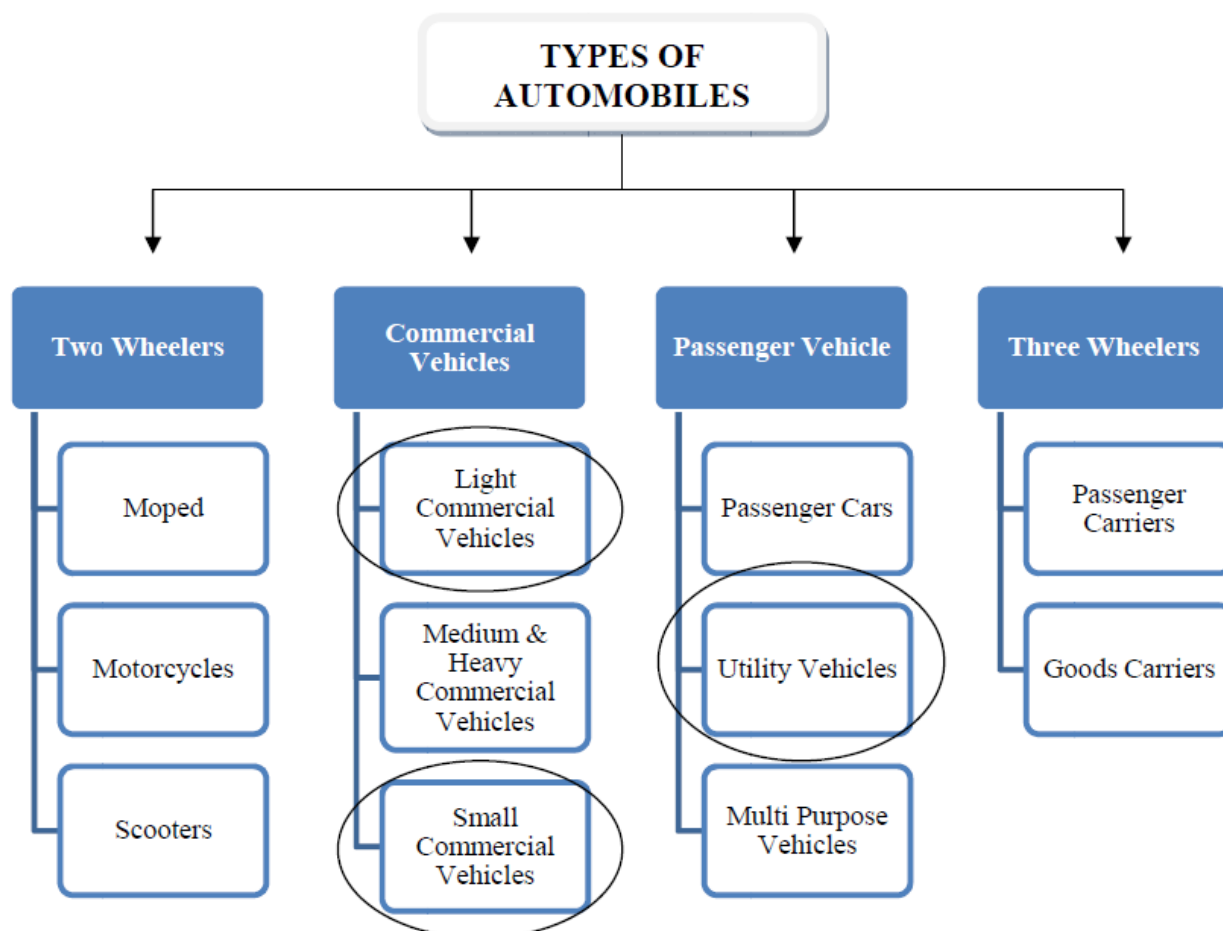
The automobile industry accounts for 22 per cent of the country's manufacturing gross domestic product (GDP). The auto sector is one of the biggest job creators, both directly and indirectly. It is estimated that every job created in an auto company leads to three to five indirect ancillary jobs.

India is expected to become a major automobile manufacturing hub and the third largest market for automobiles by 2020, according to a report published by Deloitte.

India is currently the seventh-largest automobiles producer in the world with an average annual production of 17.5 million vehicles, and is on way to become the fourth largest automotive market by volume, by the end of 2015. The Commercial Vehicles (CV) industry in India has registered an increase of 8.59 per cent in September 2014, as fleet owners have started to buy trucks in the anticipation of an improved economic activity.

(Source: Sectoral report, issued by IBEF in January, 2015)

## Classification of the Automobile Industry



**Note:** Vaksons Automobiles Ltd. specializes in the sale of Light Commercial Vehicles (LCV), Small Commercial Vehicles (SCV) and Utility Vehicle (UV).

### ➤ Two Wheelers:

The overall domestic sales during April-March 2014 grew marginally by 3.53 percent over the same period last year because of growth in Scooters and motorcycles sales.

Two Wheelers sales registered growth of 7.31 percent during April-March 2014 over April-March 2013. Within the Two Wheelers segment, Scooters and Motorcycles grew at 23.24 percent and 3.91 percent respectively, while Mopeds declined by (-) 8.35 percent in April-March 2014 over April-March 2013.

(Source: Society of Indian Automobile Manufacturers (SIAM), India)

### ➤ Commercial Vehicles:

After two years of down cycle, the domestic Commercial Vehicle (CV) industry is gradually showing some signs of recovery. The pace at which domestic CV sales have been declining has reduced to 10.1% compared to a contraction of 20.2% witnessed during FY 2014. Within the CV space, the Medium & Heavy Commercial Vehicle (M&HCV) Truck segment has posted a positive growth of 4.2% in 6m FY 2015 while the HCV (16T+) segment, which accounts for almost half of total M&HCV (Truck) sales has been witnessing strong demand (up 22.3% in 6m FY 2015). The M&HCV segment is expected to post a modest growth of 6-8% in FY 2015 with meaningful recovery remaining dependant on pick-up in infrastructure projects, industrial activity and overall capex cycle, all of which depends on the pace at which reforms in the land acquisition, mining and environmental clearances are implemented across key sectors.

While the M&HCV Truck segment seems to have bottomed out, the LCV Truck segment is still experiencing demand contraction.

(Source: ICRA's Report on the Indian Commercial Vehicle Industry, published in November 2014)

The table below shows the trend in Domestic Commercial Vehicle Volumes and Growth Rates by segments -

Segments	Domestic Commercial Vehicle Sales (in Nos)						YoY Growth (%)					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	6m FY15	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	6m FY15
LCV Bus Sales	34,413	44,816	48,868	47,827	42,799	24,175	27.7%	30.2%	9.0%	-2.1%	-10.5%	-1.3%
LCV Truck Sales	253,364	317,030	411,415	476,695	389,312	165,184	45.8%	25.1%	29.8%	15.9%	-18.3%	-16.0%
<b>Total LCV Sales</b>	<b>287,777</b>	<b>361,846</b>	<b>460,283</b>	<b>524,522</b>	<b>432,111</b>	<b>189,359</b>	<b>43.4%</b>	<b>25.7%</b>	<b>27.2%</b>	<b>14.0%</b>	<b>-17.6%</b>	<b>-14.4%</b>
M&HCV Bus Sales	43,083	47,938	49,882	46,913	38,709	18,041	23.5%	11.3%	4.1%	-6.0%	-17.5%	-20.8%
M&HCV Truck Sales	201,861	275,121	299,334	221,776	161,918	86,163	35.8%	36.3%	8.8%	-25.9%	-27.0%	4.2%
<b>Total M&amp;HCV Sales</b>	<b>244,944</b>	<b>323,059</b>	<b>349,216</b>	<b>268,689</b>	<b>200,627</b>	<b>104,204</b>	<b>33.5%</b>	<b>31.9%</b>	<b>8.1%</b>	<b>-23.1%</b>	<b>-25.3%</b>	<b>-1.2%</b>
<b>Total CV Sales</b>	<b>532,721</b>	<b>684,905</b>	<b>809,499</b>	<b>793,211</b>	<b>632,738</b>	<b>293,563</b>	<b>38.7%</b>	<b>28.6%</b>	<b>18.2%</b>	<b>-2.0%</b>	<b>-20.2%</b>	<b>-10.1%</b>

Source: SIAM, ICRA's Estimates

All segments of the CV industry are expected to witness an improving trend with M&HCVs Trucks leading from the front. The M&HCV segment is expected to register a growth of 6-8% in FY 2015. The LCV segment is however expected to continue to witness subdued demand on back of over capacity issues and challenging financing environment.

#### ➤ Passenger Vehicles:

Domestic sales of Passenger Vehicles recovered in current fiscal with 4.0% Y-o-Y growth vis-à-vis 6.1% decline in industry volume during FY14. The Indian Passenger Vehicle (PV) industry grew by 4.0% during 11mFY15 in contrast with the 6.1% decline in industry volume during FY14. Amongst various automotive segments, passenger car (PC, ~72% of industry volume) and utility vehicle (UV, ~21% of industry volume) segments registered growth of 5.2% and 5.5%, respectively during 11mFY15.

On the other hand, van segment (7% of industry volume) continue to shrink, with volume declining by 11.0% during 11mFY15 after registering a 19.6% Y-o-Y decline during FY14.

Indian domestic PV market can be broadly divided under three consumer segments, i.e. First Time Buyers (FTBs), Replacement / Exchange customers and customers opting for additional car. The Indian PV industry's domestic volumes is likely to grow by 5-7% in FY16 supported by return of first time buyers, replacement demand owing to large base of FY10/FY11 and aggressive new model launches planned in compact UV segment. Indian used car market will continue to outpace new car market, and is likely to reach 1.3x of new car market by volume in FY16e.

The PV industry is expected to revert to a volume CAGR of 8-10% (domestic + exports) over the medium term. Market share in the domestic PV industry still remains concentrated in the hands of few players, reflected in the fact that top four players account for ~77% of industry volumes.

(Source: ICRA's Report on the Indian Passenger Vehicle Industry, published in March 2015)

#### ➤ Three Wheelers:

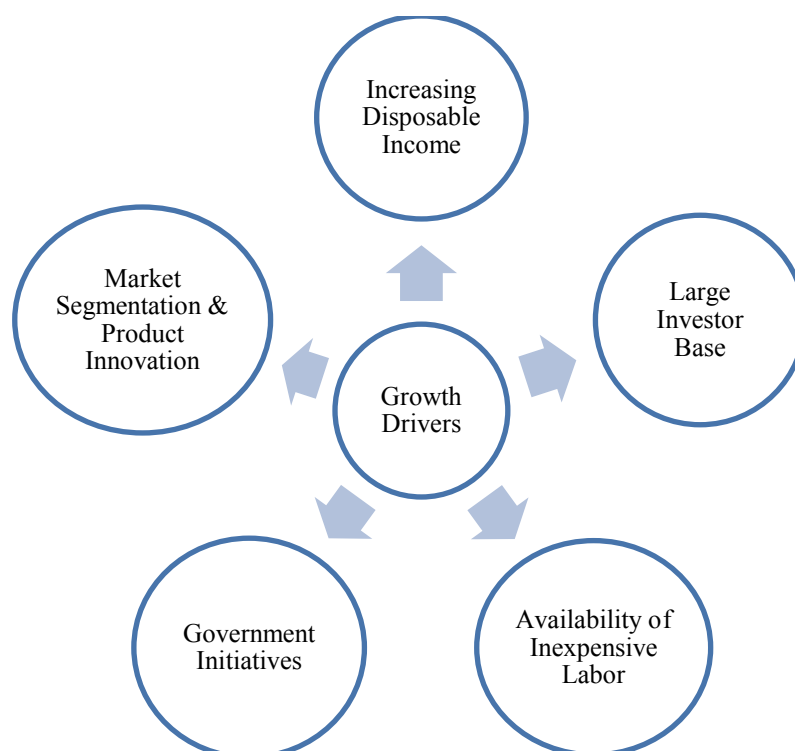
Three Wheelers sales declined by (-) 10.90 percent in April-March 2014 over the same period last year. Passenger Carriers and Goods Carriers declined by (-) 12.74 percent and (-) 2.53 percent respectively in April-March 2014 over April-March 2013.

(Source: Society of Indian Automobiles Manufacturers (SIAM), India)



## KEY GROWTH DRIVERS FOR THE INDUSTRY

The various factors determining the growth of the automobile industry are as follows:



### ➤ **Increasing disposable Income:**

- The per capita income in India was ₹ 88,533 in the year 2014-15. This is an increase from ₹ 74,920 from the previous year.
- The rising income supports the growth of the automobile industry in India.

### ➤ **Large Investment Base:**

- India has the 3rd largest investor base in the world.
- The Indian automobile industry has attracted FDI worth US\$ 11,351.26 million during the period April 2000 to November 2014, (Source: Department of Industrial Policy and Promotion (DIPP)).
- A few of the major investments include Snap deal's partnership with Hero Honda, Flipkart's investment in Ather and Harley Davidson's line expansion.

### ➤ **Availability of Inexpensive Labor:**

- Due to the huge population of India, labor is available in abundance. This excessive population has also led to a decrease in the cost of labor.
- According to Boston Consulting Group (BCG), the cost for manufacturing in India averages to 92¢, compared with \$3.52 in China.

### ➤ **Government Initiatives:**

- The government of India has taken many initiatives to establish India as an auto-manufacturing hub, which have been detailed below.
- A few of those initiatives include the technology modernization fund, resolving of the VAT disputes between the top automobile makers, appointing of SIAM and Automotive Components Manufacturers Association (ACMA) which work for the development of the automobile industry.

## ➤ **Market Segmentation and Product innovation:**

- The automobile industry in India has been divided into various sectors. This helps the consumers in choosing their preference.
- Additionally, there has been a lot of product innovation within these sectors. Many companies have started to come out with electrical cars such as Asther and Reva now.

## **GOVERNMENT INITIATIVES**

The Government of India encourages foreign investment in the automobile sector and allows 100 per cent FDI under the automatic route. To boost manufacturing, the government had lowered excise duty on small cars, motorcycles, scooters and commercial vehicles to eight per cent from 12 per cent, on sports utility vehicles to 24 per cent from 30 per cent, on mid-segment cars to 20 per cent from 24 per cent and on large-segment cars to 24 per cent from 27 per cent.

Some of the major initiatives taken by the Government of India are:

- ✓ The government's decision to resolve VAT disputes has resulted in the top Indian auto makers namely, Volkswagen, Bajaj Auto, Mahindra & Mahindra and Tata Motors announcing an investment of around Rs 11,500 crore (US\$ 1.86 billion) in Maharashtra.
- ✓ The Automobile Mission Plan for the period 2006–2016, designed by the government is aimed at accelerating and sustaining growth in this sector. Also, the well-established Regulatory Framework under the Ministry of Shipping, Road Transport and Highways, plays a part in providing a boost to this sector.
- ✓ The Government of India-appointed SIAM and Automotive Components Manufacturers Association (ACMA) are responsible in working for the development of the Indian automobile industry.
- ✓ The government plans to come out with policies to introduce clean fuels such as biodiesel, bioethanol and electricity for public transport vehicles and school buses in big cities to tackle air pollution.
- ✓ The Lok Sabha passed the Motor Vehicles Amendment Bill, 2014, paving the way for regularization of e-rickshaws.
- ✓ The government has set up National Automotive Testing and R&D Infrastructure Project (NATRIP) at a total cost of US\$ 388.5 million to enable the industry to be on par with global standards.

(Source: Sectoral Report, issued by IBEF in January, 2015)

## **KEY PLAYERS IN THE INDUSTRY**

Some of the key players in the Indian Automobile Industry are:

### ➤ **Tata Motors Ltd:**

By the end of 2014, Tata Motors Ltd., had recorded sales worth ₹ 9,056.08 crores, a considerable increase from the corresponding quarter report of December 2013 which was around ₹ 7,770 crores.

The sales of Commercial and Passenger Vehicles stood at 1,27,484 units, a substantial decrease when compared to the corresponding quarter report of the previous year. The sales were down by around 3.5%.

In the Medium and Heavy Commercial Vehicles segment, there was an increase in the company sales growth of 42.9% Y-o-Y. This was due to lower fuel prices, positive economic sentiment and firm freight rates.

The LCV segments (mainly the SCV) continued to be impacted by low transportation tonnage and vehicle over-capacity. As a result, the overall CV sales were down 8.5% Y-o-Y in the 3<sup>rd</sup> quarter of financial year 2014-15.

In the Passenger Vehicles segment, there was a growth of 4.6% Y-o-Y with car segment growth of 16.8% Y-o-Y in the 3<sup>rd</sup> quarter of financial year 2014-15.

(Source: Quarterly report (Oct – Dec 2014), issued by Tata Motors Ltd.)

### ➤ **Ashok Leyland Ltd:**

By the end of 2014, Ashok Leyland Ltd., had recorded sales worth ₹ 3,361 crores. In the financial year 2014-15, Ashok Leyland Ltd. managed to sell 77,660 units in the Medium and Heavy Commercial Vehicles segment. This resulted in a growth of 29% from the 60,342 units sold in the preceding year.

With respect to the Light Commercial Vehicles segment, it managed to sell 27,242 units. This led to a decline of (-) 6% from the 28,995 units sold in the previous year.

<u>SALES</u>	<u>MARCH</u> <u>2015</u>	<u>MARCH</u> <u>2014</u>	<u>CHANGE</u> <u>(%)</u>	<u>APR-MAR</u> <u>2015</u>	<u>APR-MAR</u> <u>2014</u>	<u>CHANGE</u> <u>(%)</u>
M & HCV	10,027	7,718	30	77,660	60,342	29
LCV	2,727	2,563	6	27,242	28,995	(6)
<b>Total Sales</b>	<b>12,754</b>	<b>10,281</b>	<b>24</b>	<b>1,04,902</b>	<b>89,337</b>	<b>17</b>

(Source: Quarterly report (Oct – Dec 2014), issued by Ashok Leyland Ltd.)

#### ➤ **Eicher Ltd.:**

Since 2008, Eicher Ltd. has been selling commercial vehicles through its joint venture with the Volvo group under the name of VE commercial vehicles ltd.

The total sales achieved by Eicher Ltd are Rs 828.15 crore. This sale was for the month of December 2014. In the month of January, 2015, Eicher Ltd. branded trucks and buses have recorded sales worth 3,262 units resulting in a growth of 25.1% over the 2,608 units sold in January, 2014.

Under the name of VE commercial vehicles ltd, 4,503 units were sold in the month of March, 2015. This was an increase from of 0.7% from the 4,471 units sold in March, 2014.

Out of the 4,503 units sold in March, 2015, 4,401 units were branded under Eicher Ltd. which is a substantial increase of 0.8% from the 4,366 units in March, 2014.

(Source: Quarterly report (Oct – Dec 2014), issued by Eicher Ltd.)

#### ➤ **Mahindra & Mahindra:**

The sales made by Mahindra & Mahindra Ltd in the month of December, 2014 were 9,582.78 crores. This turnover is inclusive of all the vehicle segments offered by them.

In the commercial vehicles segment, they managed to see 12,194 in the month of December 2014. This resulted in a de-growth of a round 15.31% when compared to the 14,399 units sold in the previous year's corresponding quarterly report.

In the passenger vehicles segment, Mahindra & Mahindra managed the sale of 17,311 units. When compared to the previous year's sale of 16,436 units, this led to a decline of 5.32%.

(Source: Quarterly report (Oct – Dec 2014), issued by Mahindra & Mahindra Ltd.)

#### ➤ **Force Motors Ltd.:**

The total sales recorded by Force Motors Ltd for the month of December 2014 were 516.92 crores.

Force Motors Ltd. undertook the production of 254 small commercial vehicles (SCV) during the month of December 2014. Out of these 254 units, 12 units were sold in domestic market and 216 units were exported.

The company also produced 1,001 units of Light Commercial Vehicles (LCV) during the month of December 2014. From these 1,001 units, 1045 units of LCVs were sold in the domestic market.

Force Motors Ltd. produced 707 units of Utility Vehicles (UV) and 341 units of Sports Utility Vehicles (SUV) during the month of December, 2014. From these vehicles, around 307 units of Sports Utility Vehicles (SUV) were sold in the domestic market.

(Source: Quarterly report (Oct – Dec 2014), issued by Force Motors Ltd.)

## ***SWOT Analysis of the Industry***

### **Strengths:**

- Domestic Market is large
- Monetary assistance from government for manufacturing units
- Low cost and cheap labor
- Investments by foreign car manufacturers
- Large pool of engineers in India
- Adheres to strict quality control

### **Weaknesses:**

- Low labor productivity
- Too many taxes levied by government increase the cost of production
- High interest rate and overhead levels
- Low investment in Research and Development area

### **Opportunities:**

- Reduction in Excise duty
- Increase in income levels
- Focus from government in improving road infrastructure
- Rising living standards
- Demand from rural areas is rising continuously as condition of rural roads has improved considerably
- Growing population in the country
- Better car technology is demanded

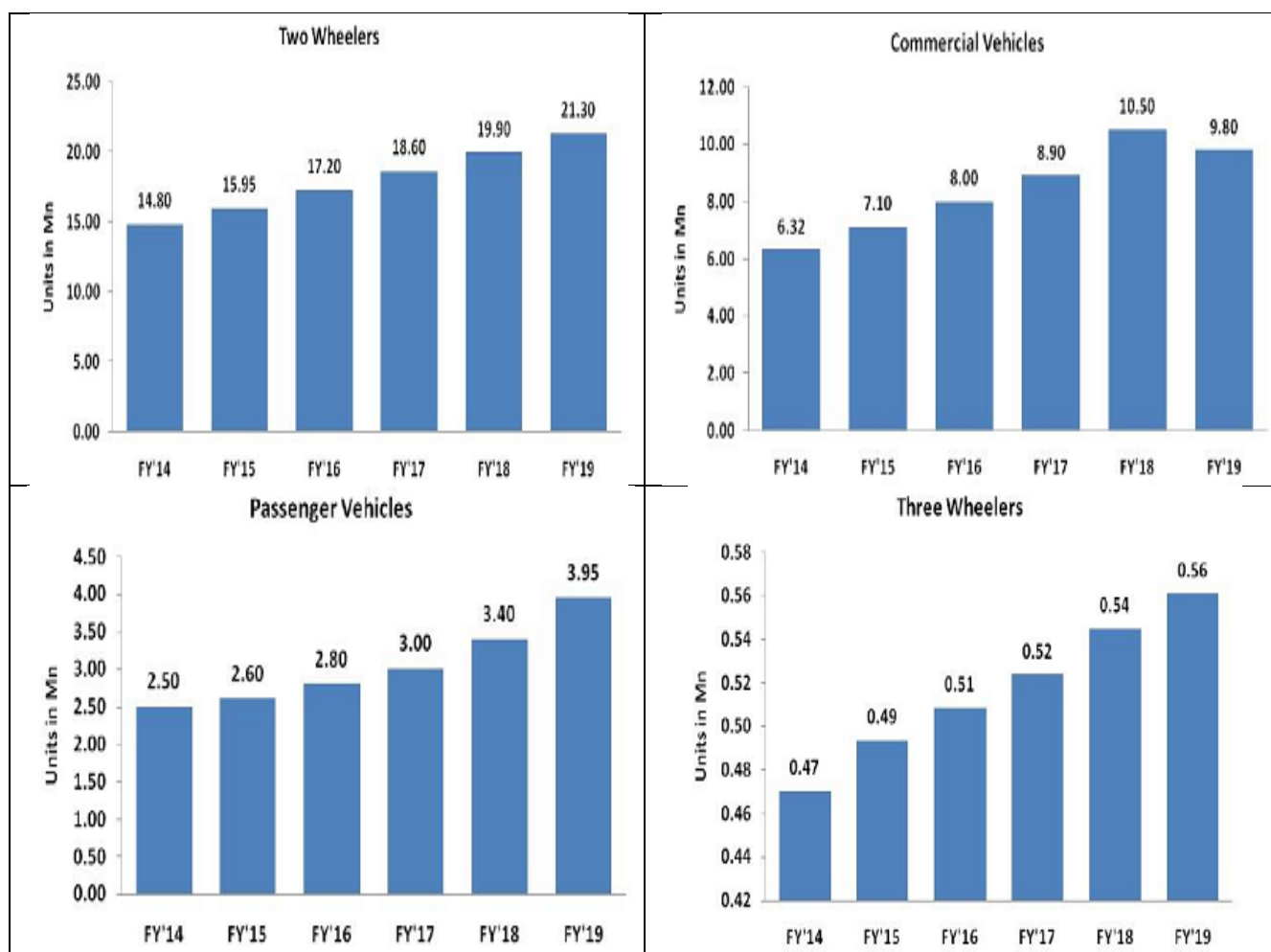
### **Threats:**

- Rates of interest on automobile loans are not stable
- High competition from foreign players
- Rising cost of raw materials
- Import of two wheelers from the Chinese market
- Increase in import tariff and technology cost
- Lack of new technology for Indian companies
- Smaller players do not fulfil international standards

## **FUTURE OUTLOOK**

The Indian Automobile Industry has shown healthy growth from FY'08 to FY'13. High inflation, fuel prices and unfavourable interest rates, resulting in high cost of ownership, have affected car sales in FY'14. Despite the fall in FY'14, over the next few years, solid but cautious growth is expected due to policies announced by Government in the interim budget and improving affordability, rising incomes and untapped markets.

The charts below forecast the Domestic Sales of the four main sectors (explained above) of the Indian Automobile Industry (FY-14 to FY-19) –



(Source: Frost and Sullivan Analysis)

## OVERVIEW OF AUTOMOBILE DEALERSHIP INDUSTRY

The commercial vehicle industry is witnessing a shift in volumes growth from MHCV to SCV, which accounted for 45% of sales in 2011-12. This implies a change in the way that dealerships need to operate their business, as customers in the SCV segment are more akin to a passenger vehicle customer than to a MHCV customer.

To be able to sustain in such a business environment, auto dealerships will need to change not only the way vehicles are sold but also how and where these are sold, how they are maintained, including understanding a customer's total cost of ownership. This requires a re-evaluation of existing sales and marketing strategies and operations in order to create an alignment with the current business environment. However, most dealerships lack the required exposure and competency to carry this out, as dealership roles have been restricted to only executing strategic and tactical changes handed down by the OEMs.

### Organizational Alignment

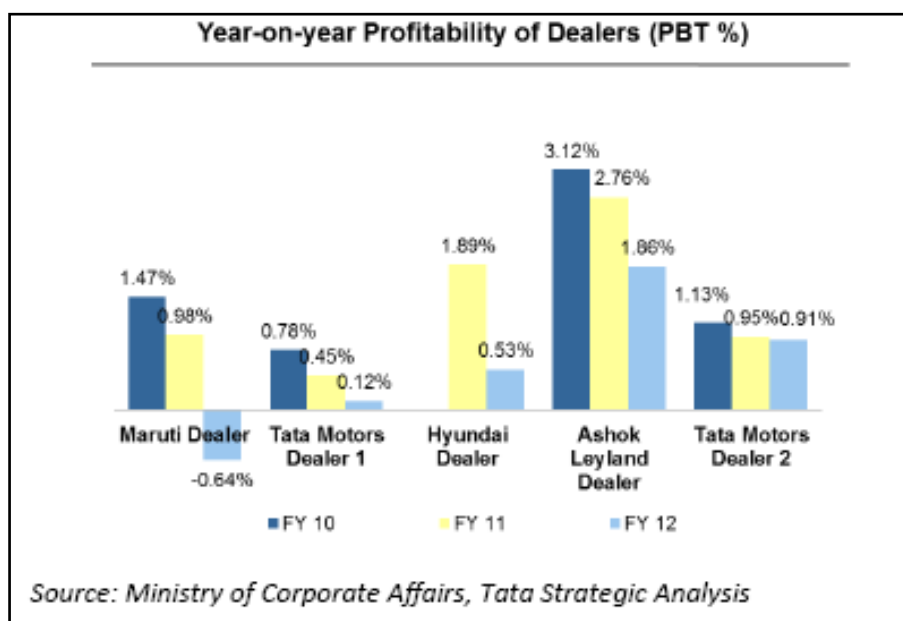
The current business situation warrants a strong dealer organization to cope with and manage the changes. However, most dealerships lack a professional organizational setup, making them ill-equipped for the task at hand. A strong promoter driven culture at dealerships has seen dealership organizations become person centric, having been built around a few key individuals over the years.

(Source: Dealer effectiveness: Breaking the growth ceiling for automotive dealership, issued by Tata Strategic Management Group)

## Operational Effectiveness

The slowdown in the automobile industry in recent years, coupled with the increased competitive pressure has resulted in reducing profitability for auto dealerships. This brings into focus the need for dealerships to improve their operational efficiencies on a priority basis.

The chart given below clearly shows the year on year profitability of Dealers. According to this chart, the profitability of top commercial and passenger vehicle dealers is decreasing with each year.



However, different vehicle segments may need to focus on different aspects of their operations. In commercial vehicles, there is a definite shift in volume mix from MHCVs to SCV vehicles, which have lower margins but require proportionately higher effort from dealer sales executives for each sale.

The customer value proposition of SCV vehicles is also completely different to that for MHCVs. This implies the need for different selling skills, operational strategies and sales process changes.

On the other hand, the slowing sales of passenger vehicles imply that dealers may need to focus more on enhancing their service revenues. This can be achieved through faster turnaround times of vehicles in workshops, better availability of spares and better connect with the customers to ensure increased vehicle inflow. These need to be addressed on priority else customers will flock to other co-dealers or garages that focus on these aspects.

*(Source: Dealer effectiveness: Breaking the growth ceiling for automotive dealership, issued by Tata Strategic Management Group)*

## Future of Automobile Dealership

Dealerships will need to adopt a holistic approach that aligns their strategic plans, organization structure and processes, people capabilities and business processes to drive and enable growth.

**Strategic Growth:** Dealer-ships need to have an in-depth understanding of their OEM's strategic objectives in order to identify their own strategic thrust areas. That should form the basis for a comprehensive growth strategy that charts out the segment specific growth requirements (that includes adding new product lines or exiting from existing ones), strategic plans and support required from the OEMs.

**Operational Excellence:** Dealerships need to focus on improving the effectiveness of their sales and service processes. Introduction of customer contact points, remote working of sales executives and IT enablement of the sales process could help dealers improve their sales coverage, increase conversion ratios and improve sales productivity and channel ROI for dealerships.



**Organization effectiveness:** Dealerships need to put in place an organization structure that is geared to achieve their business objectives. Roles and KPIs need to be strongly aligned to strategic goals and people competencies mapped to specific positions. Dealerships will also need to invest in capability building and training of its workforce to be better prepared for the challenges ahead.

*(Source: Dealer effectiveness: Breaking the growth ceiling for automotive dealership, issued by Tata Strategic Management Group)*

## OUR BUSINESS

### OVERVIEW

Our company is an authorised dealer of Light Commercial Vehicles (LCV), Multi-Utility Vehicles (MUV), Small Commercial Vehicles (SCV Vehicles) and spare parts for Force Motors Ltd. We currently operate three different showrooms of Force Motors Ltd., namely at Sonapat, Panipat and Gohana within the state of Haryana. We also operate an in-house service centre / workshop at Sonapat for the servicing and other after-sales needs of our clients. We have over a decade of experience in distributing different types of vehicles on behalf of Force Motors Ltd. such as Commercial Transporters (“Traveller”), MUV Vehicles (“Trax Cruiser”, “Trax School Van”, Trax Kargo-King”), Small Commercial Vehicles (“Trump-40” and Trump-15). For further details of our products and services, please see “*Products and Services*” beginning on page 84 of this Prospectus.

We believe that after-sales service is equally important and goes a long way in customer retention as well as goodwill creation. Hence, our in-house operated service centre is equipped with necessary tools and know-how and can park up to 12 vehicles at one time. Further, we have recently acquired a land parcel measuring 1033 sq. yards at Sonapat near our existing service centre at Sonapat, wherein we intend to set up a new multi-brand service centre which will have additional parking capacity up to 12 vehicles. This would enable us to undertake various tasks in a more efficient and effective manner using latest technologies like Automatic Alignment of Vehicles, Automatic Car Wash system, Car Scanners system, etc. which are not currently available at our existing service centre. Further, this new set-up will enable us to serve passenger vehicles of all-make. For details regarding our new multi-brand service centre, please see “*Objects of the Issue*” beginning on page 50 of this Prospectus.

Apart from the vehicle dealership business, we have also been involved in trading of vehicle spare parts and utilities of branded as well as generic products forming part of the auto value chain. Further, in April 2015 we have incorporated a subsidiary company in the name and style of “Vaksons Metaplast Pvt. Ltd.” and have commenced the business of trading in auto parts, HDPE and LDPE polymer, aluminium scrap, and other metal and plastic items on a larger scale with good trading margins in the same. We believe that our experience of selling and servicing vehicles would hold us in good stead with this diversification venture undertaken by the company and also provide for increased financial size. This business venture would require induction of more fund based capacity and the same is being proposed to be carried out through this fund raising exercise.

We have over the years developed a philosophy for quality and have also obtained ISO Certification for our Quality Management Systems (ISO 9001:2008). We have also been awarded a “**Certificate of Appreciation**” in February 2015, by Force Motors Ltd. for “Best Dominance in the MUV Market Category”.

As per our Restated Financials, our Revenues from Operations have grown from ₹ 1,226.95 lakhs in Fiscal 2012 to ₹ 1,621.44 lakhs in Fiscal 2015, representing a CAGR of 9.74%. Our EBITDA has increased from ₹ 1245.65 lakhs in Fiscal 2012 to ₹ 1663.48 lakhs in Fiscal 2015, representing a CAGR of 10.12%. Our PAT has increased from ₹ 1.27 lakhs in Fiscal 2012 to ₹ 18.13 lakhs in Fiscal 2015, representing a CAGR of 142.59%. For further details, please see the section titled “*Financial Information*” beginning on page 123 of this Prospectus.

In addition to our directors, we employ a staff of 26 persons as on date. We believe that going forward as the company's operations grow we may need to increase our staff strength. For further details, please see “*Human Resources*” on page 87 of this Prospectus.

### OUR STRENGTHS

Today's dynamic markets and technologies have called into question the sustainability of competitive advantage. We believe that following key strengths of our company would ensure our survival and help us attain a prominent position in the market:

#### ✓ ***Experienced Promoter-Directors and an Established group***

Our Promoter family (the Jain Group) have been involved in the Automobile business in India for more than a decade. Moreover, they are involved in various other businesses like trading of health supplement products, pharmaceuticals and other allied products, realty and infrastructure development, trading of aluminium scraps, paper scraps, textile, etc. Their wide exposure and operations have helped them develop goodwill over the years and gain a recognised name in the business circles of northern India. Our Promoter-Directors' good relationships with various industry players enables us to leverage these business relations for further growth of the Company and have been instrumental in implementing

our growth strategies. For further details regarding the education qualifications and experience of our Promoters and Directors, please see “*Our Management*” beginning on page 100 of this Prospectus.

✓ ***In-house qualified staff for respective technical departments of the company***

Our Company is managed by a team of professionals led by our Managing Director and Promoter, Mr. Atul Jain. We believe our growth strategy in combination with our management’s demonstrated ability to manage inventories to consistently meet our customers’ high expectations for service and reliability, serves as a foundation for future revenue growth and stable operating profit. Our Promoters and our Key Managerial Personnel have fair industry experience and have been instrumental in the consistent growth of our Company’s performance. We have also been awarded a “Certificate of Appreciation” in February 2015, by Force Motors Ltd. for “Best Dominance in the MUV Market Category”. For further details on education, experience and other details of our Management, please see the Chapter titled “*Our Management*” beginning on page 100 of this Prospectus.

✓ ***Long term association with Force Motors Ltd.***

We do not manufacture any of the products that we deal in. However, in order to ensure steady supply of LCVs, MCVs, MUVs, CVs, etc., we have obtained an authorised dealership of Force Motors Ltd in the year 2003. Their products have been awarded various recognitions several times, such as “Force Gurkha” was recently awarded “Declared Racing Car of the Year” in the Zenith Auto-awards 2015, “Best Competition 4x4 of 2015”, “Best Motorsport Award 2015” and “Monster of the year 2015” by Top Gear India. Further, for procuring of other products such as spare parts and auto components, we have relations with the relevant suppliers since over a year. We expect to derive benefits from these associations and we believe that this will aid us in effectively managing our business.

✓ ***Location advantages***

We have established ourselves well in the state of Haryana. The locations of our showrooms have certain competitive advantages. One of our showrooms is in Panipat, which is an industrial hub of Haryana, and hence we believe it will boost the demand for our products (like Goods Carriers like Trump – 40, Kargo King, etc.). Similarly, we also have a showroom in Sonapat, which is fast becoming an educational hub of Haryana. Sonapat has an approximately 5000 acre Rajiv Gandhi Education City with a still-growing list of more than 30 educational institutes including several universities, medical colleges, engineering colleges and other institutes. We believe that the presence of such institutes in the city will boost the demand for our products (such as the Traveller School Bus).

## **OUR STRATEGIES / FUTURE PLANS**

The key elements of our business strategy include the following:

✓ ***Diversify from distributing vehicles to trading of other related spare parts, utilities as well as metal and plastic products forming part of the auto business chain***

We began our operations in this Industry as an Authorised Dealer of LCVs, MUVs, MCVs, CVs, etc. . Gradually, we undertook trading of generic as well as branded vehicle spare parts and utilities. We have further recently incorporated a subsidiary in the name and style of “Vaksons Metaplast Pvt. Ltd.” in order to undertake trading in auto parts, HDPE and LDPE polymer, aluminium scrap, and other metal and plastic items on a larger scale with good trading margins. We believe that our experience of selling and servicing vehicles would hold us in good stead with this diversification venture undertaken by the company and also provide for increased financial size.

✓ ***Increase our business development appetite by augmenting our available working capital resources and increasing our in-house servicing capacity***

We operate in a working capital intensive industry. The lead time for procuring our products is high. In order to ensure readily available products along with a low lead time for our customers, we need to stock different types of vehicles and models to meet varied need of our customers. Besides inventory, we also need working capital for supporting our clients with reasonable lines of credit.

Further, we plan to increase our business development appetite by expanding our operational capabilities. Hence, we are in the process of setting up a multi-brand service centre at Sonapat (near our existing service centre at Sonapat) in order to augment our capacity of our existing service centre. Once the new service centre becomes operational, our parking capacity will increase to 24 vehicles in total. Further, this new service centre will be open for all automobiles products and not restricted to any one automobile manufacturer. We will provide after-sales and mechanical services

for products of various other car manufacturers. Further, we plan to offer services using the following latest technologies (including, but not limited to) at our new multi-brand service centre -

- Automatic Car Wash system, which is a quick and convenient alternative to the perils of hand washing. It also prevents scratching and damage to a vehicle's finish that result from improper hand washing and also offer improved access to reach areas such as wheels, fender wells, undercarriage, and more.
- Car scanner, a diagnostic and test equipment, for testing every complex automotive part and diagnosing it better
- Automatic alignment of vehicles

This would enable us to undertake various tasks in a more efficient and effective manner using latest technologies which are not currently available at our existing service centre.

In order to effectively operate the aforementioned additional facilities along with the existing facilities we need to have access to a larger amount of liquid funds. Hence, we propose to invest in this new facility and augment our working capital base through this IPO. For further details, please see “*Objects of the Issue*” on page 50 of this Prospectus.

#### ✓ ***Tie-up with Schools, Colleges and other Educational Institutes***

We have a location advantage of having our presence in the city of Sonapat. Sonapat is one of the largest educational hubs across North India. The Government of Haryana has planned Rajiv Gandhi Education City spread over an approximately 5000 acres of land across the Delhi border. Various premier education institutes of Delhi are planning to expand and establish their presence in the Sonapat District. We believe that the presence of such institutes in the city will boost the demand for our products (such as the Traveller School Bus). In order to capitalize our presence in this city, we intend to focus our marketing activities towards Schools, Colleges and Educational Institutes.

## **DETAILS OF OUR BUSINESS**

### **Location**

We currently operate from the following offices / showrooms and service centre in the state of Haryana -

#### ***Registered Office***

Our Registered Office is located at 105, 1st Floor, Barodia Tower, Plot No 12, D Block, Central Market Prashant Vihar, New Delhi – 110085.

#### ***Showrooms***

Showroom I is located at A-Block, Shubham Garden Complex, Murthal Road, Sonapat - 131001, Haryana

Showroom II is located at Panipat Road, Gohana Dist., Sonapat – 131301, Haryana

Showroom III is located at G. T. Road, Panipat – 132103, Haryana

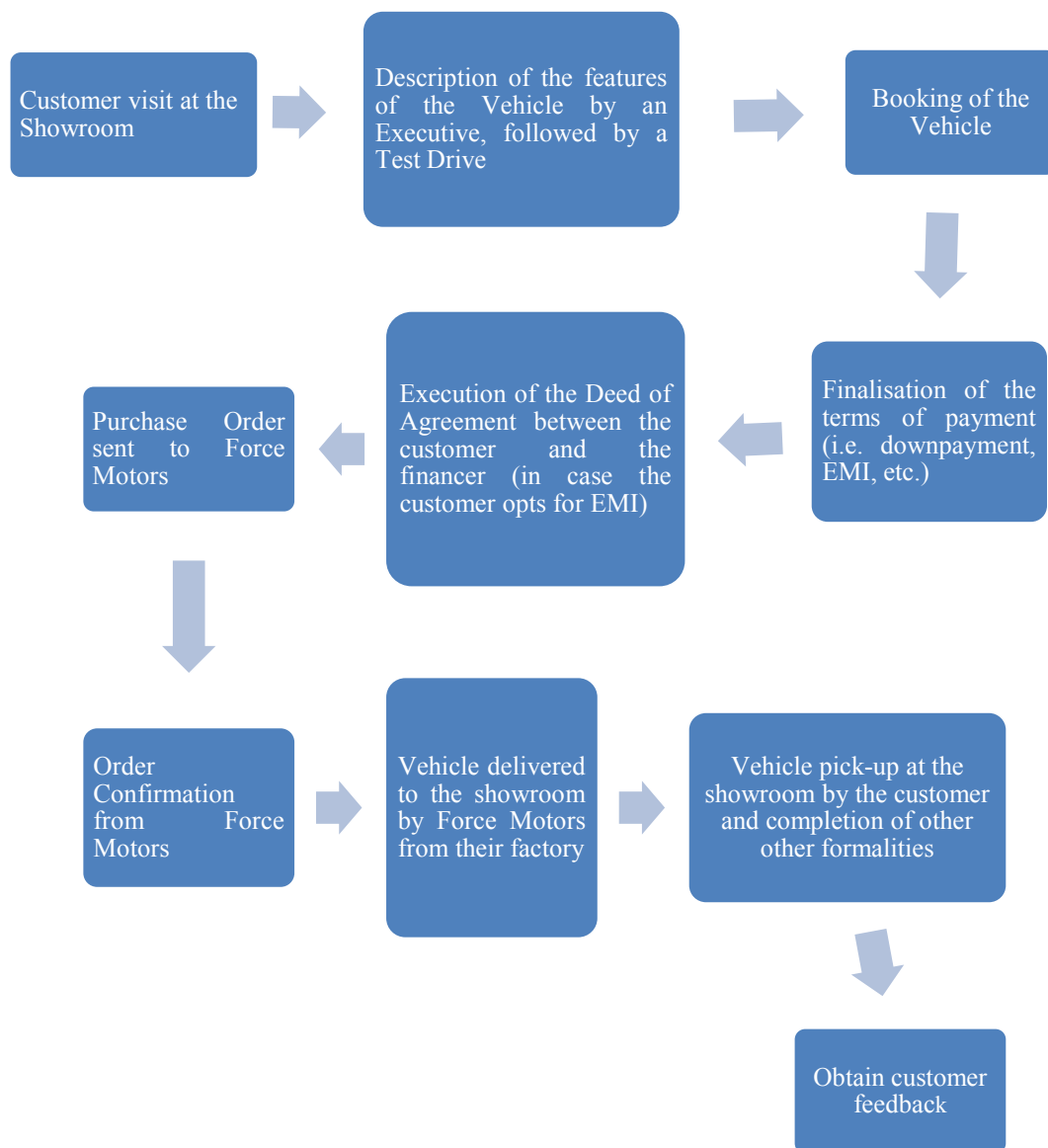
#### ***Service Centre***

Presently, our service centre is adjoining our Showroom in Sonapat at A-Block, Shubham Garden Complex, Murthal Road, Sonapat – 131001. A land parcel admeasuring 1033 sq. yards near our existing service centre, has also been purchased in order to set up an additional multi - service centre, with the intention of widening our scope of services.

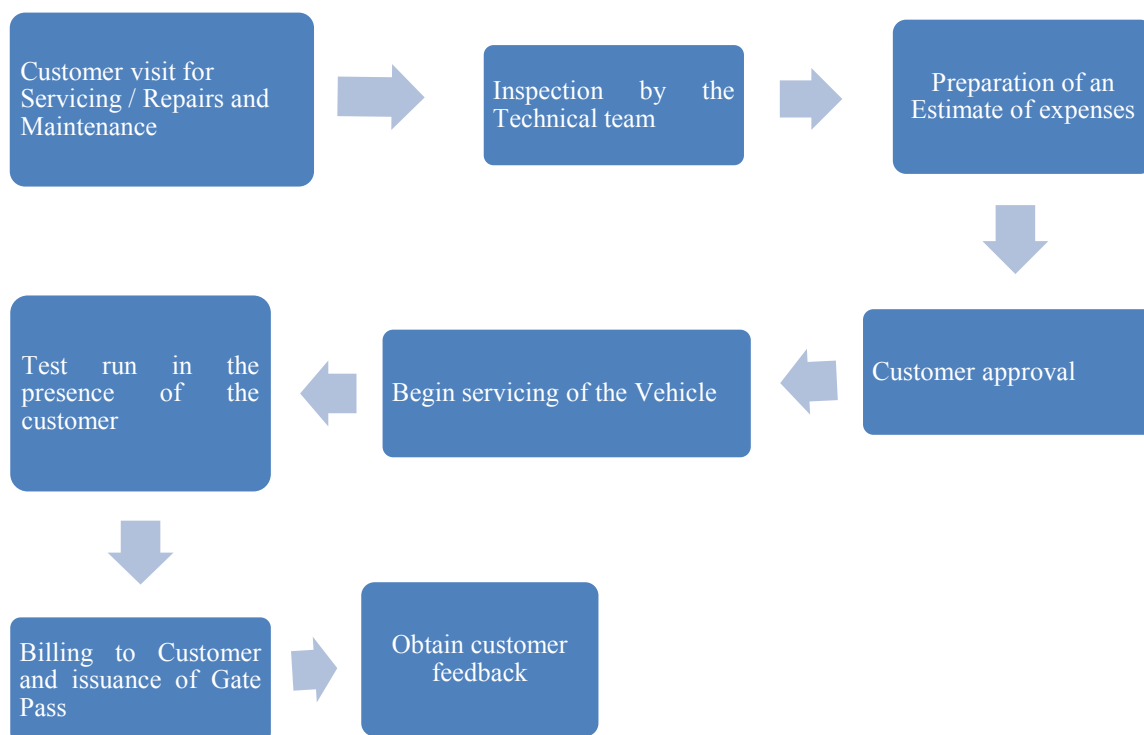
## **BUSINESS MODELS**

Our business operations can be classified into three major segments i.e. (i) Distribution of Vehicles; (ii) Offering after-sales and other mechanical services; and (iii) Trading of auto parts, spare parts and other allied products

- (i) The following flowchart summarizes the overall process of the “Distribution of Vehicles” segment –



- (ii) The following flowchart summarizes the overall process of the “After-Sales and other Mechanical Services” segment -



- (iii) We trade in a variety of auto-parts of commercial vehicles such as tyres, cables, glow plugs, oil filters, Torque Rod Bushes, Bi-Metal Bushes, air filters, joints, etc. For more information, please see “*Products and Services*” on page 84 of this Prospectus. Our revenues from sale of these products amounted to ₹ 296.01 lakhs in fiscal 2015 (i.e. 18.22% of the total revenue earned in the fiscal), ₹ 35.14 lakhs in fiscal 2014 (i.e. 2.47% of the total revenue earned in the fiscal) and ₹ 31.22 lakhs in fiscal 2013 (i.e. 2.59% of the total revenue earned in the fiscal).

### Plant and Machinery

Our business, as dealers in automobiles, is not Plant and Machinery intensive. However, we use various tools and equipments of the latest technology like micrometers, torque wrench, welding machines, power tools, hydraulic jacks and air compressors, etc which aid us in carrying out our business smoothly and in giving our customers the required service level.

### Products and Services

We are an authorised dealer of Light Commercial Vehicles (LCV), Multi-Utility Vehicles (MUV), Small Commercial Vehicles (SCV Vehicles) of Force Motors Ltd. Some of the Products offered by us along with the product specifications are set forth below –

### 1) Kargo King



Engine Model	TD 2650 F (II EG)
Type	4-Cylinder, DI
No. of Gears	5 Forward, 1 Reverse, 5th gear Overdrive
Fuel Tank Capacity	60 litres
Seating Capacity	1+D
Size	5.03 metres long

### 2) Trax Cruiser



Engine Model	TD 2650 F (II EG)
Type	4-Cylinder, DI
No. of Gears	5 Forward, 1 Reverse
Fuel Tank Capacity	60 litres
Seating Capacity	9+D, 13+D
Size	4.83 metres long

Other Trax Models include Trax School Van

### 3) Traveller 3700



Engine Model	TD 2650 FTI ED
Type	4-Cylinder, DI, TCIC
No. of Gears	5 Forward, 1 Reverse, 5th gear Overdrive
Fuel Tank Capacity	70 litres
Seating Capacity	16+D, 17+D
Size	6.06 metres long

Other Traveller Models include Traveller Ambulance, Traveller Luxury, Traveller Scholar, Traveller Shaktiman, Traveller Delivery Van, amongst a few.



#### 4) Trump - 40



Engine Model	TG 2000 F DI
Type	3-Cylinder, Water cooled, DI
No. of Gears	4 Forward, 1 Reverse
Fuel Tank Capacity	41 litres
Seating Capacity	1+D
Size	2.67 metres long
Other Trump Models include Trump - 15	

#### 5) Spare Parts

We trade in a variety of auto parts including, but not limited to –



*Cables*



*Gaskets*



*Glow Plugs*



*Lubricant Oil Filter*



*Air Filter*



*Tie Rod End*



**Ball Suspension Joint**



**Starter Motor**

### Infrastructure & Operational assets

Currently we operate 3 showroom and 1 service centre. We are in the process of setting up an additional service centre adjoining our existing service centre. For further details, please see “*Property*” on page 89 of this Prospectus.

### Water

Water requirement for our business is very minimal (mainly consumed for sanitation and carwash purpose) and the same is procured locally by way of existing water supply network in the respective areas.

### Power

Our trading business is not power intensive. Our Registered Office and Showrooms draw power from their respective local electricity suppliers. The electricity usage at our Service centre at Sonapat is slightly higher because of the nature of activities (repair and mechanical services) carried out therein. Power at our Service Centre is supplied by Uttar Haryana Bijli Vitran Nigam Ltd.

### Collaborations

Our Company has so far not entered into any technical or financial collaboration agreement.

### Capacity and Capacity utilization

Capacity and Capacity Utilization is not applicable to our Company since our business is not of the nature of a manufacturing concern with specified installed capacity but we purely into the business of dealership and trading.

### Manpower

Our business model requires a mix of skilled, semi-skilled and un-skilled labour. Our Company currently has a size of 28 employees for the operation of its existing facilities.

Category	No. on Employees
Directors	02
Key Managerial Personnel	07
Managers and Executives	09
Semi-skilled and Unskilled Labour	8
<b>Total</b>	<b>26</b>

For details on our Directors and Key Managerial Personnel, please see the chapter titled “*Our Management*” beginning on page 100 of this Prospectus.

### Inventory Management Systems

We have implemented ERP (enterprise resource planning) in our Company in order to manage our inventory efficiently. This system is used to manage and co-ordinate all the resources, information and functions of our business

on a real-time basis. Capturing our business transactions in one location allows us to easily review inventory, customer and vendor activity.

The ERP system further helps in:

- ✓ the integration among different functional areas to ensure proper communication, productivity, quality and efficiency in decision making
- ✓ the tracking of the revenue, cost and profit at a granular level

## Logistics

Vehicles are delivered by the manufacturer to its nearest depot and we arrange for the same to be driven to showrooms.

We deliver all vehicles to our customers at our showroom itself, and hence we do not need any logistics arrangement for our operations.

## Marketing Set-up and Strategies

Since we do not manufacture any product ourselves, nor have any substantial marketing or branding requirements for business, we are reliant on our suppliers for all these aspects. However, in order to create consumer awareness and boost our sales, we do distribute pamphlets; send mailers and texts to target audience, offer special discounts on occasions like Diwali, offer attractive EMI schemes, etc.

## Competition

We face competition from various local and nationwide dealers of commercial vehicles. Competition emerges from small as well as big players. The organized players in the industry compete with each other by providing high quality, consistent and time bound products and value added services. There are a number of competitors offering products similar to ours. We believe the principal elements of competition in our line of business are easy finance options, consistent & quality products, prompt availability and strong relations with suppliers and vehicle manufacturers. We compete against our competitors by establishing ourselves as a trustworthy agency for our products in the State of Haryana which enables us to provide our clients with products and services at appropriate rates to meet their requirements.

## Exports and Export Obligations

Our export sales are nil and we do not have any export obligations.



## Insurance

Our Company has obtained certain insurance coverage to cover certain normal risks associated with its operations. Following are the details regarding the insurance coverage obtained by our company:

Name of the Insurance Company	Type of Policy	Validity Period	Description of Assets covered under the Policy	Policy No.	Total Sum Insured	Premium
The Oriental Insurance Company Ltd.	Standard Fire and Special Peril Policy	29/05/2015 to 28/05/2016	Stock held in the premises at A-Block, Shubham Garden Complex, Murthal Road, Sonapat-131001	261600/11/2015/81 <sup>(1)</sup>	₹ 350.00 lakhs	₹ 0.54 lakhs

<sup>(1)</sup> Our Company has renewed the said insurance policy and has received the 'Provisional Cover-note' for the same. However, the final policy document is yet to be received and hence the new policy number allotted to our Company is not ascertainable as on the date of this Prospectus.

## Intellectual property

Sr. No.	Trademark	Applicant	Application No.	Date of Filing	Class
1.		Vaksons Automobiles Limited	2949281	April 24, 2015	37
2.		Vaksons Automobiles Limited	2949282	April 24, 2015	35

The Company has made the necessary application with the concerned authorities under The Trade Marks Act, 1999.

## Property

We own and rent certain properties. The brief details of the properties owned and rented by us are set out below:

### *Owned Properties:*

S. No.	Property Description	Location	Area (Sq. Yards)	Name of Seller	Agreement Details
1	Land for setting up proposed multi-brand Service Centre	Jiwan Vihar, Patti Musalaman, Murthal Road, Dist. Sonapat – 131001, Haryana	1033	Shanta Jain	Date of Agreement: 11.12.2014 <sup>(1)</sup> Sales Consideration: ₹ 450.00 lakhs

<sup>(1)</sup> Though our Company has taken possession of the said land for construction of proposed Service Centre, the registration of the same is pending including payment of stamp duty. The same is pending for NOC from relevant authority required under the changed Municipal Corporation from Municipal Council (vide notification dated July 03, 2015 by the Urban Local Bodies Department, Government of Haryana).

### *Rented Properties:*

S. No.	Property Description	Location	Name of Owner	Rent	Term of Rent
1	Registered Office	105, First Floor, Barodia Tower, Central Market, Prashant Vihar, D-Block, Rohini - 110085	Chander Kanta	₹ 15,000 per month	01/09/2014 to 31/08/2017
2	Sonapat Showroom and Service Centre	A-Block, Subham Garden Complex, Murthal Road, Sonapat-131001	Atul Jain and Shanta Jain	₹ 20,000 per month	01/03/2014 to 31/03/2016
3	Gohana Showroom	Panipat Road, Gohana Dist., Sonapat – 131301, Haryana	Shree Chand Saini	₹ 7,000/- per month	07/07/2014 to 06/07/2017
4	Panipat Showroom	G. T. Road, Panipat – 132103	Raj Kumar	₹ 10,000 per month	01/12/2014 to 30/11/2017

## KEY INDUSTRY REGULATIONS AND POLICIES IN INDIA

*The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to the Company being a part of the automobile trading industry. The information detailed in this chapter has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies that are available in the public domain. The regulations and policies set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice. The Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations as applicable. For details of such approvals, please refer to the chapter on “Government and other Key Approvals”.*

### LABOUR LAWS

#### The Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 (“ESI Act”) provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. Employers of factories and establishments covered under the ESI Act are required to pay contributions to the Employees State Insurance Corporation, in respect of each employee at the rate prescribed by the Central Government. Companies which are controlled by the Government are exempt from this requirement if employees receive benefits similar or superior to the benefits prescribed under the ESI Act. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

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

Under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 (“EPF Act”), compulsory provident fund, family pension fund and deposit linked insurance are payable to employees in factories and other establishments. The legislation provides that an establishment employing more than 20 (twenty) persons, either directly or indirectly, in any capacity whatsoever, is either required to constitute its own provident fund or subscribe to the statutory employee’s provident fund. The employer of such establishment is required to make a monthly contribution to the provident fund equivalent to the amount of the employee’s contribution to the provident fund. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities. The EPF Act also prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

#### Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 provides for payment of gratuity to employees employed in factories, shops and other establishments who have put in a continuous service of 5 (five) years, in the event of their superannuation, retirement, resignation, death or disablement due to accidents or diseases. The rule of ‘five year continuous service’ is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 (fifteen) days’ wages for every completed year of service with the employer. Presently, an employer is obliged for a maximum gratuity payout of ₹ 10,00,000/- for an employee.

#### The Minimum Wages Act, 1948

The Minimum Wages Act, 1948 (“MWA Act”) was enacted to establish minimum wages for certain categories of employees. Under this Act, the Central and the State Governments stipulate the scheduled industries and establishments and fix minimum wages.

#### Payment of Bonus Act, 1965

Pursuant to the Payment of Bonus Act, 1965, as amended, an employee in a factory or in any establishment where 20 (twenty) or more persons are employed on any day during an accounting year, who has worked for at least 30 (thirty) working days in a year, is eligible to be paid a bonus. Contravention of the provisions of the Payment of Bonus Act, 1965 by a company is punishable with imprisonment upto six months or a fine up to ₹ 1,00,000/- or both.

#### The Maternity Benefit Act, 1961

The purpose of the Maternity Benefit Act, 1961 is to regulate the employment of pregnant women in certain establishments for certain periods and to ensure that they get paid leave for a specified period before and after

childbirth, or miscarriage or medical termination of pregnancy. It inter alia provides for payment of maternity benefits, medical bonus and prohibits the dismissal of and reduction of wages paid to pregnant women.

### **The Payment of Wages Act, 1936**

The Payment of Wages Act, 1936 (“PWA”) is applicable to the payment of wages to persons in factories and other establishments. PWA ensures that wages that are payable to the employee are disbursed by the employer within the prescribed time limit and no deductions other than those prescribed by the law are made by the employer.

### **Equal Remuneration Act, 1979**

Equal Remuneration Act, 1979 provides for payment of equal remuneration to men and women workers and for prevention of discrimination, on the ground of sex, against female employees in the matters of employment and for matters connected therewith.

### **The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“SHWW Act”) provides for the protection of women at work place and prevention of sexual harassment at work place. The SHWW Act also provides for a redressal mechanism to manage complaints in this regard. Sexual harassment includes one or more of the following acts or behaviour namely, physical contact and advances or a demand or request for sexual favors or making sexually coloured remarks, showing pornography or any other unwelcome physical, verbal or non-verbal conduct of sexual nature. The SHWW Act makes it mandatory for every employer of a workplace to constitute an Internal Complaints Committee which shall always be presided upon by a woman. It also provides for the manner and time period within which a complaint shall be made to the Internal Complaints Committee i.e. a written complaint is to be made within a period of 3 (three) months from the date of the last incident. If the establishment has less than 10 (ten) employees, then the complaints from employees of such establishments as also complaints made against the employer himself shall be received by the Local Complaints Committee. The penalty for non-compliance with any provision of the SHWW Act shall be punishable with a fine extending to ₹ 50,000/-.

### **Child Labour (Prohibition and Regulation) Act, 1986**

The Child Labour (Prohibition and Regulation) Act, 1986 (the “CLPR Act”) seeks to prohibit the engagement of children in certain employments and to regulate the conditions of work of children in certain other employments. Part B of the Schedule to the CLPR Act strictly prohibits employment of children in cloth printing, dyeing and weaving processes and cotton ginning and processing and production of hosiery goods.

### **Industrial Disputes Act, 1947 and Industrial Dispute (Central) Rules, 1957**

Industrial Dispute Act, 1947 and the Rules made thereunder provide for the investigation and settlement of industrial disputes. The Industrial Disputes Act, 1947 (“IDA”) was enacted to make provision for investigation and settlement of industrial disputes and for other purposes specified therein. Workmen under the IDA have been provided with several benefits and are protected under various labour legislations, whilst those persons who have been classified as managerial employees and earning salary beyond a prescribed amount may not generally be afforded statutory benefits or protection, except in certain cases. Employees may also be subject to the terms of their employment contracts with their employer, which contracts are regulated by the provisions of the Indian Contract Act, 1872. The IDA also sets out certain requirements in relation to the termination of the services of the workman. The IDA includes detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations upon retrenchment. The Industrial Dispute (Central) Rules, 1957 specify procedural guidelines for lock-outs, closures, lay-offs and retrenchment.

### **The Employees’ Compensation Act, 1923**

The Employees’ Compensation Act, 1923 (the “ECA”) has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries caused by accident(s) arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. The ECA makes every employer liable to pay compensation in accordance with the ECA if a personal injury/disablement/ loss of life is caused to a workman by accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the ECA within 1 (one) month from the date it falls due, the commissioner appointed under the ECA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.



## **TAX RELATED LEGISLATIONS**

### **The Central Sales Tax Act, 1956**

The Central Sales tax ("CST") is levied on the sale of moveable goods within India in the course of inter-state trade or commerce and is governed by the provisions of the Central Sales Tax Act, 1956. If the goods move between states pursuant to a sale arrangement, then the taxability of such sale is determined by the CST. On the other hand, the taxability of a sale of movable goods within the jurisdiction of the State is determined as per the local sales tax/Value Added Tax legislation in place within such State.

### **Value Added Tax**

Value Added tax ("VAT") is a system of multi-point levies on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period.

VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each State that has introduced VAT has its own VAT Act under which persons liable to pay VAT must register and obtain a registration number from the Sales Tax Officer of the respective State.

Punjab Value Added Tax Act, 2005 is applicable to the establishments of the Company.

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

The Income-tax Act, 1961 ("IT Act") is applicable to every Company, whether domestic or foreign whose income is taxable under the provisions of the IT Act or Rules made thereunder depending upon its "Residential Status" and "Type of Income" involved. The IT Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every Company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and like. Every such Company is also required to file its returns by September 30 of each assessment year.

### **Service Tax**

Chapter V of the Finance Act, 1994 as amended, provides for the levy of a service tax in respect of 'taxable services', defined therein. The service provider of taxable services is required to collect service tax from the recipient of such services and pay such tax to the Government. Every person who is liable to pay this service tax must register himself with the appropriate authorities. According to Rule 6 of the Service Tax Rules, every assessee is required to pay service tax in TR 6 challan by the 6th of the month immediately following the month to which it relates. Further, under Rule 7 (1) of Service Tax Rules, the Company is required to file a quarterly return in Form ST 3 by the 25<sup>th</sup> of the month immediately following the half year to which the return relates. Every assessee is required to file the quarterly return electronically.

## **ENVIRONMENT RELATED LAWS**

### **Environment Protection Act, 1986**

The Environmental Protection Act, 1986 is an "umbrella" legislation designed to provide a framework for co-ordination of the activities of various central and state authorities established under various laws. The potential scope of the Act is broad, with "environment" defined to include water, air and land and the interrelationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

### **Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981**

Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981 are the other major statutes in India which seek to regulate and protect the environment against pollution and related activities in India. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards which are vested with diverse powers to deal with water and air pollution, have been set up in each state.



In addition, the Ministry of Environment and Forests looks into Environment Impact Assessment. The Ministry receives proposals for expansion, modernization and setting up of projects and the impact which such projects would have on the environment is assessed by the Ministry before granting clearances for the proposed projects.

In terms of the letter dated February 1, 2015, of the Regional Officer of Haryana State Pollution Control Board, the Company has been granted exemption from obtaining the consent to operate and consent to establish under the aforesaid legislations.

## **OTHER LAWS**

### **Shops and Establishments Acts**

The Company has its registered office located at 1<sup>st</sup> Floor, Barodia Tower, Plot No 12, D Block, Central Market, Prashant Vihar, New Delhi -110085 and its outlet located in Sonapat and Panipat. Accordingly the provisions of the Delhi Shops and Establishments Act, 1954 and the Punjab Shops and Commercial Establishments Act, 1958 are applicable to the Company. The provisions of the aforesaid shops and establishments legislations regulate the conditions of 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.

### **Transfer of Property Act, 1882**

The transfer of property, including immovable property, between living persons, as opposed to the transfer property by operation of law, is governed by the Transfer of Property Act, 1882 ("T.P. Act."). The T.P. Act establishes the general principles relating to the transfer of property, including among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. Transfer of property is subject to stamping and registration under the specific statutes enacted for the purposes which have been dealt with hereinafter.

The T.P. Act recognizes, among others, the following forms in which an interest in an immovable property may be transferred:

- **Sale:** The transfer of ownership in property for a price, paid or promised to be paid.
- **Mortgage:** The transfer of an interest in property for the purpose of securing the payment of a loan, existing or future debt, or performance of an engagement which gives rise to a pecuniary liability. The T.P. Act recognises several forms of mortgages over a property.
- **Charges:** Transactions including the creation of security over property for payment of money to another which are not classifiable as a mortgage. Charges can be created either by operation of law, e.g. decree of the court attaching to specified immovable property, or by an act of the parties.
- **Leases:** The transfer of a right to enjoy property for consideration paid or rendered periodically or on specified occasions.
- **Leave and License:** The transfer of a right to do something upon immovable property without creating interest in the property.

Further, it may be noted that with regards to the transfer of any interest in a property, the transferor transfers such interest, including any incidents, in the property which he is capable of passing and under the law, he cannot transfer a better title than he himself possesses.

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

The Registration Act, 1908 ("**Registration Act**") was passed to consolidate the enactments relating to the registration of documents. The main purpose for which the Registration Act was designed was to ensure information about all deals concerning land so that correct land records could be maintained. The Registration Act is used for proper recording of transactions relating to other immovable property also. The Registration Act provides for registration of other documents also, which can give these documents more authenticity. Registering authorities have been provided in all the districts for this purpose.

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

Stamp duty in relation to certain specified categories of instruments as specified under Entry 91 of the list, is governed by the provisions of the Indian Stamp Act, 1899 (“**Stamp Act**”) which is enacted by the Central Government. All other instruments are required to be stamped, as per the rates prescribed by the respective State Governments. Stamp duty is required to be paid on all the documents that are registered and as stated above the percentage of stamp duty payable varies from one state to another. Certain states in India have enacted their own legislation in relation to stamp duty while the other states have adopted and amended the Stamp Act, as per the rates applicable in the state. On such instruments stamp duty is payable at the rates specified in Schedule I of the Stamp Act.

Instruments chargeable to duty under the Stamp Act which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments which are not sufficiently stamped or not stamped at all. Unstamped and deficiently stamped instruments can be impounded by the authority and validated by payment of penalty. The amount of penalty payable on such instruments may vary from state to state.

### **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.

### **The Specific Relief Act, 1963**

The Specific Relief Act, 1963 (“**Specific Relief Act**”) is complimentary to the provisions of the Contract Act and the Transfer of Property Act, as the Act applies both to movable property and immovable property. The Specific Relief Act applies in cases where the Court can order specific performance of a contract. Specific relief can be granted only for purpose of enforcing individual civil rights and not for the mere purpose of enforcing a civil law. ‘Specific performance’ means Court will order the party to perform his part of a agreement, instead of imposing on him any monetary liability to pay damages to other party.

### **Consumer Protection Act, 1986**

The Consumer Protection Act, 1986 seeks to provide better protection of interests of the consumers and for that purpose to make provision for establishment of consumer councils and other authorities for the settlement of consumer’s disputes and for matters connected therewith. It seeks to promote and protect the rights of consumers.

To provide steady and simple redressal to consumers’ disputes, a quasi-judicial machinery is sought to be set up at the district, state and central levels. The quasi-judicial bodies will observe the principles of natural justices and have been empowered to give reliefs of a specific nature and to award wherever appropriate compensation to consumers. Penalties for non-compliance of the orders given by the quasi-judicial bodies have also been provided.

### **Competition Act, 2002**

The Competition Act, 2002 (“**Competition Act**”) aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The Competition Act regulates anti-competitive agreements, abuse of dominant position and combinations. The Competition Commission of India (“**Competition Commission**”) which became operational from May 20, 2009 has been established under the Competition Act to deal with inquiries relating to anti-competitive agreements and abuse of dominant position and regulate combinations. The Competition Act also provides that the Competition Commission has the jurisdiction to inquire into and pass orders in relation to an anti-competitive agreement, abuse of dominant position or a combination, which even though entered into, arising or taking place outside India or signed between one or more non-Indian parties, but causes an appreciable adverse effect in the relevant market in India.

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

The Companies Act, 1956 deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956. The Act primarily regulates the formation, financing, functioning and winding up of companies. The Companies Act, 1956 prescribes regulatory mechanism regarding all relevant aspects, including organizational, financial and managerial aspects of companies. It deals with issue, allotment and transfer of securities and various aspects relating to company management. It provides for standard of disclosure in public issues of capital, particularly

in the fields of company management and projects, information about other listed companies under the same management, and management perception of risk factors. 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, 1956 plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

### **The Companies Act, 2013**

The Companies Act, 2013, has been introduced to replace the existing Companies Act, 1956 in a phased manner. The Ministry of Corporate Affairs has vide its notification dated September 12, 2013 has notified 98 Sections of the Companies Act, 2013 and the same are applicable from the date of the aforesaid notification. A further 183 Sections have been notified on March 26, 2014 and have become applicable from April 1, 2014. The Ministry of Corporate Affairs, has also issued rules complementary to the Companies Act, 2013 establishing the procedure to be followed by companies in order to comply with the substantive provisions of the Companies Act, 2013.

### **The Trademarks Act, 1999**

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

## **REGULATIONS REGARDING FOREIGN INVESTMENT**

### **Foreign Exchange Management Act, 1999 (“the FEMA”)**

Foreign investment in companies in the automobile trading industry is governed by the provisions of the Foreign Exchange Management Act, 1999 (“**FEMA**”) read with the applicable regulations. The Department of Industrial Policy and Promotion (“**DIPP**”), Ministry of Commerce and Industry has issued ‘Circular 1 of 2015’ (the “**FDI Circular**”) which consolidates the policy framework on Foreign Direct Investment (“**FDI**”), with effect from May 12, 2015. The FDI Circular consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP till May 11, 2015. All the press notes, press releases, clarifications on FDI issued by DIPP till May 11, 2015 stand rescinded as on May 12, 2015.

In terms of the FDI Circular, Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the Government route, depending upon the sector in which foreign investment is sought to be made. Under the Government route, prior approval of the Government of India through FIPB is required. FDI for the items or activities that cannot be brought in under the automatic route may be brought in through the Government route. Where FDI is allowed on an automatic basis without the approval of the FIPB, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The RBI, in exercise of its power under the FEMA, has also notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India.

The FDI Circular effective from May 12, 2015 issued by the DIPP permits foreign investment upto 51% in the multi brand trading sector. However, foreign investment up to 49% is permitted under the automatic route and thereafter under the Government route if it is beyond 49%.

Further, Foreign Direct Investment in Multi Brand product retail trading is subject to the following conditions:

- i. Fresh agricultural produce, including fruits, vegetables, flowers, grains, pulses, fresh poultry, fishery and meat products, may be unbranded;
- ii. Minimum amount to be brought in, as FDI, by the foreign investor, would be US \$ 100 million.
- iii. At least 50% of total FDI brought in the first tranche of US \$ 100 million, shall be invested in 'back-end infrastructure' within three years, where 'back-end infrastructure' will include capital expenditure on all activities, excluding that on front-end units; for instance, back-end infrastructure will include investment made towards processing, manufacturing, distribution, design improvement, quality control, packaging, logistics, storage, warehouse, agriculture market produce infrastructure etc. Expenditure on land cost and rentals, if any, will not be counted for purposes of back-end infrastructure. Subsequent investment in back-end infrastructure would be made by the MBRT retailer as needed, depending upon its business requirements.
- iv. At least 30% of the value of procurement of manufactured/processed products purchased shall be sourced from Indian micro, small and medium industries, which have a total investment in plant & machinery not exceeding US \$ 2.00 million. This valuation refers to the value at the time of installation, without providing for depreciation. The 'small industry' status would be reckoned only at the time of first engagement with the retailer, and such industry shall continue to qualify as a 'small industry' for this purpose, even if it outgrows the said investment of US \$ 2.00 million during the course of its relationship with the said retailer. Sourcing from agricultural co-operatives and farmers co-operatives would also be considered in this category. The procurement requirement would have to be met, in the first instance, as an average of five years' total value of the manufactured/processed products purchased, beginning 1<sup>st</sup> April of the year during which the first tranche of FDI is received. Thereafter, it would have to be met on an annual basis.
- v. Self-certification by the company, to ensure compliance of the conditions at serial nos. (ii), (iii) and (iv) above, which could be cross-checked, as and when required. Accordingly, the investors shall maintain accounts, duly certified by statutory auditors.
- vi. Retail sales outlets may be set up only in cities with a population of more than 10 lakh as per 2011 Census or any other cities as per the decision of the respective State Governments, and may also cover an area of 10 kilometres around the municipal/urban agglomeration limits of such cities; retail locations will be restricted to conforming areas as per the Master/Zonal Plans of the concerned cities and provision will be made for requisite facilities such as transport connectivity and parking.
- vii. Government will have the first right to procurement of agricultural products.
- viii. The above policy is an enabling policy only and the State Governments/Union Territories would be free to take their own decisions in regard to implementation of the policy. Therefore, retail sales outlets may be set up in those States/Union Territories which have agreed, or agree in future, to allow FDI in MBRT under this policy. Certain States/Union Territories including Delhi and Haryana have conveyed their agreement to permit FDI in MBRT. The establishment of the retail sales outlets will be in compliance of applicable State/Union Territory laws/regulations, such as the applicable Shops and Establishments Act etc.
- ix. Retail trading, in any form, by means of e-commerce, would not be permissible, for companies with FDI, engaged in the activity of multi-brand retail trading.

RBI has also issued Master Circular on Foreign Investment in India dated July 01, 2015 which is valid till June 30, 2016. In terms of the Master Circular, an Indian company may issue fresh shares to persons resident outside India (who are eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. As mentioned above, the Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.

## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as Vaksons Automobiles Private Limited on February 20, 2003 under the Companies Act, 1956, with the Registrar of Companies, N.C.T. of Delhi and Haryana bearing Registration Number - 119052. The status of our Company was changed to a public limited company and the name of our Company was changed to Vaksons Automobiles Limited by a special resolution passed on September 30, 2014. A fresh certificate of incorporation consequent to the change of name was granted to our Company on December 24, 2014, by the Registrar of Companies, Delhi. Our Company's Corporate Identity Number is U51502DL2003PLC119052 and its Registered Office is situated at 105, 1st Floor, Barodia Tower, Plot No 12, D Block, Central Market Prashant Vihar, New Delhi - 110085, Delhi, India.

Our company is an authorised dealer of Light Commercial Vehicles (LCV), Multi-Utility Vehicles (MUV), Small Commercial Vehicles (SCV Vehicles) and spare parts for Force Motors Ltd. We currently operate three different showrooms of Force Motors Ltd., namely at Sonapat, Panipat and Gohana within the state of Haryana. We also operate an in-house service centre / workshop at Sonapat for the servicing and other after-sales needs of our clients. We have over a decade of experience in distributing all types of vehicles on behalf of Force Motors Ltd. including but not limited to Commercial Transporters ("Traveller"), MUV Vehicles ("Trax Cruiser", "Trax School Van", Trax Kargo-King"), Small Commercial Vehicles ("Trump-40" and Trump-15). For further details of our products and services, please see "*Products and Services*" beginning on page 84 of this Prospectus.

We have over the years developed a philosophy for quality and have also obtained ISO Certification for our Quality Management Systems (ISO 9001:2008). We have also been awarded a "Certificate of Appreciation" in February 2015, by Force Motors Ltd. for "Best Dominance in the MUV Market Category".

For further details regarding our business operations, please see the chapter titled "Our Business" beginning on page 80 of this Prospectus.

Our Company has sixteen (16) shareholders, as on the date of this Prospectus.

### MAJOR EVENTS IN THE HISTORY OF OUR COMPANY

YEAR	MAJOR EVENT
2003	Incorporation of our Company as Vaksons Automobiles Private Limited
2003	A dealership of M/s Bajaj Tempo, a commercial vehicle manufacturer, was started.
2006	New Dealership with Force Motors Ltd. (formed out of Bajaj Tempo), a commercial vehicle manufacturer, was started.
2011	A new showroom was started in 2011 at Gohana, in Sonapat District.
2012	One more showroom at Panipat was added In 2012.
2014	With intent of diversification, our Company started the business of trading of spare parts in 2014.
2014	Obtained ISO 9001:2008 Certification for Sales, Services & Spares of Vehicles.
2014	Conversion of our Company into a Public Limited Company and change of name from Vaksons Automobiles Pvt. Ltd. to Vaksons Automobiles Ltd.
2015	Our Company received "Certification of Appreciation" from Force Motors Limited for Best Dominance – MUV Market Category

For details on the changes in our Registered Office Address, please see "*Changes in Registered Office of our Company*" on page 98 of this Prospectus.

### MAIN OBJECTS

The main object of our Company is as follows:

To carry on in India or elsewhere the business of buying, selling, re-selling, sub contracting, importing, exporting, improving, distributing, servicing, repairing, stocking, supplying, leasing, wholesaling, retailing, cleaning, job working and to deal in all descriptions, specifications, systems, models, shapes, sizes, dimensions, capacities, applications and uses of trucks, trawlers, tankers, tractors, motor-lorries, motor cycles, cyclecars, race cars, scooters, buses, omnibuses, utilities, jeeps, defence vehicles, ambulances, tempos, vans locomotives, tanks, mopeds, motor cars, three wheelers and other vehicles for transporting passengers, goods and animals whether propelled or used by any form of power including petrol, oil, gas, petroleum spirit, steam, gas, vapour, electricity, battery, solar energy, atomic energy, wind energy and sea energy.



## CHANGES IN REGISTERED OFFICE OF OUR COMPANY

Date	Address from	Address to	Reason
September 1, 2014	30/20 Shakti Nagar, New Delhi, Delhi – 110 006	105, 1 <sup>st</sup> Floor, Barodia Tower, Plot No. 12, D Block, Central Market Prashant Vihar, New Delhi – 110 085	The changes in our registered office were to ensure greater operational efficiency

## AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION

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

DATE	NATURE OF AMMENDMENT
November 25, 2010	The Authorised Share Capital was increased from ₹ 10,00,000 to ₹ 25,00,000
September 30, 2014	Conversion of Private Limited Company to Public Limited Company and change of name from Vaksons Automobiles Pvt. Ltd. to Vaksons Automobiles Ltd.
November 20, 2014	The Authorised Share Capital was increased from ₹ 25,00,000 to ₹ 7,50,00,000

## SUBSIDIARIES

Our Company has only one subsidiary company:

### Vaksons Metaplast Private Limited

VMPL was incorporated as Vasksons Metaplast Private Limited under the Companies Act, 2013 and a Certificate of Incorporation was issued by the Registrar of Companies, Delhi on April 06, 2015. VMPL was set up to undertake trading in auto parts, HDPE and LDPE polymer, aluminum scrap, and other metal and plastic items on a larger scale with good trading margins. The CIN of the company is U37100DL2015PTC278744.

Its registered office is situated at 105, Barodia Tower, Central Market, D Block, Prashant Vihar, New Delhi – 110 085.

### Board of Directors as on April 30, 2015

- Atul Jain
- Vandana Jain

For additional details on the age, background, personal address, educational qualifications, experience, positions / posts held in the past and Directorship held by the abovementioned Directors, please see the chapter titled “Our Management” and “Our Promoter and Promoter Group” beginning on page 100 and 112 of this Prospectus.

### Capital Structure

Particulars	No. of Equity Shares of ₹ 10 each
Authorised capital	2,00,000
Issued, subscribed and paid-up capital	1,00,000

### Shareholding Pattern

The shareholding of VMPL is as mentioned below:

Sr. No.	Name of the Shareholder	No. of Shares	Percentage (%)
1.	Vaksons Automobiles Limited	9,999	99.99%
2.	Mr. Atul Jain	1	0.01%
<b>Total</b>		<b>10,000</b>	<b>100.00%</b>

### ***Financial Information***

The company has been incorporated in F. Y. 2015-16 and hence no past financials are available.

### ***Other confirmations***

- The equity shares of VMPL are not listed on any stock exchange;
- VMPL is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up;
- No application has been made to RoC for striking off the name of VMPL;
- VMPL is not prohibited from accessing the capital markets for any reasons by the SEBI or any other authorities.

### **The amount of accumulated profit/ (losses) not accounted for by our Company**

There is no accumulated profit/ (losses) not accounted for by our Company.

### **HOLDING COMPANY**

As on the date of this Prospectus, our Company does not have any holding company

### **JOINT VENTURES**

As on the date of this Prospectus, there are no joint ventures of our Company.

### **SHAREHOLDERS' AGREEMENT**

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

### **ACQUISITION OF BUSINESS / UNDERTAKINGS**

We have not acquired any business / undertakings since incorporation.

### **FINANCIAL PARTNERS**

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

### **STRATEGIC PARTNERS**

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

### **OTHER AGREEMENTS**

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

### **INJUNCTIONS OR RESTRAINING ORDERS**

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



## OUR MANAGEMENT

### BOARD OF DIRECTORS

Our Company has six (6) Directors consisting of, one (1) Chairman and Managing Director, one (1) Whole Time Director, one (1) Non-Executive Director and three (3) Non-Executive Independent Directors. The following table sets forth the details of our Board of Directors as on the date of this Prospectus:

Sr. No.	Name, Current Designation, Address, Occupation, Term and DIN	Nationality	Age	Other Directorships
1	<b>Mr. Atul Kumar Jain</b> <i>Chairman and Managing Director</i>  <b>Address:</b> H. No. 62, Sector 15, Sonapat, 131 001, Haryana, India.  <b>Date of appointment as Managing Director:</b> December 20, 2014  <b>Term:</b> For a period of three (3) years – upto December 19, 2017  <b>Occupation:</b> Business  <b>DIN:</b> 00004339	Indian	47 years	<ul style="list-style-type: none"> <li>• Fabino Life Sciences Limited</li> <li>• Keshav Healthfoods Private Limited</li> <li>• NBL Buildcon Private Limited</li> <li>• Vaksons Metaplast Pvt. Limited</li> </ul>
2	<b>Mr. Satender Kumar Jain</b> <i>Whole time director</i>  <b>Address:</b> H. No. 147, Sector – 14, Sonapat – 131001, Haryana, India.  <b>Date of re-appointment as Whole-Time Director:</b> December 20, 2014  <b>Term:</b> For a period of three (3) years – upto December 19, 2017  <b>Occupation:</b> Business  <b>DIN:</b> 02734794	Indian	51 years	Nil
3	<b>Mr. Pankaj Bhai</b> <i>Independent Director</i>  <b>Address:</b> 483 R, Model Town., Distt - Panipat, Panipat, 132103, Haryana, India  <b>Date of appointment as Independent Director:</b> November 30, 2014  <b>Term:</b> For a period of five (5) years – upto November 29, 2019  <b>Occupation:</b> Business  <b>DIN:</b> 01845747	Indian	42 years	<ul style="list-style-type: none"> <li>• Nadia Wovens Private Limited</li> <li>• Pari Creations Private Limited</li> </ul>

Sr. No.	Name, Current Designation, Address, Occupation, Term and DIN	Nationality	Age	Other Directorships
4	<b>Mr. Mahesh Pandey</b> <i>Independent director</i>  <b>Address:</b> B-601, V asundhara E nclave, P awitra Apts., Delhi – 110 096, Delhi, India.  <b>Date o f a ppointment as I ndependent D irector:</b> February 17, 2015  <b>Term:</b> For a period of five (5) years – upto February 16, 2020  <b>Occupation:</b> Service  <b>DIN:</b> 02444591	Indian	54 years	NIL
5	<b>Mr. Sumeet Alakh</b> <i>Independent director</i>  <b>Address:</b> H. N o. 98, S ector - 15, S onepat - 131001, Haryana, India.  <b>Date o f a ppointment a s I ndependent D irector:</b> December 20, 2014  <b>Term:</b> For a period of five (5) years – upto December 19, 2019  <b>Occupation:</b> Service  <b>DIN:</b> 07042374	Indian	41 years	NIL
6	<b>Mrs. Deepti Bhadbhade Jain</b> <i>Non-Executive Director</i>  <b>Address:</b> H. No. 4394 -97/4, A nsari R oad, Daryaganj, Delhi, 110 002, Delhi, India.  <b>Date o f A ppointment a s A dditional D irector:</b> December 27, 2014  <b>Term:</b> For a period of one (1) years – upto December 26, 2015  <b>Occupation:</b> Designer  <b>DIN:</b> 07047638	Indian	28 years	<ul style="list-style-type: none"> <li>Swakrit Design P rivate Limited</li> </ul>

For further details on their qualification, experience etc., please see their respective biographies under the heading “Brief Biographies” below.

#### Other Notes:

- Mr Atul Jain and Mr. Satender Jain are first cousins. Also, Mrs. Deepti Bhadbhade Jain is distantly related to Mr. Atul Jain as the daughter-in-law of his Sister.
- There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director.
- There are no service contracts entered into by the Directors with our Company providing for benefits upon termination of employment.

- None of the Directors is or was a director of any listed company during the last five years preceding the date of this Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.
- None of the Directors is or was a director of any listed company which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

### **Brief Biographies of our Directors**

**Mr Atul Kumar Jain** aged 47 years, is the Chairman and Managing Director of our Company. He has completed his degree in Bachelors of Commerce in the year 1988 from Maharshi Dayanand University and started his career with a family business of Brick Kilns, Trading of Coal and Mining of Silica Sand. He has also run various other businesses like real estate, event management, hospitality, pharmaceuticals etc. In 2003, he acquired the dealership of Force Motor and incorporated our Company. He has proved himself as an entrepreneur and also runs business in pharmaceutical sector under our Group Companies. He is responsible of the overall growth and development of our Company and for taking all key decisions in consultation with the Board. He was appointed as the Chairman and Managing Director of the Company on December 20, 2014.

**Mr. Satender Kumar Jain** aged 51 years, is the Whole Time Director of our Company. He has completed Diploma in Pharmacy in the year 1983 from the State Board of Technical Education Haryana. He started his career with a jewellery business in the name of Satender Kumar Jain & Saraf and also started business in share trading for a short time. In 2003, when our Company was incorporated, he joined the Company as the CEO, thus lending his experience to our Company. As the Whole Time Director, he is responsible for the daily activities and administration of the Company and also is an integral part of decision making in consultation with the Board. He was re-appointed as Whole Time Director of the Company on December 20, 2014.

**Mr. Pankaj Bhai** aged 42 years, is a Non-Executive Independent Director of our Company. He has completed his Bachelors in Commerce in the year 1994 from Delhi University. He started his career with Vogue Textiles Limited as a merchandiser and over the next 20 years, he has gained experience in the textile industry working with various entities like Raj Overseas, Vintage Home Fashions and Sabara International Limited (VP – Sales), among others. As an Independent Director he is responsible for providing his expertise & inputs and for ensuring the board adheres to the required corporate governance requirements. He is currently a Director in Pari Creations Private Limited and Nadia Wovens Private Limited. He was appointed on our board on November 30, 2014.

**Mr. Mahesh Pandey** aged 54 years, is a Non-Executive Independent Director of our Company. He has completed his Bachelors of Technology (Civil Engineering) Degree in the year 1981 from Kanpur University and has over 33 years of experience in construction / infrastructure industry. He has been part of and headed the Project Management team in various companies like ACT Iraq, API Ansals, Punj Lloyd Ltd., DS Construction Ltd. and IL&FS Engineering and Construction Company Ltd. As an Independent Director he is responsible for ensuring the board adheres to the required corporate governance requirements. He was appointed on our board on February 17, 2015.

**Mr. Sumeet Alakh** aged 41 years, is a Non-Executive Independent Director of our Company. He has completed his degree in Masters in Business Administration (Marketing) in the year 1997 from University of Pune. He has amassed over 16 years experience in Sales, Public Relation, Corporate Communications, Contract Management and Marketing & Business Development. He started his career with Tata Finance Limited and went on to work with companies like Aviva Life Insurance, Bajaj Allianz Life Insurance and Shriram Life Insurance Company. He later joined Ancalima Lifesciences Ltd. as the VP – Sales & Marketing and is currently working as the Head – Business Development CAF India (P) Ltd. As an Independent Director he is responsible for providing his expertise & inputs and for ensuring the board adheres to the required corporate governance requirements. He was appointed on our board on December 20, 2014.

**Mrs. Deepti Bhadbhade Jain** aged 28 years, is a Non-Executive Director of our Company. She has pursued a Graduate Diploma in Exhibition (Spatial) Design, Spatial Design in the year 2008 from the National Institute of Design, Ahmadabad. She is working as a teacher and as visiting faculty in various institutes including National Institute of Design, Pearl Academy and MIT, Pune. She is currently engaged as a Spatial Designer since March 2011. She was appointed as a Non – Executive Director on December 27, 2014.

## BORROWING POWERS OF OUR BOARD OF DIRECTORS

Our Company at its Extra-Ordinary General Meeting held on December 10, 2014 passed a resolution authorizing Board of Directors pursuant to the provisions of section 180 (1) (c) of the Companies Act, 2013 for borrowing from time to time any sum or sums of money from any person(s) or bodies corporate (including holding Company) or any other entity, whether incorporated or not, on such terms and conditions as the Board of Directors may deem fit for the purpose of the Company's business. The monies so borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained from the banks in the ordinary course of business) may exceed the aggregate of the paid up share capital of our Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of such borrowings together with the amount already borrowed and outstanding shall not, at any time, exceed ₹ 100 crores (Rupees Hundred Crores).

## REMUNERATION OF DIRECTORS

### ▪ Atul Jain, Managing Director

The compensation package payable to him as resolved in the shareholders meeting held on December 20, 2014 is stated hereunder:

**Salary, allowances and Perquisites:** ₹ 3,00,000 per annum (inclusive of all benefits)

**Bonus:** Nil

**Commission:** Subject to overall limit laid down in Section 197 of the Companies Act, 2013, such percentage of the net profit of the company as may be decided by the Board of Directors for each financial year.

### ▪ Satender Kumar Jain, Whole-Time Director

The compensation package payable to her as resolved in the shareholders meeting held on December 20, 2014, is stated hereunder:

**Salary, allowances and Perquisites:** ₹ 1,80,000 per annum (inclusive of all benefits)

**Bonus:** Nil

**Commission:** Subject to overall limit laid down in Section 197 of the Companies Act, 2013, such percentage of the net profit of the company as may be decided by the Board of Directors for each financial year.

### ▪ Compensation of Non-Executive Directors

The Board of Directors have accorded their approval for payment of sitting fee, in their meeting held on February 16, 2015, whereby the Non-Executive Independent Directors of our Company would be entitled to a sitting fee of ₹ 2500, for attending every meeting of Board or its committee thereof.

Compensation paid to Directors for the last completed financial year (i.e. Year ended March 31, 2015)

Sr. No.	Name of the Director	Remuneration (₹)	Sitting Fees (₹)	Other Fees (₹)	Total Fees Paid (₹)
1.	Mr. Atul Jain	3,00,000	-	-	3,00,000
2.	Mr. Satender Jain	60,000	-	-	60,000
3.	Mr. Pankaj Bhai	-	-	-	-
4. -	Mr. Mahesh Pandey	-	-	-	-
5.	Mr. Sumeet Alakh	-	-	-	-
6.	Mrs. Deepti Bhadbhade Jain	-	-	-	-
7.	Mrs. Vandana Jain	-	-	-	-
8.	Mrs. Shanta Jain	-	-	-	-
9.	Mr. Tribhuvan Kaushik	-	-	-	-

## Shareholding of Directors

The following table sets forth the shareholding of our Directors as on the date of this Prospectus:

Name of Directors	No. of Equity Shares held	% of Pre-Issue Paid Up Capital
Mr. Atul Jain	1,705,000	40.84%
Mr. Satender Kumar Jain	5,000	0.12%
Mr. Pankaj Bhai	Nil	N. A.
Mr. Mahesh Pandey	Nil	N. A.
Mr. Sumeet Alakh	Nil	N. A.
Mrs. Deepti Bhadbhade Jain	25,000	0.60 %
<b>TOTAL</b>	<b>17,35,000</b>	<b>41.55%</b>

## INTEREST OF THE DIRECTORS

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or allotted to the companies in which they are interested as Directors, Members, and Promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated in this chapter titled “*Our Management*” and the chapter titled “*Related Party Transactions*” beginning on pages 100 and 136 of this Prospectus respectively, our Directors do not have any other interest in our business.

Our Directors have no interest in any property acquired by our Company within two years of the date of this Prospectus except for the Land purchased by our Company from Mrs. Shanta Jain during the F. Y. 2014-15 for an amount of ₹ 450.00 lakhs. For details, please see *Annexure XVI: Related Party Transactions* and the section of ‘*Properties*’ under “*Our Business*” on page 136 and 80 of this Prospectus.

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

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

Sr. No.	Name of Director	Date of Change/Appointment	Reason for change
1.	Mrs. Vandana Jain	March 05, 2013	Appointment
2.	Mr. Pankaj Bhai	November 20, 2014	Appointment
3.	Mr. Tribhuvan Kaushik	November 20, 2014	Appointment
4.	Mr. Satender Jain	December 10, 2014	Appointment
5.	Mr. Atul Jain	December 20, 2014	Change in Designation
6.	Mr. Satender Jain	December 20, 2014	Change in Designation
7.	Mr. Sumeet Alakh	December 20, 2014	Appointment
8.	Mrs. Vandana Jain	December 27, 2014	Resignation
9.	Mrs. Deepti Bhadbhade Jain	December 27, 2014	Appointment
10.	Mrs. Shanta Jain	December 27, 2014	Resignation
11.	Mr. Tribhuvan Kaushik	February 16, 2015	Resignation
12.	Mrs. Deepti Bhadbhade Jain	February 17, 2015	Change in Designation
13.	Mr. Mahesh Pandey	February 17, 2015	Appointment

## Corporate Governance

The provisions of the SME Equity listing agreement, to be entered into by our Company with the Stock Exchange, will be applicable to our Company immediately upon the listing of our Equity Shares with the Stock Exchange. We have complied in accordance with Clause 52 (as applicable) of the SME Equity listing agreement, particularly in relation to appointment of Independent Directors to our Board and constitution of an Audit committee, a Shareholder’s Relationship Committee and a Nomination and Remuneration Committee.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 52 of the SME Equity listing agreement. In addition, our Company intends to adopt a code of conduct for prevention of insider trading.

We have constituted the following committees of our Board of Directors for compliance with corporate governance requirements:

1. Audit Committee
2. Stakeholder's Relationship Committee
3. Nomination and Remuneration Committee

## 1. AUDIT COMMITTEE

The Audit Committee of our Board was reconstituted by our Directors by a board resolution dated February 17, 2015 pursuant to section 177 of the Companies Act, 2013. The Audit Committee comprises of:

Name of the Member	Nature of Directorship	Designation in Committee
Mr. Pankaj Bhai	Non-Executive Independent Director	Chairman
Mr. Mahesh Pandey	Non-Executive Independent Director	Member
Mr. Sumeet Alakh	Non-Executive Independent Director	Member
Mr. Atul Jain	Executive Non-Independent Director	Member

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

1. Oversight of the Issuer's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (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 audit report.
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the reports 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.
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;

11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. 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.
14. Discussion with internal auditors any significant findings and follow up there on.
15. 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.
16. 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.
17. 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.
18. To review the functioning of the Whistle Blower mechanism,.
19. 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.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

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

**The Audit Committee enjoys following powers:**

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

**The Audit Committee shall mandatorily review the following information:**

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and



- e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

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

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

### Meeting of Audit Committee

The audit committee shall meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there shall be a minimum of two independent members present. Since the formation of the committee, no Audit Committee meetings have taken place.

## 2. STAKEHOLDER'S RELATIONSHIP COMMITTEE

The Shareholder and Investor Grievance Committee of our Board were reconstituted by our Directors pursuant to section 178 (5) of the Companies Act, 2013 by a board resolution dated February 17, 2015. The Shareholder and Investor Grievance Committee comprises of:

Name of the Member	Nature of Directorship	Designation in Committee
Mr. Mahesh Pandey	Non-Executive Independent Director	Chairman
Mr. Pankaj Bhai	Non-Executive Independent Director	Member
Mr. Sumeet Alakh	Non-Executive Independent Director	Member

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

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

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

### Quorum and Meetings

The quorum necessary for a meeting of the Stakeholders Relationship Committee shall be two members or one third of the members, whichever is greater. Since the formation of the committee, no Stakeholders Relationship Committee meetings have taken place..

### Policy on Disclosures & Internal procedure for prevention of Insider Trading

The provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchange. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 on listing of our Equity Shares on stock exchange.

## 3. REMUNERATION COMMITTEE

The Remuneration Committee of our Board was reconstituted by our Directors pursuant to section 178(1) of the Companies Act, 2013 by a board resolution dated February 17, 2015

The Nomination and Remuneration Committee currently comprises of:

Name of the Member	Nature of Directorship	Designation in Committee
Mr.Sumeet Alakh	Independent Director	Chairman
Mr.Pankaj Bhai	Independent Director	Member
Mr.Mahesh Pandey	Independent Director	Member

The scope of Nomination and Remuneration Committee shall include but shall not be restricted to the following:

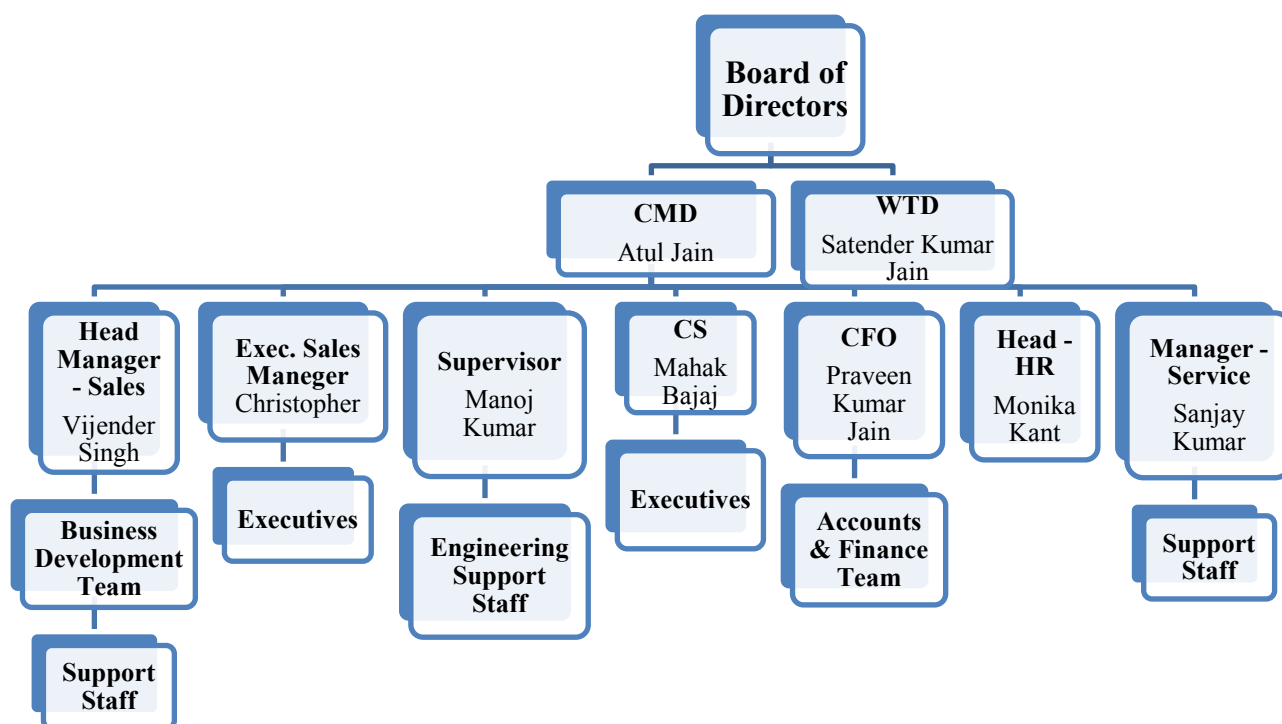
- Meetings of the committee shall be held whenever pertaining to the remuneration payable including any revision in the remuneration payable to executives/non-executives Directors is to be made;
- To recommend the Board, remuneration package of the Company's Directors;
- All information about the Directors/Managing Directors/Whole Time Directors i.e. background details, past remuneration, recognition or awards, job profile shall be considered and disclosed to the shareholders;
- The committee shall take into consideration and ensure the compliance of provisions under Schedule V of the Companies Act, 2013 and other applicable provisions of the Act, while recommending remuneration of managing directors/whole time directors;
- While recommending the remuneration, the Committee shall take into account the Financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee
- Specific disclosures on the remuneration of the directors shall be made in the Section of the Cooperate Governance of the annual report

#### *Quorum and Meetings*

The quorum necessary for a meeting of the Nomination and Remuneration Committee shall be two members or one third of the members, whichever is greater. The Committee is required to meet at least once a year.

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

## Management Organisation Structure



### Terms & Abbreviations

CFO	- Chief Finance Officer
CMD	- Chairman and Managing Director
CS	- Company Secretary
HR	- Human Resources
WTD	- Whole-Time Director

## KEY MANAGERIAL PERSONNEL

The details of our key managerial personnel are as below –

Name of Employee	Designation & Functional Area	Date of Joining	Current C.T.C p.a. (₹ in lakhs)	Qualification	Name of Previous Employer(s)	Total years of Experience
Praveen Jain	Chief Financial Officer (CFO)	16/02/2015	1.20	M. Com; M. Phil (Commerce); and L.L.B.	Naveen Prem & Associates	14 years
Mahak Bajaj	Company Secretary	16/02/2015	3.00	Company Secretary	• One97 Communications Limited	1 year 4 months
Vijender Singh	Head – Sales	1/04/2012	1.92	Under-Graduate	<ul style="list-style-type: none"> <li>• Worked as a mechanic in shops</li> <li>• Sales &amp; Marketing in automobile ancillary shops</li> </ul>	22 years
Christopher	Sales Manager	1/08/2014	1.96	Under-Graduate	<ul style="list-style-type: none"> <li>• Freelance sale of automobile spare parts in Delhi &amp; Karnal</li> <li>• Arman Force</li> <li>• VPS Motors</li> <li>• Shree Automobile</li> </ul>	27 years
Monika Kant	Head – HR	24/10/2014	0.78	Under-Graduate	<ul style="list-style-type: none"> <li>• TVS</li> <li>• Honda</li> </ul>	1 year
Ravi Kumar	Manager – Service	01/08/2014	0.68	Under-Graduate	• Gautam Motors (Tata Motors)	1 year 5 months
Manoj Kumar	Supervisor	1/11/2014	0.70	Under-Graduate	• Saigal Automobiles	5 years

The aforementioned Key Managerial Personnel are on the payrolls of our Company as permanent employees.

Also, they are not related parties as per the Accounting Standard 18.

### Relationship amongst the Key Managerial Personnel

None of the aforementioned Key Managerial Personnel are related to each other.

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

### Shareholding of Key Managerial Personnel

None of the Key Managerial Personnel in our Company holds any shares of our Company as on the date of this Prospectus.

### Interest of Key Managerial Personnel

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

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

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

### **Loans taken by Key Management Personnel**

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

### **Employee Share Purchase and Employee Stock Option Scheme**

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

### **Payment or Benefit to our Officers**

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

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


<b>Name</b>	<b>Current Designation</b>	<b>Date of Joining</b>	<b>Date of Leaving</b>
Christopher	Sales Manager	01/08/2014	-
Ravi Kumar	Manager – Service	01/08/2014	-
Monika Kant	Head HR	24/10/2014	-
Manoj Kumar	Supervisor / In-charge	01/11/2014	-
Sanjay Kumar	Head-Service Manager	01/01/2015	-
Praveen Jain	Chief Financial Officer	16/02/2015	-
Mahak Bajaj	Company Secretary	16/02/2015	-
Sanjay Kumar	Head-Service Manager		31/05/2015


## OUR PROMOTER, PROMOTER GROUP AND GROUP COMPANIES

### OUR PROMOTERS

Mr. Atul Kumar Jain and Mrs. Vandana Jain are the Promoters of our Company.

The details of our Promoters are provided below:

Mr. Atul Jain	
	<b>Mr. Atul Kumar Jain</b> aged 47 years, is the Chairman and Managing Director of our Company. He has obtained degree in Bachelors of Commerce in the year 1988 from Maharshi Dayanand University and started his career with a family business of Brick Kilns, Trading of Coal and Mining of Silica Sand. He has also run various other businesses like real estate, event management & hospitality. In 2003, he acquired the dealership of Force Motor and incorporated our Company. He has proved himself as an entrepreneur and also runs business in pharmaceutical sector under our Group Companies. He is responsible of the overall growth and development of our Company and for taking all key decisions in consultation with the Board. He was appointed as the Managing Director of the Company on December 20, 2014.
<b>Other Interests</b>	<ul style="list-style-type: none"> <li>• Fabino Life Sciences Limited</li> <li>• Keshav Healthfoods Private Limited</li> <li>• NBL Buildcon Private Limited</li> <li>• Vaksans Metaplast Private Limited</li> <li>• M/s. Auriga Labs</li> <li>• M/s. Keepwell Food</li> </ul>
<b>Voter ID</b>	BLB3032737
<b>Driving License</b>	227 / DL / 97
<b>PAN</b>	AAOFJ5078R
<b>Passport Number</b>	Z 1903521
<b>Personal Address</b>	H. No. 62, Sector 15, Sonapat, 131001, Haryana
<b>Bank Account No.</b>	3916000100010197
<b>Bank Name &amp; Branch</b>	Punjab National Bank, Kundli, Haryana

Mrs. Vandana Jain	
	<b>Mrs. Vandana Jain</b> aged 44 years, is the wife of our core promoter, Mr. Atul Jain and has been a promoter shareholder of our company since March 2003. She is an undergraduate and was engaged in the Event Management and Hospitality business started by Mr. Atul Jain. After the closure of these businesses, she has recently started her proprietorship firm in the name of M/s. Aditya Overseas
<b>Other Interests</b>	<ul style="list-style-type: none"> <li>• M/s. Aditya Overseas</li> </ul>
<b>Voter ID</b>	BLB3032745
<b>Driving License</b>	--
<b>PAN</b>	AAMPJ6134E
<b>Passport Number</b>	E 7313133
<b>Personal Address</b>	H. No. 62, Sector 15, Sonapat, 131001, Haryana
<b>Bank Account No.</b>	1457000101097757
<b>Bank Name &amp; Branch</b>	Punjab National Bank, Sonapat, Haryana

For details of the build-up of our Promoters' shareholding in our Company, please see "Capital Structure –Notes to Capital Structure" on page 41 of this Prospectus.

### Other Undertakings and Confirmations

We confirm that the Permanent Account Number, Bank Account number and Passport number of our Promoters shall be submitted to the Stock Exchange at the time of filing of the Draft Prospectus with the Stock Exchange.

Our Promoters and the members of our Promoter Group have confirmed that they have not been identified as wilful defaulters by the RBI or any other governmental authority.

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

### **Companies with which the Promoter has disassociated in the last three years**

Our Promoters have not disassociated themselves from any companies, firms or entities during the last three years preceding the date of this Prospectus.

### **Interests of Promoters and Common Pursuits**

None of our Directors / Promoters have any interest in our Company except to the extent of compensation payable / paid and reimbursement of expenses (if applicable) and to the extent of any equity shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as director, member, partner, and / or trustee, and to the extent of benefits arising out of such shareholding. For further details please see the chapters titled “*Capital Structure*”, “*Our Promoters, Promoter Group and Group Companies*” and “*Our Management*” beginning on pages 41, 112 and 100 of this Prospectus.

Except as stated otherwise in this Prospectus, we have not entered into any contract, agreements or arrangements in which our Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company other than in the normal course of business. Further, except as disclosed in this chapter, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by us.

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

Except as stated in “*Annexure XVI – Statement of Related Party Transactions*” of the chapter titled “*Financial Statements*” beginning on page 123 of this Prospectus, there has been no payment of benefits to our Promoters during the two years preceding the date of the Prospectus.

### **Interest of Promoters in the Promotion of our Company**

Our Company is currently promoted by the promoters in order to carry on its present business. Our Promoters are interested in our Company to the extent of their shareholding and directorship in our Company and the dividend declared, if any, by our Company.

### **Interest of Promoters in the Property of our Company**

Our Promoters have confirmed that they do not have any interest in any property acquired by our Company within two years preceding the date of this Prospectus or proposed to be acquired by our Company as on the date of this Prospectus except for the Land purchased by our Company from Mrs. Shanta Jain during the F. Y. 2014-15 for an amount of ₹ 450.00 lakhs. For details, please see *Annexure XVI: Related Party Transactions* and the section of ‘*Properties*’ under “*Our Business*” on page 136 and 80 of this Prospectus.

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



## Interest of Promoters in our Company other than as Promoters

Other than as Promoters, our Promoters are interested in our Company to the extent of their shareholding and directorship in our Company and the dividend declared, if any, by our Company. For details please see chapters titled “Our Management” and “Capital Structure” beginning on pages 100 and 41 respectively of this Prospectus.

Except as mentioned in this section and the chapters titled “Business Overview”, “Objects of the Issue”, “History and Certain Corporate matters” and “Annexure XVI – Statement of Related Party Transactions” of this section titled “Financial Information” beginning on pages 80, 50, 97 and 136 of this Prospectus, respectively, our Promoters do not have any interest in our Company other than as promoters.

## Related Party Transactions

Except as stated in the “Annexure XVI – Statement of Related Party Transactions” on page 136 of this Prospectus, our Company has not entered into related party transactions with our Promoters or our Group Companies.

## Shareholding of the Promoter Group in our Company

For details of shareholding of members of our Promoter Group as on the date of this Prospectus, please see the chapter titled “Capital Structure – Notes to Capital Structure” beginning on page 41 of this Prospectus.

## Other Confirmations

Our Company has neither made any payments in cash or otherwise to our Promoters or to firms or companies in which our Promoters are interested as members, directors or promoters nor have our Promoters been offered any inducements to become directors or otherwise to become interested in any firm or company, in connection with the promotion or formation of our Company otherwise than as stated in the “Annexure XVI – Statement of Related Party Transactions” on page 136 of this Prospectus.

## Outstanding Litigation

There is no outstanding litigation against our Promoters except as disclosed in the section titled “Risk Factors” and chapter titled “Outstanding Litigation and Material Developments” beginning on pages 10 and 150 of this Prospectus.

## OUR PROMOTER GROUP AND GROUP COMPANIES

Apart from our Promoters, as per Regulation 2(1)(zb) of the SEBI (ICDR) Regulation, 2009, the following individuals and entities shall form part of our Promoter Group:

### 1. Natural Persons who are Part of the Promoter Group

Name of the Promoter	Name of the Relative	Relationship with the Promoter
<b>Mr. Atul Jain</b>	Late Mahavir Parsad Jain	Father
	Shanta Jain	Mother
	Vandana Jain	Wife
	Jinender Jain	Brother
	Kamal Naini Jain	Sister
	Aditya Mahavir Jain	Son
	Neha Jain, Shreya Jain	Daughter(s)
	Om Parkash Aggarwal	Spouse's Father
	Kiran Aggarwal	Spouse's Mother
	Arun Aggarwal, Ajay Aggarwal, Subhash Aggarwal	Spouse's Brother
	Indra Gupta, Renu Garg	Spouse's Sister
<b>Mrs. Vandana Jain</b>	Om Parkash Aggarwal	Father
	Kiran Aggarwal	Mother
	Atul Kumar Jain	Husband
	Arun Aggarwal, Ajay Aggarwal, Subhash Aggarwal	Brother(s)
	Indra Gupta, Renu Garg	Sister(s)

Name of the Promoter	Name of the Relative	Relationship with the Promoter
	Aditya Mahavir Jain	Son
	Neha Jain, Shreya Jain	Daughter(s)
	Late Mahavir Prasad Jain	Spouse's Father
	Shanta Jain	Spouse's Mother
	Jinender Jain	Spouse's Brother
	Kamal Naini Jain	Spouse's Sister

## 2. Corporate Entities or Firms forming part of the Promoter Group

As per Regulation 2(1)(zb)(iv) of the SEBI (ICDR) Regulations, 2009, the following entities / companies shall form part of our Promoter Group:

Sr. No.	Name of Promoter Group Entity / Company
1	Fabino Life Sciences Ltd.
2	NBL Buildcon Pvt. Ltd.
3	Keshav Health food Pvt. Ltd.
4	M/s Auriga Labs ( Proprietor : Atul Jain)
5	M/s Keepwell Food ( Proprietor : Atul Jain)
6	M/s Aditya Overseas ( Proprietor : Vandana Jain)

## GROUP COMPANIES / ENTITIES

Following companies / entities form part of our “Group Companies / Entities”:

- 1) Fabino Life Sciences Ltd.
- 2) NBL Buildcon Pvt. Ltd.
- 3) Keshav Health food Pvt. Ltd.
- 4) M/s. Auriga Labs ( Propreitor : Atul Jain)
- 5) M/s. Keepwell Food ( Propreitor : Atul Jain)
- 6) M/s. Aditya Overseas ( Propreitor : Vandana Jain)

## FINANCIAL INFORMATION OF GROUP ENTITIES

As per Schedule VIII (IX)(C)(2) of the SEBI (ICDR) Regulations 2009, the financial information of top five group companies on the basis of Turnover, are given below:

### I. Fabino Life Sciences Ltd. (herein after known as “FLSL”)

FLSL was incorporated under the Companies Act, 1956 on October 27, 2011 in the National Capital Territory of Delhi and Haryana. The main object of FLSL is to carry on the business, as manufacturers of and dealers in and importers, and exporters of all kinds of basic drugs, drug intermediates, pharmaceuticals, medicinal, herbal, bacteriological, biological, and all allied products thereof. The CIN of the company is U24100DL2011PLC226781

Its registered office is situated at 105, 1st Floor, Barodia Tower, Plot no. 12, D Block, Central Market, Prashant Vihar, New Delhi, Delhi - 110085

### Board of Directors as on August 31, 2015

- Mr. Atul Jain
- Mr. Vaibhav Jain
- Mr. Kuldeep Singh Solanki
- Ms. Kamal Naini Jain
- Mr. Shounak Roychowdhury
- Mr. Arvind Kumar

### Shareholding Pattern

The shareholding of our Promoters in FLSL as on date of this Prospectus is as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares Held	% of Total Equity Holding
1.	Atul Jain	1,25,000	83.33%
2.	Vandana Jain	21,000	14.00%
3.	Vaibhav Jain	500	0.33%
4.	Shreya Jain	1,000	0.66%
5.	Virendra Jain	700	0.46%
6.	Shanta Jain	600	0.40%
7.	Kamal Naini Jain	700	0.46%
8.	Jagdish Chander	500	0.33%
	<b>Total</b>	<b>1,50,000</b>	<b>100.00%</b>

### Brief Audited Financials of FLSL

(₹ in lakhs)

Particulars	As at March 31		
	2015	2014	2013
Equity Capital	5.00	1.00	1.00
Reserves and Surplus (excluding revaluation reserve)	3.93	(1.23)	(1.18)
Share Application Money	0.00	0.00	1.24
Net Worth <sup>(1)</sup>	8.93	(0.23)	1.06

Income including other income	202.46	2.06	2.29
Profit/ (Loss) after tax	5.16	(0.05)	(0.10)
Earnings per share (face value of ₹ 10 each) (in ₹)	39.17	(0.55)	(0.97)
Net asset value per share <sup>(2)</sup>	17.86	(2.30)	(1.77)

<sup>(1)</sup> Networth calculated as: sum of Equity Share Capital, Reserves (excluding revaluation reserve), Share Application Money (if any) less Miscellaneous Expenses not written off (if any)

<sup>(2)</sup> NAV per share calculated as : sum of Equity Share Capital, Reserves (excluding revaluation reserve) less Miscellaneous Expenses not written off (if any) / No. of shares outstanding as on date

#### Other Disclosures:

The Equity Shares of FLSL are not listed on Stock Exchange

FLSL is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up. Further, FLSL neither has a negative net-worth nor has made a loss in the immediately preceding year.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

## II. NBL Buildcon Private Limited (herein after known as “NBPL”)

NBPL was incorporated under the Companies Act, 1956 on March 17, 2006 in the National Capital Territory of Delhi. The main object of NBPL is to carry on business as the promoters, builders, developers, realtors, colonisers, architects, contractors, dealers, engineers, interior decorators of infrastructure such as township, commercial complex, road, and highway, bridges, canals, culverts, fountains, reservoirs, dams, sanitary work sewers, power supply works. Further, to carry on business as real estate agents and to engage in all type of construction activities. The CIN of the company is U45201DL2006PTC147627.

Its registered office is situated at ED2C, Pitampura, Madhuban Chowk New Delhi – 110 034.

#### Board of Directors as on August 31, 2015

- Mr. Atul Jain
- Mr. Jagdish Chander Sukhlan

#### Shareholding Pattern

The shareholding of our Promoters in NBPL as on date of this Prospectus is as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares Held	% of Total Equity Holding
1.	Atul Jain	5000	50.00%
2.	Jagdish Chander Sukhlan	5000	50.00%
	<b>Total</b>	<b>10,000</b>	<b>100.00%</b>

#### Brief Audited Financials of NBPL

(₹ in lakhs)

Particulars	As at March 31		
	2014	2013	2012
Equity Capital	1.00	1.00	1.00
Reserves and Surplus (excluding revaluation reserve)	1.48	1.45	1.44
Net Worth <sup>(1)</sup>	2.44	2.39	2.36
Income including other income	4.68	4.60	0.00
Profit/ (Loss) after tax	0.03	0.01	(0.10)
Earnings per share (face value of ₹ 10 each) (in ₹)	0.26	0.13	(0.97)
Net asset value per share <sup>(2)</sup>	24.40	23.94	23.61

<sup>(1)</sup> Networth calculated as: sum of Equity Share Capital, Reserves (excluding revaluation reserve), Share Application Money (if any) less Miscellaneous Expenses not written off (if any)

<sup>(2)</sup> NAV per share calculated as : sum of Equity Share Capital, Reserves (excluding revaluation reserve) less Miscellaneous Expenses not written off (if any) / No. of shares outstanding as on date

#### Other Disclosures:

The Equity Shares of NBPL are not listed on Stock Exchange

NBPL is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up. Further, NBPL neither has a negative net-worth nor has made a loss in the immediately preceding year.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

### III. Keshav Health Foods Pvt. Ltd. (herein after known as “KHFPL”)

KHFPL was incorporated under the Companies Act, 1956 on September 17, 2009 in the National Capital Territory of Delhi and Haryana. The main object of KHFPL is to carry out all kinds of activities related with the trading, manufacturing, importing, exporting, buying, selling of all kinds of health foods including vitamins, energy, tablets, syrup, spices, and consumable commodities. The CIN of the company is U15400DL2009PTC194427

Its registered office is situated at BU-70, SFS Flat, Pitam Pura, Delhi – 110034.

#### Board of Directors as on August 31, 2015

- Mr. Atul Jain
- Mr. Jagdish Chander Sukhlan

#### Shareholding Pattern

The shareholding of our Promoters in KHFPL as on date of this Prospectus is as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares Held	% of Total Equity Holding
1.	Atul Jain	5,000	50.00%
2.	Jagdish Chander Sukhlan	5,000	50.00%
	<b>Total</b>	<b>10,000</b>	<b>100.00%</b>

#### Brief Audited Financials of KHFPL

(₹ in lakhs)

Particulars	As at March 31		
	2014	2013	2012
Equity Capital	1.00	1.00	1.00
Reserves and Surplus (excluding revaluation reserve)	(0.25)	(0.18)	(0.14)
Net Worth <sup>(1)</sup>	0.55	0.62	0.66
Income including other income	0.00	0.00	0.00
Profit/ (Loss) after tax	(0.07)	(0.04)	(0.03)
Earnings per share (face value of ₹ 10 each) (in ₹)	(0.70)	(0.41)	(0.35)
Net asset value per share <sup>(2)</sup>	5.48	6.18	6.59

<sup>(1)</sup> Networth calculated as: sum of Equity Share Capital, Reserves (excluding revaluation reserve), Share Application Money (if any) less Miscellaneous Expenses not written off (if any)

<sup>(2)</sup> NAV per share calculated as : sum of Equity Share Capital, Reserves (excluding revaluation reserve) less Miscellaneous Expenses not written off (if any) / No. of shares outstanding as on date

#### Other Disclosures:

The Equity Shares of KHFPL are not listed on Stock Exchange

KHFPL is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up. Further, KHFPL does not have a negative net-worth in the immediately preceding year.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

## **PROPRIETARY FIRMS**

### **IV. M/s. Auriga Labs**

M/s. Auriga Labs is a sole proprietorship firm formed by Mr. Atul Jain with Sales Tax registration date as December 21, 2010. It was formed to run the business of dealing in medicines.

#### **Nature and extent of interest of the Promoters**

Mr. Atul Jain is the proprietor of the firm which has capital of ₹ 50.49 lakhs as on March 31, 2014.

### **V. M/s. Keepwell Foods**

M/s. Keepwell Foods is a sole proprietorship firm formed by Mr. Atul Jain with Sales Tax registration date as May 28, 2010. It was formed to run the business of manufacture of foods & beverages

#### **Nature and extent of interest of the Promoters**

Mr. Atul Jain is the proprietor of the firm which has capital of ₹ 21.17 lakhs as on March 31, 2014.

### **VI. M/s Aditya Overseas**

M/s. Aditya Overseas is a sole proprietorship firm owned by Mrs. Vandana Jain with VAT registration date as February 25, 2015. The firm is in the business of trading in metals.

#### **Nature and extent of interest of the Promoters**

Mrs. Vandana Jain is the proprietor of the firm which has capital of ₹ 60.00 lakhs as on March 15, 2015.

## **NATURE AND EXTENT OF INTEREST OF GROUP COMPANIES**

### **a) In the promotion of the Company**

None of the Group Companies have any interest in the promotion of the Company, except to the extent of their shareholding in the Company, if any. For details regarding the shareholding of our Group Companies in our company, please see the chapter titled “*Capital Structure*” beginning on page 41 of this Prospectus.

### **b) In the properties acquired or proposed to be acquired by the Company in the past two years**

Our Company has not acquired any property from the Group Companies in the past two years nor does it propose to acquire any properties from its Group Companies.

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

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

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

For details, please see the chapter titled “*Annexure XVI - Related Party Transactions*” on page 136 of this Prospectus.

## **Business Interest of Group Companies in the Company**

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Except as disclosed above, and in the chapters titled “*Business Overview*” and “*Related Party Transactions*” beginning on pages 80 and 136 respectively of this Prospectus, none of the Group Companies have any business interest in our Company.

Further, none of our Group Companies or Entities are currently engaged in a business similar to ours.

**Sale / Purchase between Group Companies**

For details, please see the chapter titled “*Annexure XVI - Related Party Transactions*” on page 136 of this Prospectus.



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## CURRENCY OF PRESENTATION

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

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

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

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## **DIVIDEND POLICY**

Under the Companies Act, 2013, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the General Meeting. The shareholders of our Company have the right to decrease, not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

There are no dividends declared by our Company since incorporation.

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

## SECTION VI - FINANCIAL INFORMATION OF THE COMPANY

### FINANCIAL STATEMENTS OF OUR COMPANY

**The Board of Directors,  
Vaksons Automobiles Limited**  
105, 1<sup>st</sup> Floor, Barodia Tower,  
D Block, Central Market  
Prashant Vihar, New delhi-110085

Dear Sirs,

#### **Re: Proposed Public Issue of Equity Shares of Vaksons Automobiles Limited (VAL).**

We have examined the Financial Information of **VAKSONS AUTOMOBILES LIMITED** (hereinafter referred to as '**the Company**') contained in the statements annexed to this report, which have been approved by the Board of Directors, proposed to be included in the Draft Prospectus / Prospectus in connection with the proposed Initial Public Offer of Equity Shares of the Company under the Fixed Price Method.

In terms of the requirement of:

- a. Sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act, 2013 (the "Act") read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules ('the Rules'), 2014;
- b. The Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009, issued by SEBI on August 26, 2009, in pursuance of Section 11 A (1) (a) of Securities and Exchange Board of India Act (SEBI), 1992, 'SEBI (ICDR) Regulations';

#### **Financial Information as per audited financial Statements:**

- a. We have examined the accompanied 'Statement of Restated Profits and Losses' (**Annexure – II**) for the years ended on 31<sup>st</sup> March 2011, 2012, 2013, 2014 and 2015 and the Statement of Restated Assets and Liabilities' (**Annexure – I**) as on those dates, forming Part of the 'Financial Information' dealt with by this Report, detailed below. Both read together with the Significant Accounting Policies and Notes to Accounts (**Annexure – IV & V**) thereon, which are the responsibility of the Company's management. The information have been extracted from the financial statements for the financial year ended 31<sup>st</sup> March 2011, & 2012 audited by M/s R.S. Gahlyan & Associates, Chartered Accountants and year ended 31<sup>st</sup> March 2013, 2014 and 2015 audited by M/s DNJ & Co, Chartered Accountants being the Statutory auditors of the Company, and is re-audited by us for the financial year ended 31<sup>st</sup> March 2015, approved by the Board of Directors and adopted by the Members in those respective financial years. We did not carry out any validation tests or review procedures of financial statements for aforesaid financial year audited by M/s DNJ & Co, Chartered Accountants and upon which we have placed our reliance while reporting.
- b. Based on the above (a) and also as per the reliance made on the reports submitted by the statutory auditor of the company for the respective years, we report as under:-
  - (i) The statement of Assets and Liabilities, and the Profits and Losses Account of the Company as at the end of each of the five financial years ended on 31<sup>st</sup> March 2011, 2012, 2013, 2014 and 2015, reflect the assets and liabilities and profits and losses extracted from the Balance Sheets and Profit and Loss Accounts for the financial years ended 31<sup>st</sup> March 2011 & 2012, audited by M/s R.S. Gahlyan & Associates, Chartered Accountants and for the financial years ended 2013, 2014 and 2015 audited by M/s DNJ & Co, Chartered Accountants being the Statutory auditors of the Company, and is re-audited by us for the financial year ended 31<sup>st</sup> March 2015, after making such adjustments, regrouping and disclosures as were, in our opinion, appropriate and required to be made in accordance with Clause (b) of paragraph 6.10.2.7 of "the SEBI (ICDR) Regulations."
  - (ii) In our opinion, read with the respective Significant Accounting Policies and subject to/read together with the notes thereon and after making such adjustments, regroupings and disclosures as were, in our opinion, appropriate and required, the financial information referred to above and the other Financial Information herein below, have been prepared in accordance with Sub-clauses (i) and (iii) of clause (b) of sub-section (1)

of section 26 of the Companies Act, 2013 (the “Act”) read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules (‘the Rules’), 2014 and the SEBI (ICDR) Regulations.

#### **Other Financial Information:**

We have also examined the following other financial information relating to the Company proposed to be included in the Draft Prospectus / Prospectus, extracted from each of the financial years ended 31st March 2011, & 2012 audited by M/s R.S. Gahlyan & Associates, Chartered Accountants and for the financial years ended 2013, 2014 and 2015 audited by M/s DNJ & Co, Chartered Accountants being the Statutory auditors of the Company, and is re-audited by us and for the financial year ended 31st March 2015, and annexed to this report:

- ✓ Statement of the Cash Flow of the Company (Annexure – III)
- ✓ Statement of Fixed Assets (Annexure – VI)
- ✓ Statement of Non Current Investments (Annexure – VII)
- ✓ Statement of Trade Receivables (Annexure –VIII)
- ✓ Statement of Short Term Loans & Advances (Annexure – IX)
- ✓ Statement of Other Current Assets (Annexure – X)
- ✓ Statement of Long Term Borrowings(Annexure – XI)
- ✓ Statement of Other Current Liabilities (Annexure – XII)
- ✓ Statement of Short Term Provisions (Annexure – XIII)
- ✓ Statement of Revenue from Operations (Annexure – XIV)
- ✓ Statement of Other Income (Annexure – XV)
- ✓ Schedule of Related Party Transactions (Annexure – XVI)
- ✓ Capitalization Statement (Annexure – XVII)
- ✓ Schedule of Contingent Liability (Annexure – XVIII)
- ✓ Schedule of Dividend Paid (Annexure – XIX)
- ✓ Summary of Accounting Ratios (Annexure – XX)
- ✓ Statement of Tax Shelter (Annexure – XXI)

This report should not in any way be construed to be a re-issuance or re-dating of any of the previous audit reports issued by the other firm of Chartered Accountants, nor should it be construed to be a new opinion on any of the financial statements referred to herein.

Our this report, is being provided solely for the use of Vaksons Automobiles Limited, for the purpose of its inclusion in the said Draft Prospectus / Prospectus in connection with the proposed Initial Public Offer of the Equity Shares of the Company.

**For M/s Singla & Associates**  
**Chartered Accountants**

**(CA. S C Singhal)**  
**Partner**  
**Membership No: 088157**  
**Firm registration no: 005104N**

**Date: September 08, 2015**  
**Place: New Delhi**

**Annexure I- STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**
*(₹ in lakhs)*

Particulars	As on March 31,				
	2015	2014	2013	2012	2011
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
(a) Share capital	417.53	17.53	17.53	17.53	17.53
(b) Reserves and surplus	242.24	13.71	3.10	(0.31)	(1.82)
<b>Total Shareholder's Funds(A)</b>	<b>659.77</b>	<b>31.24</b>	<b>20.63</b>	<b>17.22</b>	<b>15.71</b>
<b>Share application money pending allotment (B)</b>	-	-	-	-	-
<b>Non-current liabilities</b>					
(a) Long-term borrowings	114.69	42.66	16.35	8.90	9.70
(b) Deferred tax liabilities (net)	-	0.56	0.28	-	-
<b>Total Non Current Liabilities (C)</b>	<b>114.69</b>	<b>43.22</b>	<b>16.63</b>	<b>8.90</b>	<b>9.70</b>
<b>Current liabilities</b>					
(a) Short-term borrowings	203.33	169.99	164.40	96.47	65.57
(b) Trade payables	196.46	55.34	59.90	48.42	56.79
(c) Other current liabilities	27.76	48.93	45.46	23.42	23.13
(d) Short-term provisions	9.08	4.48	0.97	0.25	-
<b>Total Current Liabilities (D)</b>	<b>436.63</b>	<b>278.74</b>	<b>270.73</b>	<b>168.56</b>	<b>145.49</b>
<b>TOTAL (A+B+C+D)</b>	<b>1,211.09</b>	<b>353.19</b>	<b>307.98</b>	<b>194.68</b>	<b>170.90</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
(a) Fixed assets					
(i) Tangible assets	593.04	48.56	17.18	6.40	6.07
(ii) Intangible assets	-	-	-	-	-
(b) Non-current investments	-	-	-	-	-
(c) Non-current assets	37.33	20.70	19.09	17.68	14.59
(c) Deferred tax assets (net)	2.74	-	-	0.67	1.28
(d) Long-term loans and advances	42.77	5.95	14.80	2.52	3.38
<b>Total Non Current Assets (A)</b>	<b>675.88</b>	<b>75.21</b>	<b>51.06</b>	<b>27.27</b>	<b>25.31</b>
<b>Current assets</b>					
(a) Current investments	-	-	-	-	-
(b) Inventories	338.34	148.58	165.09	86.08	110.68
(c) Trade receivables	180.21	63.93	38.51	59.57	31.42
(d) Cash and cash equivalents	16.32	24.12	4.41	1.07	3.48
(e) Short-term loans and advances	-	41.35	45.70	17.90	-
(f) Other current assets	0.34	-	3.21	2.79	0.01
<b>Total Current Assets (B)</b>	<b>535.21</b>	<b>277.98</b>	<b>256.92</b>	<b>167.41</b>	<b>145.59</b>
<b>TOTAL(A+B)</b>	<b>1,211.09</b>	<b>353.19</b>	<b>307.98</b>	<b>194.68</b>	<b>170.90</b>

**Annexure II – STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED**
*(₹ in lakhs)*

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
<b>Income</b>					
Revenue from operations	1,621.44	1,419.09	1,202.40	1,226.95	728.31
Other income	3.11	2.08	2.20	2.96	2.15
<b>Total Income</b>	<b>1,624.55</b>	<b>1,421.17</b>	<b>1,204.60</b>	<b>1,229.91</b>	<b>730.46</b>
<b>Expenditure</b>					
Purchases of stock-in-trade	1,672.53	1,315.86	1,203.61	1,161.58	758.52
Changes in inventories	(189.76)	16.51	(79.01)	24.60	(55.44)
Employee benefits expense	22.84	21.66	32.57	13.72	7.92
Finance costs	40.19	30.04	18.24	16.75	11.03
Depreciation and amortisation expense	22.66	4.44	2.01	1.12	1.06
Other expenses	32.17	17.29	22.10	10.01	6.42
<b>Total expenses</b>	<b>1,600.63</b>	<b>1,405.80</b>	<b>1,199.52</b>	<b>1,227.78</b>	<b>729.51</b>
<b>Profit / ( Loss) before ex ceptional a nd extraordinary items and tax</b>	<b>23.92</b>	<b>15.37</b>	<b>5.08</b>	<b>2.13</b>	<b>0.95</b>
Exceptional items	-	-	-	-	-
<b>Profit / ( Loss) b efore ex traordinary i tems a nd tax</b>	<b>23.92</b>	<b>15.37</b>	<b>5.08</b>	<b>2.13</b>	<b>0.95</b>
Extraordinary items	-	-	-	-	-
<b>Profit / (Loss) before tax</b>	<b>23.92</b>	<b>15.37</b>	<b>5.08</b>	<b>2.13</b>	<b>0.95</b>
<b>Tax expense:</b>					
Current tax expense	9.08	4.48	0.97	0.25	-
Deferred tax	(3.29)	0.28	0.95	0.61	(1.28)
<b>Profit / (Loss) from continuing operations</b>	<b>18.13</b>	<b>10.61</b>	<b>3.16</b>	<b>1.27</b>	<b>2.23</b>
<b>Profit / (Loss) from discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Tax expense of discontinuing operations	-	-	-	-	-
<b>Profit / (Loss) from discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit / (Loss) for the year</b>	<b>18.13</b>	<b>10.61</b>	<b>3.16</b>	<b>1.27</b>	<b>2.23</b>

**Annexure III- CASH FLOW STATEMENT, AS RESTATED**
*(₹ in lakhs)*

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net Profit / ( Loss) before extraordinary items and tax	23.92	15.37	5.06	2.13	0.95
<i>Adjustments for:</i>					
Depreciation and amortization	22.66	4.44	2.02	1.12	1.06
Finance costs	40.19	30.04	18.23	16.75	11.03
Interest income	(1.81)	(1.80)	(1.57)	(2.35)	(2.06)
Operating profit / ( loss) before working capital changes	<b>84.96</b>	<b>48.05</b>	<b>23.76</b>	<b>17.65</b>	<b>10.98</b>
<i>Adjustments for :</i>					
Increase/(Decrease) in Inventories	(189.76)	16.51	(79.01)	24.60	(55.44)
Increase/(Decrease) in Trade receivables	(116.28)	(25.42)	21.06	(28.15)	0.22
Increase/(Decrease) in Short-term loans and advances	41.35	4.35	(27.80)	(17.90)	11.74
Increase/(Decrease) in Long-term loans and advances	(36.82)	8.85	(12.28)	1.10	(2.46)
Increase/(Decrease) in Other current assets	(0.34)	3.21	(0.43)	(2.78)	(0.01)
Increase/(Decrease) in Other non-current assets	(16.63)	(1.61)	(1.41)	(3.09)	(10.49)
Increase/(Decrease) in Trade payables	141.12	(4.56)	11.48	(8.37)	46.13
Increase/(Decrease) in Other current liabilities	(21.17)	3.47	22.04	0.29	10.20
Cash Generated from Operations	(113.57)	52.85	(42.59)	(16.65)	10.87
Direct Taxes Paid	4.48	0.97	-	-	-
<b>Net cash flow from / ( used in) operating activities (A)</b>	<b>(118.05)</b>	<b>51.88</b>	<b>(42.59)</b>	<b>(16.65)</b>	<b>10.87</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of Fixed Assets	(567.14)	(35.83)	(12.79)	(1.46)	(3.18)
Interest income	1.81	1.80	1.57	2.35	2.06
<b>Net cash flow from / ( used in) investing activities (B)</b>	<b>(565.33)</b>	<b>(34.03)</b>	<b>(11.22)</b>	<b>0.89</b>	<b>(1.12)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>					
Proceeds From issue of share capital	400.00	-	-	-	7.75
Proceeds From Share Premium	210.40	-	-	-	-
Increase/(Decrease) in Long Term Borrowing	72.03	26.31	7.45	(0.80)	(7.58)
Increase/(Decrease) in Short Term Borrowing	33.34	5.59	67.93	30.90	(0.29)
Finance costs	(40.19)	(30.04)	(18.23)	(16.75)	(11.03)
<b>Net cash flow from / ( used in) financing activities (C)</b>	<b>675.58</b>	<b>1.86</b>	<b>57.15</b>	<b>13.35</b>	<b>(11.15)</b>
<b>Net (Decrease)/Increase in cash and Cash Equivalents(A+B+C)</b>	<b>(7.80)</b>	<b>19.71</b>	<b>3.34</b>	<b>(2.41)</b>	<b>(1.40)</b>
Cash and cash equivalent at beginning of Year	24.12	4.41	1.07	3.48	4.88
<b>Cash and cash equivalent at end of Year</b>	<b>16.32</b>	<b>24.12</b>	<b>4.41</b>	<b>1.07</b>	<b>3.48</b>



## Annexure IV - SIGNIFICANT ACCOUNTING POLICIES

### A. Basis of Preparation of Financial Statements

- a) Financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 2013.
- b) The Company follows the mercantile system of accounting on a going concern basis.
- c) Presentation and disclosure in financial statements

During the year ended March 31, 2012 the revised Schedule VI notified under the Companies act 1956, had become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed by the company for preparation of financial statements. However, it has significant impact on presentation and disclosure made in financial statements. The company has also reclassified the previous year figures in accordance with the requirement applicable in current year.

### B. Use of Estimates

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosure relating to contingent assets and liabilities as at the date of financial statements are reported amounts of incomes and expenses during the period. Actual results could differ from those estimates.

### C. Fixed Assets, including Intangible Assets and Capital Work in Progress

- a) Fixed assets are stated at cost of acquisition or construction (net of Cenvat Credits). All cost relating to the acquisition and installation of fixed assets are capitalized and include borrowing costs directly attributable to construction or acquisition of fixed assets, up to the date of asset is put to use and adjustment arising out of exchange rate variation relating to liabilities attributable to those fixed assets. They are stated at historical cost less depreciation.
- b) Capital Work-In-Progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

### D. Depreciation and Amortization

Depreciation on items listed in Schedule XIV of the Companies Act, 1956 is charged according to the W.D.V. Method at rates specified in the said Schedule. Depreciation on Assets acquired/purchased during the year is provided on prorata basis according to the period each asset was put to use during the year.

### E. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- a) Revenue from job work is recognized on the basis of % completed service contract.
- b) Sales are accounted for on dispatch of goods to the customers and are exclusive of the Excise, sales return rebate & discount, rate difference but inclusive of the sales tax, if any.
- c) Dividend income and insurance claim has been accounted on cash basis.
- d) Commission income, profit on sale of Assets, Investment, Export incentives, Int. on FDR are accounted on accrual basis.

## **F. Inventories**

- a) Inventories of Raw materials are valued at cost, determined on FIFO basis. Cost of Raw Materials Stocks is determined so as to exclude from cost, taxes and duties, which are subsequently Recoverable from taxing authorities.
- b) Stock of Work-in-progress valued at estimated cost.

## **G. Foreign Currency Transactions**

Sometimes the payments are received from the NRI customers in foreign exchange and the amount received after conversion is credited to their accounts. Question of exchange difference does not arise.

## **H. Investment**

Investments are classified into long-term investments and short-term investments. Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long Term Investments & Short Term Investments are carried at cost. No provisions for diminution has been made as in the opinion of the management the diminution are temporary in nature.

## **I. Impairment of Assets**

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment thereof based on external/ internal factors. An impairment loss in accordance with Accounting Standard-28 "Impairment of Assets" is recognized wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the net selling price of assets and their value in use. An impairment loss recognized in prior accounting period is reversed if there has been a change in estimate of recoverable amount.

## **J. Retirement and other Employee Benefits**

- a) Gratuity – Liabilities in respect of Gratuity is assessed actuarially and provided accordingly.
- b) Provident Fund and Leave Encashment – A liability in respect of Provident Fund & Leave Encashment is provided in the accounts on accrual basis for the period.

## **K. Segment Reporting**

- a) The segments have been identified in line with the AS-17, taking into account the organization structure as well as the differential risks and returns of these segments. Business segments have been considered as primary segments.
- b) Inter segment revenue have been accounted for based on the transaction price agreed between segments which is primarily market led.
- c) Geographical segment is not considered as entire sales are effected within India.

## **L. Borrowing cost**

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

## **M. Taxation**

- a) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
- b) Deferred tax is recognized, on timing differences, being the Difference between taxable incomes and accounting income that originates in one period and is capable of reversal in one or more subsequent periods.

- c) Minimum Alternate Tax (MAT) Credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during specified period. The year in which the MAT credit becomes eligible, it is to be recognized as an asset. In accordance with recommendation contained in the guidance note issued by ICAI, said asset is created by way of credit/reversal of provisions to Profit and Loss A/c and shown as MAT Credit Entitlements in Loans and Advances. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal Income Tax during the specified period.

#### N. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

#### O. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period.

- P. There are no Auditor's Qualifications in the Financial Statements of the Company.

### Annexure V – NOTES TO ACCOUNTS

#### 1. Managerial Remuneration

(₹ in lakhs)

Particulars	For the Year Ended March 31				
	2015	2014	2013	2012	2011
<i>Managing Director Remuneration</i>					
Atul Kumar Jain	3.00	1.92	1.92	1.20	1.20
<i>Whole Time Director Remuneration</i>					
Satender Kumar Jain	0.60	-	-	-	-

#### 2. Deferred Tax

Deferred Tax Liability is calculated on the Timing Difference between W. D. V. of Fixed Assets as per Companies Act and as per Income Tax Act & Disallowable Gratuity. Deferred Tax Asset is recognized for business losses as per Income Tax Act & Disallowable Gratuity to the extent that there is virtual certainty that sufficient future taxable income will be taxable against which Deferred Tax Assets can be realized.

(₹ in lakhs)

Particulars	For the Year Ended March 31				
	2015	2014	2013	2012	2011
Opening Balance of Deferred Tax Assets	(0.56)	(0.28)	0.67	1.28	-
Difference in W D V of Fixed Assets between accounting books and tax return for the year end (A)	8.86	(1.80)	(0.90)	(0.99)	(1.14)
Business Loss(B)	-	-	-	3.16	5.29
Net (A+B)	8.86	(1.80)	(0.90)	2.17	4.15
Tax Rate	30.90%	30.90%	30.90%	30.90%	30.90%
Closing Balance of Deferred (Liability)/Assets	2.74	(0.56)	(0.28)	0.67	1.28

#### 3. Remuneration to Statutory Auditors:

(₹ in lakhs)

Particulars	For the Year Ended March 31				
	2015	2014	2013	2012	2011
Audit Fees	0.28	0.11	0.09	0.09	0.08
Taxation Matters	0.28	0.11	0.09	0.09	0.07
ROC Matters	0.61	0.11	0.09	0.09	0.07

4. The Company has not received any intimation from suppliers regarding their status under micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any, in relation to amount unpaid as at the year-end as required under the said Act have not been furnished.
5. In the opinion of Board of Directors, the value of realization of current assets, loans and advances in the ordinary course of business will not be less than the amount at which these are stated in the balance sheet.
6. The management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required.

#### 7. Accounting for taxes on income

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

#### 8. Contingent Liability

Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprises, or is a possible obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made.

#### 9. Earnings Per share

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

10. Previous year figures have been re-grouped and reclassified wherever necessary to confirm to the current year classification.

### ADJUSTMENTS MADE TO RESTATE FINANCIAL STATEMENTS DUE TO REPRESENTATION UNDER NEW FORMAT OF SCHEDULE VI OF THE COMPANIES ACT, 2013

#### Reconciliation of Current Assets and Loans & Advances

(₹ in lakhs)

Particulars	For the Year Ended March 31				
	2015	2014	2013	2012	2011
<b>As per Balance Sheet</b>					
Cash & Bank		44.83	23.50	18.73	18.06
Inventories		148.58	165.09	86.08	110.68
Trade Receivables		63.93	38.51	59.56	31.42
Short Term Loan & Advance		41.35	45.78	18.30	-
Loans & Advances	-	-	-	-	3.39
Other Current Assets		-	3.19	2.77	
<b>Total</b>		<b>298.69</b>	<b>276.07</b>	<b>185.44</b>	<b>163.55</b>
<b>Restated as follows</b>	N.A.				
Cash & Bank		24.12	4.41	1.07	3.48
Inventories		148.48	165.09	86.08	110.68
Trade Receivables		63.93	38.51	59.57	31.42
Short Term Loan and Advances		41.35	45.70	17.90	-
Other Current Assets		-	3.21	2.79	0.01
<b>Total</b>		<b>277.98</b>	<b>256.92</b>	<b>167.41</b>	<b>145.59</b>
<b>Difference in Current Assets and Loans &amp; Advance<sup>(1)</sup></b>		<b>20.71</b>	<b>19.15</b>	<b>18.03</b>	<b>17.96</b>

<sup>(1)</sup> F.Y 2010-11, 2011-12, 2012-13 & 2013-14: The Difference belong to Fixed Deposit amount of ₹ 14.59, ₹ 17.68, ₹ 19.09 & ₹ 20.70 respectively was classified as a Non Current Investment and ₹ 3.37, ₹ 0.35 & ₹ 0.06 respectively was classified as a Long Term Loans & Advance.

#### Reconciliation of Current Liabilities & Provisions

(₹ in lakhs)

Particulars	For the Year Ended March 31				
	2015	2014	2013	2012	2011
<b>As per Balance Sheet</b>					
Sundry Creditors		55.34	59.90	48.42	56.79
Provision for Tax		2.92	1.93	1.05	0.29
Other Current Liabilities		48.51	45.20	23.15	
Advance From Customers		-	-	-	20.91
Fees & Taxes Payable		-	-	-	0.23
VAT & TDS Payable		-	-	-	1.99
<b>Total</b>		<b>106.77</b>	<b>107.02</b>	<b>72.62</b>	<b>80.21</b>
<b>Restated as follows</b>	N.A				
Trade Payable		55.34	59.90	48.42	56.79
Short Term Provisions		4.48	0.97	0.25	-
Other Current Liabilities		48.93	45.46	23.42	23.13
<b>Total</b>		<b>108.75</b>	<b>106.33</b>	<b>72.09</b>	<b>79.92</b>
<b>Difference in Current Liabilities and Provisions<sup>(1)</sup></b>		<b>1.98</b>	<b>0.69</b>	<b>0.53</b>	<b>0.29</b>

<sup>(1)</sup> F.Y 2010-11, 2011-12, 2012-13: The difference belongs to income tax provision as in these years company has not taken benefit for unabsorbed depreciation & Business losses.

<sup>(2)</sup> F.Y 2013-14: Out of the total difference of ₹1.98 lakhs, the difference of ₹ 1.89 lakhs belongs to income tax provision as in these years company has not taken benefit for unabsorbed depreciation & Business losses, while difference of ₹ 0.09 lakhs is due to reclassification of amount as part of current maturities of Term Loan.

#### Reconciliation of Profit & Loss Account

(₹ in lakhs)

Particulars	For the Year Ended March 31				
	2015	2014	2013	2012	2011
<b>As per Audited Financials</b>					
Administrative Expenses					14.34
<b>Total</b>					<b>14.34</b>
<b>Restated as follows</b>	N.A	N.A	N.A	N.A	
Employee Benefit Expenses					7.92
Other Expenses					6.42
<b>Total</b>					<b>14.34</b>
<b>Difference in Profit &amp; Loss</b>					<b>NIL</b>

#### OTHER ADJUSTMENTS MADE IN RESTATED FINANCIAL STATEMENTS / REGROUPING NOTES

#### Reconciliation of Income

(₹ in lakhs)

Particulars	For the Year Ended March 31				
	2015	2014	2013	2012	2011
<b>As per Audited Financials</b>					
Sales			1,186.78	1,219.16	725.04
Other Income			17.82	10.75	5.43
<b>Total</b>			<b>1,204.61</b>	<b>1,229.91</b>	<b>730.47</b>
<b>Restated as follows</b>	N.A	N.A			
Sales			1,202.40	1,226.95	728.32
Other Income			2.20	2.96	2.15
<b>Total</b>			<b>1,204.60</b>	<b>1,229.91</b>	<b>730.47</b>
<b>Difference in Profit &amp; Loss</b>			<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

#### Adjustments / Re-groupings affecting the Profit after Tax

(₹ in lakhs)

Particulars	For the Year Ended March 31				
	2015	2014	2013	2012	2011
<b>As per Audited Financials</b>					
Profit Before Tax		15.37	5.06	2.13	0.95
Less: Current Tax		2.59	1.66	0.78	0.29

<b>Profit After Tax</b>		<b>12.78</b>	<b>3.39</b>	<b>1.35</b>	<b>0.66</b>
<b>Restated as follows</b>	NA				
Profit Before Tax		15.37	5.08	2.13	0.95
Less: Current Tax		4.48	0.97	0.25	0.00
Less: Deferred Tax Asset		0.28	0.95	0.61	(1.28)
<b>Profit After Tax</b>		<b>10.61</b>	<b>3.16</b>	<b>1.27</b>	<b>2.23</b>

#### Annexure VI –STATEMENT OF FIXED ASSETS, AS RESTATED

(₹ in lakhs)

Particulars	For the Year ended on March 31,				
	2015	2014	2013	2012	2011
<b>Air Conditioner</b>	0.86	0.44	0.44	0.20	0.20
Add: Addition	-	0.42	-	0.24	-
Less: Deduction		-	-	-	-
Less: Accumulated Depreciation	0.31	0.22	0.18	0.14	0.13
Current Year Depreciation	0.25	0.09	0.04	0.04	0.01
<b>Net Block</b>	<b>0.30</b>	<b>0.55</b>	<b>0.22</b>	<b>0.26</b>	<b>0.06</b>
<b>Computer</b>	4.40	1.87	1.54	1.54	0.95
Add: Addition	1.09	2.53	0.33	-	0.59
Less: Deduction		-	-	-	-
Less: Accumulated Depreciation	1.72	1.48	1.27	1.09	0.91
Current Year Depreciation	2.11	0.24	0.21	0.18	0.18
<b>Net Block</b>	<b>1.66</b>	<b>2.68</b>	<b>0.39</b>	<b>0.27</b>	<b>0.45</b>
<b>Furniture &amp; Fixture</b>	5.51	2.01	2.01	0.96	0.69
Add: Addition	-	3.50	-	1.05	0.27
Less: Deduction	-	-	-	-	-
Less: Accumulated Depreciation	1.17	0.92	0.68	0.51	0.44
Current Year Depreciation	1.12	0.25	0.24	0.17	0.07
<b>Net Block</b>	<b>3.22</b>	<b>4.34</b>	<b>1.09</b>	<b>1.33</b>	<b>0.45</b>
<b>Generator</b>	2.32	2.32	2.32	2.32	-
Add: Addition	-	-	-	-	2.32
Less: Deduction	-	-	-	-	-
Less: Accumulated Depreciation	1.03	0.82	0.58	0.30	-
Current Year Depreciation	0.23	0.21	0.24	0.28	0.30
<b>Net Block</b>	<b>1.06</b>	<b>1.29</b>	<b>1.50</b>	<b>1.74</b>	<b>2.02</b>
<b>Machinery</b>	26.02	10.04	10.04	10.04	10.04
Add: Addition	2.19	15.98	-	-	-
Less: Deduction	-	-	-	-	-
Less: Accumulated Depreciation	8.30	7.80	7.44	7.02	6.53
Current Year Depreciation	3.22	0.50	0.36	0.42	0.49
<b>Net Block</b>	<b>16.69</b>	<b>17.72</b>	<b>2.24</b>	<b>2.60</b>	<b>3.02</b>
<b>Mobile Phone</b>	0.08	0.08	0.08	0.08	0.08
Add: Addition		-	-	-	-
Less: Deduction		-	-	-	-
Less: Accumulated Depreciation	0.08	0.06	0.06	0.05	0.05
Current Year Depreciation		0.02	-	0.01	-
<b>Net Block</b>	<b>-</b>	<b>-</b>	<b>0.02</b>	<b>0.02</b>	<b>0.03</b>
<b>Motor Cycle</b>	1.72	0.72	0.29	0.29	0.29
Add: Addition	-	1.00	0.43	-	-
Less: Deduction	-	-	-	-	-
Less: Accumulated Depreciation	0.41	0.27	0.26	0.26	0.25
Current Year Depreciation	0.34	0.14	0.01		0.01
<b>Net Block</b>	<b>0.97</b>	<b>1.31</b>	<b>0.45</b>	<b>0.03</b>	<b>0.03</b>
<b>EPABX</b>	0.17	0.17	0.17		
Add: Addition	-	-	-	0.17	-
Less: Deduction	-	-	-	-	-
Less: Accumulated Depreciation	0.06	0.04	0.02	-	-
Current Year Depreciation	0.05	0.02	0.02	0.02	-
<b>Net Block</b>	<b>0.06</b>	<b>0.11</b>	<b>0.13</b>	<b>0.15</b>	<b>-</b>

Particulars	For the Year ended on March 31,				
	2015	2014	2013	2012	2011
<b>Car</b>	12.03	12.03	-	-	-
Add: Addition	34.43	-	12.03	-	-
Less: Deduction	-	-	-	-	-
Less: Accumulated Depreciation	3.78	0.90	-	-	-
Current Year Depreciation	6.11	2.88	0.90	-	-
<b>Net Block</b>	<b>36.57</b>	<b>8.25</b>	<b>11.13</b>	-	-
<b>Service Center</b>	12.40	-	-	-	-
Add: Addition	69.43	12.40	-	-	-
Less: Deduction	-	-	-	-	-
Less: Accumulated Depreciation	0.09	-	-	-	-
Current Year Depreciation	9.23	0.09	-	-	-
<b>Net Block</b>	<b>72.51</b>	<b>12.31</b>	-	-	-
<b>Land</b>	-	-	-	-	-
Add: Addition	460.00	-	-	-	-
Less: Deduction	-	-	-	-	-
Less: Accumulated Depreciation	-	-	-	-	-
Current Year Depreciation	-	-	-	-	-
<b>Net Block</b>	<b>460.00</b>	-	-	-	-
<b>TOTAL</b>	<b>593.04</b>	<b>48.56</b>	<b>17.17</b>	<b>6.40</b>	<b>6.06</b>

#### Annexure VII- STATEMENT OF NON – CURRENT ASSETS, AS RESTATED

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
Fixed Deposit for Bank Guaranty	37.33	20.70	19.09	17.68	14.59
<b>Total</b>	<b>37.33</b>	<b>20.70</b>	<b>19.09</b>	<b>17.68</b>	<b>14.59</b>

#### Annexure VIII- STATEMENT OF TRADE RECEIVABLES, AS RESTATED

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
<b>Debtors Outstanding exceeding six months:</b>					
<b>Considered Good</b>					
Receivable from Promoter/Promoter Group Co	-	-	-	-	-
Others	-	-	-	-	-
<b>Sub-Total (A)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Debtors outstanding not exceeding six months:</b>					
<b>Considered Good</b>					
Receivable from Promoter/Promoter Group Co	-	-	-	-	-
Others	180.21	63.93	38.51	59.57	31.42
<b>Sub-Total (B)</b>	<b>180.21</b>	<b>63.93</b>	<b>38.51</b>	<b>59.57</b>	<b>31.42</b>
<b>Total (A+B)</b>	<b>180.21</b>	<b>63.93</b>	<b>38.51</b>	<b>59.57</b>	<b>31.42</b>

#### Annexure IX- STATEMENT OF LONG TERM LOANS AND ADVANCES, AS RESTATED

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
Security Deposit Force Motor	0.10	0.10	0.10	0.10	0.10
Security Deposit Telephone	0.02	0.02	0.02	0.02	0.02
Security Deposit Delhi Office	0.30	-	-	-	-
Advance Income Tax	2.50	1.00	0.25	-	-
Prepaid Expense	13.94	-	0.08	0.41	2.30
Income Tax Recoverable	0.67	2.28	1.56	0.91	0.62
MAT Credit for Next Year	0.20	0.48	0.48	0.24	-
TDS	1.74	0.91	1.44	0.84	0.34



VAT	22.95	1.16	10.87	-	-
Service Tax	0.35	-	-	-	-
<b>Total</b>	<b>42.77</b>	<b>5.95</b>	<b>14.80</b>	<b>2.52</b>	<b>3.38</b>

#### Annexure IX- STATEMENT OF SHORT TERM LOANS AND ADVANCES, AS RESTATED

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
Short Term Loans and Advances					
Advance given to Promoter and Promoter Group	-	28.35	22.50	-	-
Advance to Supplier	-	13.00	23.20	17.90	-
<b>TOTAL</b>	<b>-</b>	<b>41.35</b>	<b>45.70</b>	<b>17.90</b>	<b>-</b>

#### Annexure X- STATEMENT OF OTHER CURRENT ASSETS, AS RESTATED

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
Commission Receivable	-	-	0.51	0.09	0.01
Incentive & Warranty Receivable	0.34	-	2.70	2.70	-
<b>TOTAL</b>	<b>0.34</b>	<b>-</b>	<b>3.21</b>	<b>2.79</b>	<b>0.01</b>

#### Annexure XI-STATEMENT OF LONG TERM BORROWINGS, AS RESTATED

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
Term loans					
From banks					
Secured	24.76	4.17	6.35	-	-
Unsecured	89.93	-	-	-	-
<b>Total (A)</b>	<b>114.69</b>	<b>4.17</b>	<b>6.35</b>	<b>-</b>	<b>-</b>
<b>Other Loans and advances (Unsecured)</b>					
From Directors & Related Parties	-	38.49	10.00	8.90	3.00
From Body Corporate & Other	-	-	-	-	6.70
<b>Total (B)</b>	<b>-</b>	<b>38.49</b>	<b>10.00</b>	<b>8.90</b>	<b>9.70</b>
<b>Total (A+B)</b>	<b>114.69</b>	<b>42.66</b>	<b>16.35</b>	<b>8.90</b>	<b>9.70</b>
<b>Current Portion of Long Term borrowings included under other current liabilities</b>	<b>10.36</b>	<b>2.17</b>	<b>1.96</b>	<b>-</b>	<b>-</b>

#### Annexure XI-STATEMENT OF SHORT TERM BORROWINGS, AS RESTATED

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
Loan Payable on Demand					
From Punjab National bank (Secured)	203.33	169.99	164.40	96.47	65.57
<b>Total</b>	<b>203.33</b>	<b>169.99</b>	<b>164.40</b>	<b>96.47</b>	<b>65.57</b>

The above Long Term & Short Term Loans are bifurcated as under:

(₹ in lakhs)

Secured Loans	228.09	174.16	170.75	96.47	65.57
Unsecured Loans	89.93	38.49	10.00	8.90	9.70
<b>Total</b>	<b>318.02</b>	<b>212.65</b>	<b>180.75</b>	<b>105.37</b>	<b>75.27</b>

Note: For details of the Terms of Sanction, Maturity and other details of the above Loans please see the chapter "Financial Indebtedness" on page 148 of this Prospectus.

**Annexure XII- STATEMENT OF OTHER CURRENT LIABILITIES, AS RESTATED**
*(₹ in lakhs)*

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
Current Maturities of Borrowings	10.36	2.17	1.96		-
Advance received from Customers	14.06	45.56	42.24	20.85	20.91
Other Liabilities	-	-	-	-	-
Expense Payable	2.43	1.13	1.23	0.27	0.23
Statutory Dues Payable	0.91	0.07	0.03	2.30	1.99
<b>Total</b>	<b>27.76</b>	<b>48.93</b>	<b>45.46</b>	<b>23.42</b>	<b>23.13</b>

**Annexure XIII- STATEMENT OF SHORT TERM PROVISION, AS RESTATED**
*(₹ in lakhs)*

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
Provision For Tax	9.08	4.48	0.97	0.25	-
<b>Total</b>	<b>9.08</b>	<b>4.48</b>	<b>0.97</b>	<b>0.25</b>	<b>-</b>

**Annexure XIV- STATEMENT OF REVENUE FROM OPERATIONS, AS RESTATED**
*(₹ in lakhs)*

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
<b>Income From Agency Business</b>					
Sale of Vehicle	1,294.98	1,366.53	1,153.28	1,200.59	714.13
Incentive	16.86	10.37	14.13	4.66	1.18
<b>Total (a)</b>	<b>1,311.84</b>	<b>1,376.9</b>	<b>1,167.41</b>	<b>1,205.25</b>	<b>715.31</b>
<b>Income From Trading of Spare Part (B)</b>	296.01	35.14	31.22	17.54	10.91
<b>Income From Service Centre</b>					
Labour Charges	9.66	4.34	2.28	1.03	0.65
Service Coupon	3.93	2.71	1.49	3.13	1.44
<b>Total (c)</b>	<b>13.59</b>	<b>7.05</b>	<b>3.77</b>	<b>4.16</b>	<b>2.09</b>
<b>Total (a+b+c)</b>	<b>1,621.44</b>	<b>1,419.09</b>	<b>1,202.40</b>	<b>1,226.95</b>	<b>728.31</b>

**Annexure XV- STATEMENT OF OTHER INCOME, AS RESTATED**
*(₹ in lakhs)*

Particulars	For the year ended 31 March				
	2015	2014	2013	2012	2011
Profit Before Tax	23.92	15.37	5.08	2.13	0.95
20% of PBT	4.78	3.07	1.02	0.43	0.19
<b>Details of Other Income</b>					
Interest income on FDR	1.81	1.80	1.57	1.21	0.54
Interest Income on Advance	-	-	-	1.14	1.52
Commission on Insurance	1.30	0.28	0.63	0.61	0.09
<b>Total</b>	<b>3.11</b>	<b>2.08</b>	<b>2.20</b>	<b>2.96</b>	<b>2.15</b>

**Annexure XVI- STATEMENT OF RELATED PARTY TRANSACTIONS, AS RESTATED**
**Details of related parties and description of relation**

Particulars	Nature of Relationship	For the year ended 31 March				
		2015	2014	2013	2012	2011
Names of related parties with whom transaction have taken place and their relationship						
Key Managerial Personnel (KMP)	Director	Atul Jain	Atul Jain	Atul Jain	Atul Jain	Atul Jain
	Director	Satender	-	-	-	-

		Jain				
	Promoter / Director	Vandana Jain	Vandana Jain	Vandana Jain	-	-
	Director	-	Shanta Jain	Shanta Jain	Shanta Jain	Shanta Jain
Relatives of KMP	Relative	Shanta Jain				
	Relative	Deepti Bhadbhade Jain	-	-	-	-
Associates/Enterprises over which Directors and/or their relatives has significant Influence	Firm wherein Director is Proprietor	Auriga Labs	Auriga Labs	Auriga Labs	Auriga Labs	Auriga Labs
	Firm wherein Director is Proprietor	Keepwell Foods	Keepwell Foods	Keepwell Foods	Keepwell Foods	Keepwell Foods
	Firm wherein Director is Proprietor	Keshav Health Food	-	-	-	-
	Company where Director is same	NBL Buildcon Pvt Ltd	NBL Buildcon Pvt Ltd.	NBL Buildcon Pvt Ltd.	NBL Buildcon Pvt Ltd.	NBL Buildcon Pvt Ltd.

#### Transactions Pertaining to Key Managerial Personnel

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
Remuneration	3.60	1.92	1.92	1.20	1.20
Rent	2.10	1.80	1.80	1.80	1.80
Purchase Of land	450.00	-	-	-	-
Allotment of Shares	352.50	-	-	-	2.50
Share Premium Received	210.41	-	-	-	-
Net Amt. Received during the year (re-imbursements)	66.16	60.56	28.22	15.30	27.93
Net Amt. Adjusted during the year (re-imbursements)	104.55	32.17	22.12	15.30	18.89
Balance Outstanding at year end	-	38.39	10.00	3.90	3.00

#### Transactions Pertaining to Relatives of Key Managerial Personnel

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
Rent	0.30	-	-	-	-
Allotment of Shares	-	-	-	-	5.25
Net Amt. Received during the year (re-imbursements)	-	-	-	-	-
Net Amt. Adjusted during the year (re-imbursements)	-	-	-	-	-
Balance Outstanding at year end	-	-	-	-	-

#### Transactions Pertaining to Associates/enterprises over which directors and/or their relatives has significant influence

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
Rent	-	-	-	-	-
Sale / Purchase during the year	-	-	-	-	-
Loan / Advances repaid by Entities	99.15	20.50	14.75	6.00	18.10
Loan / Advances given to Entities	75.80	33.90	24.75	15.00	11.50
Balance Outstanding at year end	-	(18.40)	(5.00)	5.00	(4.00)

**Annexure XVII - STATEMENT OF CAPITALIZATION**
*(₹ in lakhs)*

Particular	Pre Issue	Post Issue
<b>Debt</b>		
Long Term Debt	114.69	114.69
Short Term Debt	203.33	203.33
<b>Total Debts (A)</b>	318.02	318.02
<b>Equity (Shareholder's funds)</b>		
Equity share Capital	417.53	657.53
Reserve and Surplus	242.24	626.24
<b>Total Equity (B)</b>	659.77	1,283.77
<b>Long Term Debt/Equity Shareholder's Fund</b>	0.17:1	0.09:1
<b>Total Debts / Equity Shareholder's Fund</b>	0.48:1	0.25:1

**Note:** The above has been computed on the basis of Restated Summary Statement of the company.

**Annexure XVIII: STATEMENT OF CONTINGENT LIABILITIES, AS RESTATED**
*(₹ in lakhs)*

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
Contingent Liabilities	Nil	Nil	Nil	Nil	Nil

**Annexure XIX: STATEMENT OF DIVIDEND DECLARED, AS RESTATED**
*(₹ in lakhs)*

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
Dividend Declared	Nil	Nil	Nil	Nil	Nil

**Annexure XX: STATEMENT OF ACCOUNTING RATIOS, AS RESTATED**
*(₹ in lakhs)*

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
Restated PAT as per P&L Account	18.13	10.61	3.16	1.27	2.23
Actual Number of Equity Shares outstanding at the end of the Year	41.75	1.75	1.75	1.75	1.75
Equivalent Weighted Average Number of Equity Share at the end of the year	27.28	1.75	1.75	1.75	1.27
Net worth <sup>(1)</sup>	659.77	31.24	20.63	17.22	15.71
<b>Earnings Per Share</b>					
Basic & Diluted <sup>(2)</sup>	1.33	2.25	0.67	0.27	0.70
<b>Return on Net worth(%)</b>	<b>2.75</b>	<b>33.96</b>	<b>15.22</b>	<b>7.38</b>	<b>14.19</b>
<b>Net Asset Value Per Share- based on actual no of equity shares at the end of the year</b>	<b>15.80</b>	<b>17.82</b>	<b>11.77</b>	<b>9.82</b>	<b>8.96</b>
Nominal Value per Equity Share	10.00	10.00	10.00	10.00	10.00

<sup>(1)</sup> There is no revaluation reserve in last five years of the Company. Net Worth is Equity Share Capital + Reserves and Surplus – Preliminary expenses not written off.

<sup>(2)</sup> As there is no dilutive capital in the company, Basic and Diluted EPS are same.

**Notes to Accounting Ratios:**

- The above statements should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.
- Formulas used for calculating above ratios are as under:
  - Basic EPS is being calculated by using the formula: Net Profit after excluding Extra-ordinary items / Weighted Average No. of outstanding shares.

- ii. Net Asset Value is being calculated by using the formula: (Equity Share Capital + Reserves and Surplus – Preliminary Expenses not written off)/Number of Equity Shares at year end.
- iii. Return on Net worth is being calculated by using the formula: Profit After Tax/(Equity Share Capital + Reserves and Surplus – Preliminary Expenses not written off).

#### Annexure XXI – STATEMENT OF TAX SHELTER

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2015	2014	2013	2012	2011
Normal Corporate Taxes Rate(%)	30.90%	30.90%	30.90%	30.90%	30.90%
Minimum Alternative Tax Rates (%)	19.06%	19.06%	19.06%	19.06%	18.54%
Profit Before Tax As per Restated P/L	23.92	15.37	5.08	2.13	0.95
Notional Tax as per Tax Rate on Profits (A)	7.39	4.75	1.57	0.66	0.29
<b>Tax Adjustment</b>					
Permanent Difference	-	-	-	-	-
Donation & Other Expenses	-	0.02	0.23	0.24	-
Income Tax, FBT & Provision for Income Tax	0.16	-	-	-	-
Total Permanent Difference (B)	0.16	0.02	0.23	0.24	-
Timing Difference					
Depreciation	5.31	(0.90)	0.10	0.15	(0.01)
Total Timing Difference (C)	5.31	(0.90)	0.10	0.15	(0.01)
Unabsorbed Depreciation not set off in past years (D)	-	-	-	(0.31)	(0.94)
Business Losses not set off in past years (E)	-	-	(3.08)	(2.21)	0.00
Total Adjustment (F) = (B+C+D+E)	5.47	(0.88)	(2.75)	(2.13)	(0.95)
Tax Expenses / ( Saving) thereon (G) = (F) Tax Rate	1.69	(0.27)	(0.85)	(0.66)	(0.29)
<b>Tax payable as per normal provisions ( other than 115JB) of the Act (H)</b>	<b>9.08</b>	<b>4.48</b>	<b>0.72</b>	<b>0.00</b>	<b>0.00</b>
Profit Before Tax As per Restated P/L	23.92	15.37	5.08	2.13	0.95
Less: Unabsorbed Depreciation	-	-	-	(0.84)	(0.95)
Net Profit as per MAT	23.92	15.37	5.08	1.29	-
Tax Under MAT(I)	4.56	2.93	0.97	0.25	-
<b>Tax payable for the year maximum of (H) or (I)</b>	<b>9.08</b>	<b>4.48</b>	<b>0.97</b>	<b>0.25</b>	<b>-</b>
WDV as per Income Tax Act	601.91	46.76	16.28	5.41	4.93
WDV as per Company Act	593.05	48.56	17.18	6.40	6.07
Deferred Tax Liability	2.74	(0.56)	(0.28)	(0.31)	(0.35)
Business Loss	-	-	-	3.16	5.29
Deferred Tax Assets	-	-	-	0.98	1.63
<b>Net Deferred Tax (Assets)/Liability</b>	<b>(2.74)</b>	<b>0.56</b>	<b>0.28</b>	<b>(0.67)</b>	<b>(1.28)</b>

#### Notes:

1. The aforesaid Statement of tax Shelters has been prepared as per the 'Restated Profit and Loss Account'

#### CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS

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

#### CHANGE IN ACCOUNTING PERIOD

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

#### SALE OR PURCHASE BETWEEN OUR COMPANY AND GROUP COMPANIES

There have been no transactions of sale or purchase during the FY 2014 – 2015 between our Company and the Group Companies exceeding 10% of our total sale or purchases.

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

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

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

### BUSINESS OVERVIEW

Our company is an authorised dealer of Light Commercial Vehicles (LCV), Multi-Utility Vehicles (MUV), Small Commercial Vehicles (SCV Vehicles) and spare parts for Force Motors Ltd. We currently operate three different showrooms of Force Motors Ltd., namely at Sonapat, Panipat and Gohana within the state of Haryana. We also operate an in-house service centre / workshop at Sonapat for the servicing and other after-sales needs of our clients. We have over a decade of experience in distributing all types of vehicles on behalf of Force Motors Ltd. including but not limited to Commercial Transporters ("Traveller"), MUV Vehicles ("Trax Cruiser", "Trax School Van", Trax Kargo-King"), Small Commercial Vehicles ("Trump-40" and Trump-15). For further details of our products and services, please see "Products and Services" beginning on page 84 of this Prospectus.

We believe that after-sales service is equally important and goes a long way in customer retention as well as goodwill creation. Hence, our in-house operated service centre is equipped with necessary tools and know-how and can park up to 12 vehicles at one time. Further, we have recently acquired a land parcel admeasuring 1033 sq. yards at Sonapat near our existing service centre at Sonapat, wherein we intend to set up a new multi-brand service centre which will have additional parking capacity up to 12 vehicles. This would enable us to undertake various tasks in a more efficient and effective manner using latest technologies like Automatic Alignment of Vehicles, Automatic Car Wash system, Car Scanners system, etc. which are not currently available at our existing service centre. Further, this new set-up will enable us to serve passenger vehicles of all-make. For details regarding our new multi-brand service centre, please see "Objects of the Issue" beginning on page 50 of this Prospectus.

Apart from the vehicle dealership business, we have also been involved in trading of vehicle spare parts and utilities of branded as well as generic products forming part of the auto value chain. We have further recently incorporated a subsidiary company in the name and style of "Vaksons Metaplast Pvt. Ltd." in order to undertake trading in auto parts, HDPE and LDPE polymer, aluminium scrap, and other metal and plastic items on a larger scale with good trading margins. We believe that our experience of selling and servicing vehicles would hold us in good stead with this diversification venture undertaken by the company and also provide for increased financial size. This business venture would require induction of more fund based capacity and the same is being proposed to be carried out through this fund raising exercise.

We have over the years developed a philosophy for quality and have also obtained ISO Certification for our Quality Management Systems (ISO 9001:2008). We have also been awarded a "Certificate of Appreciation" in February 2015, by Force Motors Ltd. for "Best Dominance in the MUV Market Category".

### COMPETITION

We face competition from various local and nationwide dealers of commercial vehicles. Competition emerges from small as well as big players. The organized players in the industry compete with each other by providing high quality, consistent and time bound products and value added services. There are a number of competitors offering products similar to ours. We believe the principal elements of competition in our line of business are easy finance options, consistent & quality products, prompt availability and strong relations with suppliers and vehicle manufacturers. We compete against our competitors by establishing ourselves as a trustworthy agency for our products in the State of Haryana which enables us to provide our clients with products and services at appropriate rates to meet their requirements.

## **SIGNIFICANT DEVELOPMENTS AFTER MARCH 31, 2015 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS**

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

Our subsidiary company 'Vaksons Metaplast Pvt. Ltd.' was incorporated on April 06, 2015 to carry on the business of trading in auto parts, HDPE and LDPE polymer, aluminium scrap, and other metal and plastic items.

### **FACTORS AFFECTING OUR RESULT OF OPERATION**

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

#### **Revenue Generation**

We earn majority of our revenue from sale of Vehicles which includes Light Commercial Vehicles (LCV), Multi-Utility Vehicles (MUV), Small Commercial Vehicles (SCV Vehicles) and spare parts. Regular income is the only source to create a healthy working of our Company. Our revenues are fixed to the extent of the price of each vehicle as determined respective manufacturers of vehicles and the same is affected by the cash discounts, seasonal offer discounts, etc. required to be given to customers from time to time.

We rely on the marketing done by the vehicle manufacturer and suppliers and we market the products locally through pamphlets, mailers, etc. and also offer various EMI schemes.

#### **Our Financial Expenses**

Our profitability is significantly impacted by our financial costs. For the fiscal 2015, 2014 and 2013, our financial expenses were ₹ 40.19 lakhs, ₹ 30.04 lakhs, and ₹ 18.24 lakhs. Our financial growth depends on how well we manage and service our debts.

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

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

#### **Increasing competition in the industry**

Our Company faces competition in the form of other manufacturers of LCVs, MUVs and SCVs and also other dealers of our suppliers, which may force us to reduce the prices, offer various discounts, etc. which may have an effect on our margins.

#### **General economic and business conditions**

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



## RESULTS OF OUR OPERATIONS

(₹ in lakhs)

Particulars	For the year ended March 31,							
	2015	% o f Total income	2014	% o f Total income	2013	% o f Total income	2012	% o f Total income
<b>Income</b>								
Revenue from operations	1,621.44	99.81%	1,419.09	99.85%	1,202.40	99.82%	1,226.95	99.76%
Other income	3.11	0.19%	2.08	0.15%	2.2	0.18%	2.96	0.24%
<b>Total Income</b>	<b>1,624.55</b>	<b>100.00%</b>	<b>1,421.17</b>	<b>100.00%</b>	<b>1,204.60</b>	<b>100.00%</b>	<b>1,229.91</b>	<b>100.00%</b>
<b>Expenditure</b>								
Purchases of stock-in-trade	1,672.53	102.95%	1,315.86	92.59%	1,203.61	99.92%	1,161.58	94.44%
Changes in inventories	(189.76)	(11.68%)	16.51	1.16%	(79.01)	(6.56%)	24.6	2.00%
Employee benefits expense	22.84	1.41%	21.66	1.52%	32.57	2.70%	13.72	1.12%
Finance costs	40.19	2.47%	30.04	2.11%	18.24	1.51%	16.75	1.36%
Depreciation and amortization expense	22.66	1.39%	4.44	0.31%	2.01	0.17%	1.12	0.09%
Other expenses	32.17	1.98%	17.29	1.22%	22.10	1.83%	10.01	0.81%
<b>Total expenses</b>	<b>1,600.63</b>	<b>98.53%</b>	<b>1,405.80</b>	<b>98.92%</b>	<b>1,199.52</b>	<b>99.58%</b>	<b>1,227.78</b>	<b>99.83%</b>
<b>Profit / (Loss) before exceptional and extraordinary items and tax</b>	<b>23.92</b>	<b>1.47%</b>	<b>15.37</b>	<b>1.08%</b>	<b>5.08</b>	<b>0.42%</b>	<b>2.13</b>	<b>0.17%</b>
Exceptional items	-		-		-		-	
<b>Profit / (Loss) before extraordinary items and tax</b>	<b>23.92</b>	<b>1.47%</b>	<b>15.37</b>	<b>1.08%</b>	<b>5.08</b>	<b>0.42%</b>	<b>2.13</b>	<b>0.17%</b>
Extraordinary items	-		-		-		-	
<b>Profit / (Loss) before tax</b>	<b>23.92</b>	<b>1.47%</b>	<b>15.37</b>	<b>1.08%</b>	<b>5.08</b>	<b>0.42%</b>	<b>2.13</b>	<b>0.17%</b>
<b>Tax expense:</b>								
Current tax expense	9.08	0.56%	4.48	0.32%	0.97	0.08%	0.25	0.02%
Deferred tax	(3.29)	(0.20%)	0.28	0.02%	0.95	0.08%	0.61	0.05%
<b>Profit / (Loss) from continuing operations</b>	<b>18.13</b>	<b>1.12%</b>	<b>10.61</b>	<b>0.75%</b>	<b>3.16</b>	<b>0.26%</b>	<b>1.27</b>	<b>0.10%</b>
<b>Profit / (Loss) from discontinuing operations</b>	<b>-</b>		<b>-</b>		<b>-</b>		<b>-</b>	
Tax expense of discontinuing operations	-		-		-		-	
<b>Profit / (Loss) from discontinuing operations</b>	<b>-</b>		<b>-</b>		<b>-</b>		<b>-</b>	
<b>Profit / (Loss) for the year</b>	<b>18.13</b>	<b>1.12%</b>	<b>10.61</b>	<b>0.75%</b>	<b>3.16</b>	<b>0.26%</b>	<b>1.27</b>	<b>0.10%</b>

### Main Components of our Profit and Loss Account

#### Income

Our total income comprises of revenue from operations and other income.

#### Revenue from Operations

Our revenue from operations (i.e. Income from Agency, Service Centre and Trading) as a percentage of total income was 99.81%, 99.85% and 99.82% in fiscals 2015, 2014 and 2013 respectively.

#### Other Income

Our other income includes Interest Income and Commission. Other income, as a percentage of total income was 0.19%, 0.15% and 0.18% in fiscals 2015, 2014 and 2013 respectively.

## **Expenditure**

Our total expenditure primarily consists of Purchases, Changes in Inventories, Employee Benefit Expenses, Financial Cost, Depreciation and Amortization Expenses and Other expenses.

### *Purchases*

Costs of Purchases are primarily includes

### *Employee Benefit Expenses*

Expenses in relation to employees' remuneration and benefits include salary, bonus and allowances, workmen and staff welfare costs, Director's remuneration etc.

### *Other Expenses*

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

### *Financial Cost*

Financial Cost primarily consists of Bank Charges , Working Capital Loan, Term Loan etc.

### *Depreciation and Amortization Expenses*

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

### *Provision for Tax*

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

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

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

## **Fiscal 2015 compared with fiscal 2014**

### *Income*

In fiscal 2015, our total income increased by ₹ 203.38 lakhs or 14.31%, from ₹ 1,421.17 lakhs in fiscal 2014 to ₹ 1,624.55 lakhs in fiscal 2015. The major factor for such increase was due to increase in trading of spare parts and agency business. Other income increased by ₹ 1.03 lakhs or 49.52%, from ₹ 2.08 lakhs in fiscal 2014 to ₹ 3.11 lakhs in fiscal 2015. The major factor for such increase was due to commission on insurance.

### *Purchases*

The purchases in fiscal 2015 were ₹1,672.53, an increase of 27.11% as compared to the previous year purchases of ₹1,315.86 lakhs in fiscal 2014. The above increase was mainly due to increase in scale of operations.

### *Employee Benefit Expenses*

Our staff cost increased by ₹1.18 lakhs or 5.45%, from ₹21.66 lakhs in fiscal 2014 to ₹22.84 lakhs in fiscal 2015. This increase was mainly due to yearly increments and increase in Directors remuneration and staff welfare expenses.

#### *Other Expenses*

Other expenses increased by ₹14.88 lakhs from ₹17.29 lakhs in fiscal 2014 to ₹32.17 lakhs in fiscal 2015. The cause of increase in these expenses was majorly due to better management of administrative, selling and distribution expenses.

#### *Financial Cost*

Financial cost increased by ₹10.15 lakhs from ₹30.04 lakhs in fiscal 2014 to ₹40.19 lakhs in fiscal 2015. The cause of increase in these financial costs was majorly due to increase in borrowings.

#### *Depreciation and Amortization Expenses*

Depreciation expenses increased by ₹18.22 lakhs, from ₹4.44 lakhs in fiscal 2014 to ₹22.66 lakhs in fiscal 2015. This increase was due to the purchase of assets in the current fiscal.

#### *Profit before Tax*

Due to operational efficiency and increase in total income our PBT increased by ₹8.55 lakhs from ₹15.37 lakhs in fiscal 2014 to ₹23.92 lakhs in fiscal 2015.

#### *Profit after Tax*

Our profit after tax increased by ₹7.52 lakhs from ₹10.61 lakhs in fiscal 2014 to ₹18.13 lakhs in fiscal 2015.

### **Fiscal 2014 compared with fiscal 2013**

#### *Income*

Our total income increased by ₹216.57 lakhs or 18.01% from ₹1,204.60 lakhs in fiscal 2013 to ₹1,421.7 lakhs in fiscal 2014. The Major factor for this increase was increase in car dealership business. Other income was ₹2.20 for the fiscal year 2013 and ₹2.08 lakhs in 2014.

#### *Purchases*

Purchases in fiscal 2014 were ₹1,315.86 lakhs as compared to ₹1,203.61 lakhs purchases in fiscal 2013, a marginal increase of ₹112.25 lakhs was recorded.

#### *Employee Benefit Expenses*

Our staff costs decreased by ₹10.91 lakhs or negative 33.50%, from ₹32.57 lakhs in fiscal 2013 to ₹21.66 lakhs in fiscal 2014. This decrease was mainly due to reduction in salaries.

#### *Other Expenses*

Other Expenses decreased by ₹4.81 lakhs in fiscal 2014 from ₹22.10 lakhs in fiscal 2013 to ₹17.29 lakhs in fiscal 2014. The cause of decrease in these expenses was majorly due to decrease in advertisement expenses and Vehicle running maintenance expenses.

#### *Financial Cost*

Financial cost increased by ₹11.80 lakhs from ₹18.24 lakhs in fiscal 2013 to ₹30.04 lakhs in fiscal 2014. The reason of increase in these financial costs was majorly due to increase in borrowings and working capital loans.

#### *Depreciation Expenses*

Depreciation expenses increased marginally by ₹2.43 lakhs, from ₹2.01 lakhs in fiscal 2013 to ₹4.44 lakhs in fiscal 2014 on account of purchase of fixed assets.

#### *Profit before Tax*

PBT increased to ₹10.29 lakhs as compared from ₹5.08 lakhs in fiscal 2013 to ₹15.37 lakhs in fiscal 2014, due to better operational efficiency.

#### *Profit after Tax*

Our profit after tax increased by ₹7.45 lakhs from ₹3.16 lakhs in fiscal 2013 to ₹10.61 lakhs in fiscal 2014.

### **Fiscal 2013 compared with fiscal 2012**

#### *Income*

In fiscal 2013, we recorded a total income of ₹1,204.60, a decrease of ₹25.31 lakhs or negative 2.06% as compared to ₹1,229.91 lakhs in fiscal 2012. The Major factor for this decrease was decrease in sale of automobiles. Other income was ₹ 2.96 lakhs for the fiscal year 2012 and ₹ 2.20 lakhs in 2013.

#### *Purchases*

In fiscal 2013, we recorded purchases of ₹1203.61 lakhs, an increase of ₹42.03 lakhs as compared to ₹1161.58 lakhs in fiscal 2012. The main reason was for increase in scale of operations.

#### *Employee Benefit Expenses*

Our staff costs increased by ₹ 18.85 lakhs, from ₹ 13.72 lakhs in fiscal 2012 to ₹32.57 lakhs in fiscal 2013. This increase was mainly due to yearly increments and increase in number of employees.

#### *Other Expenses*

Other expenses increased by ₹12.09 lakhs, from ₹10.01 lakhs in fiscal 2012 to ₹22.10 lakhs in fiscal 2013. The cause of increase in these expenses was due to better management of advertisement and administrative expenses.

#### *Financial Cost*

There was increase in financial cost to ₹1.49 lakhs, from ₹16.75 lakhs in fiscal 2012 to ₹18.24 lakhs in fiscal 2013. The increase in financial cost was majorly due to sharp increase in borrowings and bank interest charges.

#### *Depreciation Expenses*

Depreciation expenses were ₹1.12 lakhs in fiscal 2012 as compared to ₹2.01 lakhs in fiscal 2013. This minor decrease was due to written down value of Fixed Assets.

#### *Profit before Tax*

PBT increased by ₹2.95 lakhs as compared from ₹2.13 lakhs in fiscal 2012 to ₹5.08 lakhs in fiscal 2013 due to higher purchases and increased employee costs.

#### *Profit after Tax*

Our profit after tax increased by ₹7.45 lakhs from ₹1.27 lakhs in fiscal 2012 to ₹3.16 lakhs in fiscal 2013.

### **Cash Flows**

(₹ in lakhs)

Particulars	Year ended March 31			
	2015	2014	2013	2012
Net Cash from Operating Activities	(118.05)	51.88	(42.59)	(16.65)
Net Cash from Investing Activities	(565.33)	(34.03)	(11.22)	0.89
Net Cash used in Financial Activities	675.58	1.86	57.15	13.35
Net Increase / (Decrease) in Cash and Cash equivalents	(7.80)	19.71	3.34	(2.41)

#### **Cash Flows from Operating Activities**

Net cash from operating activities in fiscal 2015 was negative ₹ 18.05 lakhs as compared to the PBT of ₹ 23.92 lakhs for the same period. This difference is primarily on account of decrease in inventories and decrease in trade receivables.

Net cash from operating activities in fiscal 2014 was ₹ 51.88 lakhs as compared to the PBT of ₹ 15.37 lakhs for the same period. This difference is primarily on account of increase in inventories and decrease in trade receivables.

Net cash from operating activities in fiscal 2013 was negative ₹ 42.59 lakhs as compared to the PBT of ₹ 5.08 lakhs for the same period. This difference is primarily on account of decrease in inventories and decrease in short term loans and advances.

Net cash from operating activities in fiscal 2012 was negative ₹ 16.65 lakhs as compared to the PBT of ₹ 2.13 lakhs for the same period. This difference is primarily on account of increase in inventories and decrease in trade receivables.

### ***Cash Flows from Investment Activities***

In fiscal 2015, the net cash invested in Investing Activities was negative ₹ 565.33 lakhs. This expenditure was on account of purchase of Fixed Assets.

In fiscal 2014, the net cash invested in Investing Activities was negative ₹ 34.03 lakhs. This expenditure was on account of purchase of Fixed Assets.

In fiscal 2013, the net cash invested in Investing Activities was negative ₹ 11.22 lakhs. This expenditure was on account of purchase of Fixed Assets.

In fiscal 2012, the net cash invested in Investing Activities was ₹ 0.89 lakhs. This was on account of Interest income.

### ***Cash Flows from Financing Activities***

Net cash from financing activities in fiscal 2015 was ₹ 675.58 lakhs. This was on account of proceeds from Share Premium and issue of share capital.

Net cash from financing activities in fiscal 2014 was ₹ 1.86 lakhs. This was on account of increase in long and short term borrowings.

Net cash from financing activities in fiscal 2013 was ₹ 57.15. This was on account of increase in long term borrowings

Net cash from financing activities in fiscal 2012 was ₹ 13.35 lakhs. This was on account of increase in long term borrowings

## **OTHER MATTERS**

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

Except as described in this Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

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

Other than as described in the Section titled “Financial Information” and chapter titled “Management’s Discussion and Analysis of Financial Conditions and Results of Operations”, beginning on pages 123 and 140 respectively of this Prospectus respectively, to our knowledge there are no Significant economic changes that materially affected or are likely to affect income from continuing Operations.

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

Other than as described in the chapter titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Conditions and Result of Operations”, beginning on pages 10 and 140 respectively of this Prospectus respectively to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our company from continuing operations.

#### **4. Future relationship between Costs and Income**

Other than as described in the chapter titled “*Risk Factors*” beginning on page 10 of this Prospectus, to our knowledge there are no factors, which will affect the future relationship between costs and income or which are expected to have a material adverse impact on our operations and finances.

#### **5. The extent to which material increases in revenue or income from operations are due to increased volume, introduction of new products or services or increased prices**

Increases in revenues are by and large linked to increases in volume of business activity carried out by the Company.

#### **6. Total turnover of each major industry segment in which the issuer company operates.**

The Company is a dealer in commercial vehicle and is in the business of selling vehicles and trading of spare parts and auto components. Relevant industry data, as available, has been included in the chapter titled “*Industry Overview*” beginning on page 67 of this Prospectus.

#### **7. Status of any publicly announced new products or business segments**

Please refer to the chapter titled “*Our Business*” beginning on page 80 of this Prospectus.

#### **8. The extent to which the business is seasonal.**

Our business is seasonal to the extent of school admission and new term periods and during festivals. For further details please see the chapter “*Risk Factors*” on page 10 of this Prospectus.

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

Since our Company has an authorised dealership of Force Motors Ltd., significant purchases are from Force Motors Ltd. Our top 10 customers contributed 20.21 % of the total revenues.

#### **10. Competitive Conditions**

Despite the fact that we are not affected by competition in the short-term, our results of operations could be affected by competition in the automobile industry in India and in abroad in the future. We expect competition to intensify due to possible changes in government policy, existing competitors further expanding their operations and our entry into new markets where we may compete with well-established dealers of commercial vehicles. This we believe may impact our financial condition and operations.

## FINANCIAL INDEBTEDNESS

Set forth below, is a brief summary of our Company's borrowings as on March 31, 2015 together with a brief description of certain significant terms of such financing arrangements.

Nature of Borrowing	Amount (₹ in lakhs)
Secured Borrowings	233.38
Unsecured Borrowings	95.00
<b>Total</b>	<b>328.38<sup>(1)</sup></b>

<sup>(1)</sup> Includes ₹ 10.36 lakhs shown under Current Liabilities as 'Current Maturities of Long Term Debt'

### Secured Loans

(₹ in lakhs)

Name of Lender	Type of Loan	Date of Sanction	Amount Sanctioned	Amount Outstanding as on March 31, 2015	Interest (in % p.a.)	Repayment Schedule	Security
Punjab National Bank	Cash Credit	March 21, 2015	225.00	203.33	BR + FR 2.50-0.75 = 12.00 with monthly rests	Repayable on Demand	Secured by hypothecation of all stocks of vehicles and all of book debts of the Company. Further, Company has kept as Collateral Security the Land at Patti Murthal, Murthal Road measuring 3325 Sq. Yds.

### Vehicle Loans

(₹ in lakhs)

Name of the Lender	Agreement / Sanction Letter Date	Sanctioned Amount	Outstanding Amount as on March 31, 2015	Repayment Schedule	Security Created
HDFC Bank	December 06, 2014	27.00	25.88	Repayable in 84 monthly Instalments of ₹ 0.44 lakhs	Hypothecation of Mercedes Benz
HDFC Bank	November 27, 2012	9.00	4.17	Repayable in 48 monthly Instalments of ₹ 0.23 lakhs	Hypothecation of Renault Duster

### Unsecured Borrowings:

(₹ in lakhs)

Name of the Lender	Agreement / Sanction Date	Sanctioned Amount	Outstanding Amount as on March 31, 2015	Rate of Interest (%)	Repayment Schedule	Security Created
HDB Financial Services	March 18, 2015	95.00	95.00	12.60%	Repayable in 120 monthly instalments of ₹ 1.40 lakhs	N. A.

According to the various loan agreements, during the currency of the facilities, without prior approval of the Lenders which shall not be unreasonably withheld, the Borrower (Vaksons Automobiles Limited) shall not:

- ✓ Change or alter capital structure, unless stipulated by the Bank



- 
- ✓ Effect any scheme of amalgamation or reconstitution.
  - ✓ Implement a new scheme of expansion or take up an allied line of business / manufacture.
  - ✓ Divert the funds raised to Inter Corporate Deposits, Debentures, Stocks & Shares, Real Estate, etc.
  - ✓ Declare dividends without paying the due instalments, interests etc. to the Bank and without regularizing the Bank Accounts.
  - ✓ Enlarge the scope of other manufacturing / trading activities.
  - ✓ Withdraw moneys brought in by promoters / directors / friends and relatives.
  - ✓ Invest any fund by way of deposits or loans or in share capital.

## SECTION VII - LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*There are no outstanding litigations, suits, civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or, alleging criminal or economic offences or tax liabilities or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part I of Schedule XIII of the Companies Act, 1956 or Schedule V of the Companies Act, 2013) against the Company, our Directors and our Promoter that would have a material adverse effect on our business. There are no defaults, non-payments or overdue of statutory dues, institutional/bank dues and dues payable to holders of debentures or fixed deposits and arrears of cumulative preference shares that would have a material adverse effect on our business.*

#### PART 1: CONTINGENT LIABILITIES OF OUR COMPANY

Sr. No.	Particulars	Amount (₹ in lakhs)
1.	Nil	Nil

#### PART 2: LITIGATION RELATING TO OUR COMPANY

##### A. LITIGATIONS FILED AGAINST OUR COMPANY

- Litigation Involving Civil Laws:**  
NIL
- Litigation Involving Criminal Laws.**  
NIL
- Litigation involving Securities and Economic Laws**  
NIL
- Litigation involving Statutory Laws**  
NIL
- Litigation involving Labour Laws**  
NIL
- Litigation involving Tax Liabilities**  
NIL

##### B. LITIGATIONS FILED BY OUR COMPANY

- Litigation involving Civil Laws:**  
NIL
- Litigation Involving Criminal Laws:**

**Complaint No. COMA 85/15 02-02-2015 of 2015 filed by the Company against Mr. Satish Sharma under Section 138 and Section 142 of the Negotiable Instruments Act, 1881**

The Company has filed a Complaint against Mr. Satish Sharma before the Additional Chief Judicial Magistrate, Sonapat (“**the Court**”) on January 31, 2015 for dishonor of a cheque issued by Mr. Satish Sharma for a sum of ₹ 30,000/- (Rupees Thirty Thousand only) in consideration of the services rendered by the Company. The Company presented the cheque for encashment on two occasions to the bank but the same was returned to the Company for want of funds. The Company issued a notice to Mr. Satish Sharma demanding the aforesaid amount. However, Mr. Satish Sharma refused to accept service of the notice and the amount due to the Company by him remained unpaid. Consequently, the Company filed a complaint with the Court inter alia seeking that appropriate action be taken against Mr. Satish Sharma. The Company has also filed an application for condonation of delay in filing the complaint before the Court. Further, the Company has also filed its Affidavit-of-Evidence in the matter. The proceedings in the matter are yet to be concluded.

**3. Litigation Involving Securities and Economic Laws:**  
NIL

**4. Litigation Involving Statutory Laws:**  
NIL

**5. Litigation Involving Labour Laws:**  
NIL

**6. Litigation involving Tax Liabilities**  
NIL

**C. PAST PENALTIES**  
NIL

### **PART 3: LITIGATION RELATING TO OUR DIRECTORS**

#### **A. LITIGATIONS FILED AGAINST OUR DIRECTORS**

**1. Litigation involving Civil/Statutory Laws**  
NIL

**2. Litigation involving Criminal Laws.**  
NIL

**3. Litigation Involving Economic Offences.**  
NIL

**4. Litigation involving Tax Liabilities.**  
NIL

#### **B. LITIGATIONS FILED BY OUR DIRECTORS**

**1. Litigation involving Civil/Statutory Laws**  
NIL

**2. Litigation involving Criminal Laws.**  
NIL

**3. Litigation Involving Economic Offences.**  
NIL

**4. Litigation involving Tax Liabilities.**  
NIL

**C. PAST PENALTIES**  
NIL

### **PART 4: LITIGATION RELATING TO OUR PROMOTERS**

#### **A. LITIGATION FILED AGAINST OUR PROMOTERS**

**1. Litigation involving Civil/Statutory Laws.**  
NIL

**2. Litigation involving Criminal Laws.**  
NIL

**3. Litigation Involving Securities and Economic Laws.**  
NIL

## **B. LITIGATION FILED BY OUR PROMOTERS**

- 1. Litigation Involving Civil/Statutory Laws.**  
NIL
- 2. Litigation Involving Criminal Laws.**  
NIL
- 3. Litigation Involving Securities and Economic Laws.**  
NIL

## **C. PAST PENALTIES**

NIL

## **PART 5: LITIGATION RELATING TO OUR GROUP COMPANIES**

### **A. LITIGATION FILED AGAINST OUR GROUP COMPANIES**

- 1. Litigation involving Civil/Statutory Laws.**  
NIL
- 2. Litigation involving Criminal Laws.**  
NIL
- 3. Litigation Involving Securities and Economic Laws.**  
NIL

### **B. LITIGATION FILED BY OUR GROUP COMPANIES**

- 1. Litigation Involving Civil/Statutory Laws.**  
NIL
- 2. Litigation Involving Criminal Laws.**  
NIL
- 3. Litigation Involving Securities and Economic Laws.**  
NIL

### **C. PAST PENALTIES**

NIL

## **PART 6: LEGAL NOTICES**

- 1. Legal notices issued to our Company**  
NIL
- 2. Legal Notices issued by our Company**  
NIL
- 3. Legal notices issued to our Directors**  
NIL
- 4. Legal Notices issued by our Directors**  
NIL
- 5. Legal notices issued to our Promoters**  
NIL
- 6. Legal Notices issued by our Promoters**  
NIL

**7. Legal notices issued to our Group Companies**

NIL

**8. Legal Notices issued by our Group Companies**

NIL

**PART 7: AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS AND OTHER CREDITORS**

As on March 31, 2015, there are 2 creditors to each of whom our Company owes amounts exceeding ₹ 10,00,000/-, the aggregate outstanding dues to them being approximately ₹ 194.00 lakhs.

Further, our Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any, in relation to amount unpaid as at the yearend together with interest payable as required under the said Act have not been furnished.

Therefore, as on March 31, 2015, our Company owes amounts aggregating to ₹ 196.46 lakhs towards 8 creditors, which may or may not include small scale undertakings.

There are no disputes with such entities in relation to payments to be made to them. The details pertaining to amounts due towards such creditors are available on the website of our Company at the following link: [www.vaksonsautomobiles.in](http://www.vaksonsautomobiles.in).

**PART 8: MATERIAL DEVELOPMENTS OCCURRING AFTER LAST BALANCE SHEET DATE, i.e. March 31, 2015**

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last audited financial statements disclosed in the Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability or value of assets or our ability to pay material liabilities within the next twelve (12) months except:

Our subsidiary company 'Vaksons Metaplast Pvt. Ltd.' was incorporated on April 06, 2015 to carry on the business of trading in auto parts, HDPE and LDPE polymer, aluminium scrap, and other metal and plastic items.

## GOVERNMENT AND OTHER STATUTORY APPROVALS

*The Company has received the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no other material approvals are required by it for carrying on its present business activities.*

*In view of the approvals listed below, the Company can undertake its current business activities and no further material approvals from any statutory authority are required to continue those activities. It must, however, be distinctly understood that in granting the above approvals, the Government of India does not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Prospectus.*

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable the Company to carry out its activities.

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

### I. Approvals pertaining to the Issue

This Issue of Equity Shares has been authorized by the Board of Directors of the Company at their meeting held on February 16, 2015 and was approved by the Shareholders of the Company by passing a Special Resolution at the Extra-Ordinary General Meeting held on February 17, 2015 in accordance with the provisions of Section 62 (1)(c) of the Companies Act, 2013.

### II. Approvals pertaining to incorporation, name and constitution of the Company:

1. Certificate of Incorporation dated February 20, 2003 issued by the Registrar of Companies, Delhi (“RoC”) in the name of “Vaksons Automobiles Private Limited”.
2. Certificate of change of name of the Company from “Vaksons Automobiles Private Limited” to “Vaksons Automobiles Limited” dated December 24, 2014 issued by the RoC upon the conversion of the Company into a Public Limited Company.
3. The Corporate Identity Number (CIN) of the Company is U51502DL2003PLC119052.

### III. Business/General Approvals

1. The Company has obtained Certificate of Registration dated January 6, 2015 bearing number PSA/REG/SPT/LI-SPT-1-1/0121038 under the Punjab Shops and Commercial Establishments Act, 1958 for its office located at A-Wing, Shubham Garden Complex, Murthal Road, District Sonapat. The Certificate is valid until March 31, 2017.
2. The Company has obtained Certificate of Registration dated April 16, 2015 bearing number 2015020190 under the Delhi Shops and Commercial Establishments Act, 1954 for its office located at 1<sup>st</sup> Floor, Barodia Tower, Plot No 12, D Block, Central Market, Prashant Vihar, New Delhi -110085.
3. Vide letter dated February 1, 2015, the Regional Officer of Haryana State Pollution Control Board has granted exemption to the Company from obtaining consent to establish and consent to operate.

### IV. Tax Approvals

Sr. No.	Particulars	Granting Authorities	Registration/Approval/Code No.	Date of Issue	Period of Validity if specified
1.	Permanent Account Number (PAN)	Income Tax Department, Government of India	AACCV6606L	February 2, 2003	Valid until cancelled
2.	Tax Deduction Account Number (TAN)	Income Tax Department (Government of India)	DELV08179D	-	Valid until cancelled

Sr. No.	Particulars	Granting Authorities	Registration/Approval/Code No.	Date of Issue	Period of Validity if specified
3.	Certificate of Registration under the Haryana Value Added Tax Act, 2003	Assessing Authority, Sonapat	06163010553	April 1, 2003	Valid until cancelled
4.	Service Tax Registration	Central Excise Officer	AACCV6606LSD001	December 5, 2014	Valid until cancelled



**Note:** Our Company does not carry out any invoicing and billing from its registered office in Delhi, and hence no VAT registration required for the same.

#### V. Labour related Approvals/Registrations:

The Company has obtained the following approvals related to Labour/employment related registrations:

Sr. No.	Authority	Code Number	Date of Issue
1.	Sub regional Office, Karnal, BhavishyaNidhiBhavan,SCO 5-8 Sector 12, (New Mini Secretariat 132001).	HRKNL1231718	April 1, 2015
2.	Employees' State Insurance Corporation, PanchdeepBhawan, Faridabad, Haryana	13000728090001099	January 28, 2013

#### VI. Intellectual Property Approvals

Sr. No.	Trademark	Applicant	Application No.	Date of Filing	Class
1.		Vaksons Automobiles Limited	2949281	April 24, 2015	37
2.		Vaksons Automobiles Limited	2949282	April 24, 2015	35

The Company has made the necessary application with the concerned authorities under The Trade Marks Act, 1999.

#### VII. Pending Approvals

The Company has set-up its showrooms at the following addresses:

1. Panipat Road, Gohana, District- Sonapat -131301; and
2. G. T. Road, Panipat-132103.

The Company is in the process of applying to the relevant authorities for obtaining shops and establishments registration for the aforesaid premises.



## SECTION VIII – OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

Our Board of Directors have vide resolution dated February 16, 2015 authorized the Issue, subject to the approval by the shareholders of our Company under Section 62 (1) (C) of the Companies Act, 2013.

The shareholders have authorized the Issue, by passing a Special Resolution at the Extra-Ordinary General Meeting held with a shorter notice on February 17, 2015 in accordance with the provisions of Section 62 (1) (C) of the Companies Act, 2013.

The Company has obtained approval from BSE vide letter dated May 29, 2015 to use the name of BSE in this Offer Document for listing of equity shares on the SME platform of the BSE. BSE is the designated stock exchange.

### Prohibition by SEBI, the RBI or Governmental Authorities

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

We further confirm that none of our Company, its Promoters, its Group Companies or the relatives of our Promoters was ever identified as wilful defaulters by RBI or other authorities.

### Association with Securities Market

We confirm that none of our Directors are associated with the Securities Market in any manner and no action has been initiated against these entities by SEBI at any time except as stated under the chapters titled “*Risk Factors*”, “*Our Promoter, Promoter Group and Group Companies*” and “*Outstanding Litigations and Material Developments*” beginning on pages 10, 112 and 150 respectively, of this Prospectus.

### Eligibility for the Issue

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulation; and this Issue is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

This Issue is being made in terms of Regulation 106 (M) (1) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue face value capital does not exceed ten crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (“SME Exchange”, in this case being the SME Platform of BSE).

We confirm that:

- a) In accordance with Regulation 106 (P) of the SEBI (ICDR) Regulations, this issue has been hundred percent underwritten and that the Lead Managers to the Issue have underwritten more than 15% of the total Issue Size. For further details pertaining to the said underwriting please see “*General Information- Underwriting*” on page 33 of this Prospectus.
- b) In accordance with Regulation 106 (R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the issue is greater than or equal to fifty, otherwise, the entire application money will be refunded within such time which shall be prescribed by the SEBI. If the stated minimum amount has not been subscribed and the sum payable on application is not received within a period of thirty days from the date of issue of the prospectus, or such other period as may be specified by the Securities and Exchange Board, the amount received under sub-section (3) of Section 39 shall be returned within such time and manner as may be prescribed under the Companies Act, 2013.
- c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulation, we have not filed any Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Managers submit the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.

- d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead Managers 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 33 of this Prospectus.

We further confirm that we shall be complying with all other requirements as laid down for such issue under Chapter XB of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

- e) Our Company has Net Tangible assets of at least ₹ 3 crores as per the latest audited financial results
- f) The Net worth (excluding revaluation reserves) of our Company is at least ₹ 3 crores as per the latest audited financial results
- g) Our Company has track record of distributable profits in terms of sec. 123 of Companies Act, 2013 for at least two years out of immediately preceding three financial years and each financial year has to be a period of at least 12 months.
- h) The distributable Profit, Net tangible Assets and Net worth of our Company as per the restated financial statements for the year ended as at March 31, 2015, 2014 and 2013 is as set forth below:

(₹ in lakhs)

Particulars	Fiscal 2015	Fiscal 2014	Fiscal 2013
Distributable Profit <sup>(1)</sup>	18.13	10.61	3.16
Net tangible Assets <sup>(2)</sup>	614.26	25.84	6.11
Net Worth <sup>(3)</sup>	659.77	31.24	20.63

<sup>(1)</sup> Distributable profits have been computed in terms section 123 of the Companies Act, 2013.

<sup>(2)</sup> Net Tangible Assets are defined as the sum of fixed assets (including capital work in-progress and excluding revaluation reserve) investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities) and secured as well as unsecured long term liabilities excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

<sup>(3)</sup> Net Worth has been computed as the aggregate of equity shares capital and reserves (excluding revaluation reserves) and after deducting miscellaneous expenditure not written off, if any.

- i) As on the date of this Prospectus, our Company has a paid up capital of ₹ 417.5 lakhs (₹ 4.2 crores), which is in excess of ₹ 1 crore, and the Post Issue Capital shall also be in excess of ₹ 1 crore.
- j) Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
- k) There is no winding up petition against the company, which has been admitted by the court or a liquidator has not been appointed
- l) There has been no change in the Promoter(s) of the Company in the preceding one year from date of filing application to BSE for listing on SME segment
- m) Our company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.
- n) We have a website: [www.vaksonsautomobiles.in](http://www.vaksonsautomobiles.in)

## Disclosure

The Issuer, our Promoters, Promoter Group and the members of our Group Companies have confirmed that they have not been identified as wilful defaulters by the RBI or any other Governmental Authority.

## Disclaimer Clause of SEBI

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OFFER DOCUMENT TO 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 BANKERS, ARYAM AN FINANCIAL SERVICES LIMITED AND BCB BROKERAGE PRIVATE LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKERS, ARYAMAN FINANCIAL SERVICES LIMITED AND BCB BROKERAGE HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 14, 2015 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
  - A. THE PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
  - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - C. THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE COMPANIES ACT, 2013 (TO THE EXTENT NOTIFIED), 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 THEIR REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH

RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE PROSPECTUS.

7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE “MAIN OBJECTS” LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 (SECTION 40 OF COMPANIES ACT, 2013) AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE.
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE PROSPECTUS:
  - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER, AND
  - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF

CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

16. WE ENCLOSURE STATEMENT ON PRICE INFORMATION OF FAST ISSUES HANDLED BY MERCHANT BANKERS AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR (PLEASE SEE “ANNEXURE A” FOR FURTHER DETAILS).
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.

THE FILING OF THIS OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 (SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013) OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKERS ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

**Note:**

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of section 26, 30 and 32 of the Companies Act, 2013.

**ADDITIONAL CONFIRMATIONS/ CERTIFICATIONS TO BE GIVEN BY MERCHANT BANKERS IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE**

1. WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.
3. WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. – NOTED FOR COMPLIANCE
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 SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009; CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE PROSPECTUS.
6. WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.

**Disclaimer from our Company and the Lead Managers**

Our Company, its Directors and the Lead Managers accept no responsibility for statements made otherwise than those contained in this Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our



Company's instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

## **CAUTION**

The Lead Managers accept no responsibility, save to the limited extent as provided in the MoU for Issue Management entered into among the Lead Managers and our Company dated April 21, 2015, the Underwriting Agreement dated April 22, 2015 entered into among the Underwriters and our Company and the Market Making Agreement dated April 21, 2015, entered into among the Market Maker, Lead Managers and our Company.

All information shall be made available by us and the Lead Managers to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centres or elsewhere.

## **Note:**

Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

## **Disclaimer in respect of Jurisdiction**

This Issue is being made in India to persons resident in India including Indian nationals resident in India (who are not minors, except through their legal guardian), Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non-residents including NRIs and FIIs. The Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Prospectus / Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been any change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

## **Disclaimer Clause of the SME Platform of BSE**

"BSE Limited ("BSE") has given vide its letter dated May 29, 2015, permission to this Company to use its name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed on the SME Platform. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. warrant that this Company's securities will be listed or will continue to be listed on BSE; or
- iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to

independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”.

#### Disclaimer Clause under Rule 144A of the U.S. Securities Act

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) in the United States only to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

#### Filing

The Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Reg. 106 (O) (1). However, a copy of the Prospectus shall be filed with SEBI at Corporation Finance Department, 5th Floor, Bank of Baroda Building, 16, Sansad Marg, New Delhi- 110 001.

A copy of the Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 will be delivered to the RoC situated at 4<sup>th</sup> Floor, IFCI Tower, 61, Nehru Palace, New Delhi – 110 019.

#### Listing

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, there is no requirement of obtaining In-Principle approval of the SME Platform of BSE. However, application shall be made to SME Platform of BSE for obtaining permission for listing of the Equity Shares being offered and sold in the Issue on its SME Platform after the allotment in the Issue. BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by BSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the prospectus. The allotment letters shall be issued or application money shall be refunded within fifteen days from the closure of the issue or such lesser time as may be specified by Securities and Exchange Board or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent per annum for the delayed period as prescribed under Section 40 of the Companies Act, 2013.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of BSE mentioned above are taken within 12 Working Days of the Issue Closing Date.

The Company has obtained approval from BSE vide letter dated May 29, 2015 to use the name of BSE in this Offer document for listing of equity shares on SME Platform of BSE.

#### Price Information of past issues handled by the Lead Managers

##### Aryaman Financial Services Limited

S. No	Issue Name	Issue size (₹ in lakhs)	Issue Price (₹)	Listing date	Opening price on listing date (₹)	Closing price on listing date (₹)	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
1.	AGI Infra Ltd.	1,499.04	54.00	27/03/15	54.40	54.65	1.20%	27,458.64	54.70	28,504.46	55.25	28,666.04	56.25	27,437.94



S. No	Issue Name	Issue size (₹ in lakhs)	Issue Price (₹)	Listing date	Opening price on listing date (₹)	Closing price on listing date (₹)	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
2.	Vishal Fabrics Ltd.	1,563.30	45.00	20/08/14	45.20	46.90	4.22%	26,314.29	48.00	26,638.11	51.50	27,057.41	50.50	27,090.42
3.	Dhanuka Commercial Ltd.	444.00	10.00	11/06/14	9.75	9.75	(2.50)%	25,473.89	8.90	25,105.51	8.75	25,516.35	9.75	25,024.35
4.	Karnimata Cold Storage Ltd.	303.60	20.00	18/03/14	29.05	30.00	50.00%	21,832.61	22.15	22,339.97	22.15	22,343.45	22.15	22,628.84
5.	Suyog Telematics Ltd.	453.00	25.00	22/01/14	25.20	25.25	1.00%	21,337.67	25.20	20,513.85	25.00	20,363.37	25.50	20,700.75
6.	Stellar Capital Services Ltd.	900.00	20.00	01/11/13	20.10	19.10	(4.50)%	21,196.81	16.90	20,666.15	15.30	20,635.13	14.55	20,791.93
7.	S R G Securities Finance Ltd.	501.60	20.00	29/10/13	23.90	24.25	21.25%	20,929.01	20.50	20,666.15	20.10	20,850.74	20.00	20,425.02
8.	Kushal Tradelink Ltd.	2,774.80	35.00	04/09/13	35.00	35.80	2.29%	18,567.55	35.30	19,732.76	35.30	19,920.21	43.10	19,915.95
9.	India Finsec Ltd.	600.00	10.00	11/06/13	10.00	10.50	5.00%	19,143.00	9.55	19,245.70	10.00	18,629.15	10.00	18,629.15
10.	SRG Housing Finance Ltd.	700.80	20.00	11/09/12	20.30	20.30	1.50%	17,852.95	21.00	18,349.25	20.15	18,823.91	20.10	18,804.75

### Summary Statement of Disclosure

Financial Year	Total no. of IPOs	Total Funds Raised (₹ in lakhs)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at premium as on 30 <sup>th</sup> calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2015-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2014-15	3	3,506.34	-	-	1	-	-	2	-	-	1	-	-	2
2013-14	6 <sup>(1)</sup>	5,533.00	-	-	1	-	1	4	-	1	-	-	-	3

<sup>(1)</sup> As on the 30th Calendar day from the listing day, the price of India Finsec Limited and S R G Securities Finance Ltd. is exactly equal to its Issue Price and hence it is neither trading at Premium or Discount.

### Notes:

(a) In case the 10th, 20th and 30th calendar day from the date of listing is a holiday, or if the stock was not traded on the said calendar days from the date of listing, the share price and benchmark index is taken of the immediately preceding working day.

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

### BCB Brokerage Private Limited

Sr. No.	Issue Name <sup>(1)</sup>	Issue Size (₹ lakhs.)	Issue Price (₹)	Listing Date	Opening price on listing date	Closing price on listing date	% change in price on listing date (closing) vs issue price	Benchmark index on listing date (Closing)	Closing price as on 10 <sup>th</sup> calendar day from listing day	Benchmark index as on 10 <sup>th</sup> calendar day from Listing Date (Closing)	Closing price as on 20 <sup>th</sup> calendar day from listing day	Benchmark index as on 20 <sup>th</sup> calendar day from Listing Date (Closing)	Closing price as on 30 <sup>th</sup> calendar day from listing day	Benchmark index as on 30 <sup>th</sup> calendar day from listing Date (Closing)
1	Amsons Apparels India Limited	325.00	10.00	06/01/15	7.60	7.65	(24.00)%	26,987.46	11.05	28,121.89	9.79	29,278.84	9.39	28,850.97
2	Aryaman Capital Markets	430.80	12.00	20/10/14	12.20	12.40	3.33%	26,429.85	12.60	27,346.33	12.33	27,868.63	14.15	28,032.85

Limited														
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<sup>(1)</sup> BCB Brokerage Private Limited has undertaken only 2 issues.

### Summary Statement of Disclosure

Financial Year	Total no. of IPOs	Total Funds Raised (₹ in lakhs)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at premium as on 30 <sup>th</sup> calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2014-15	2	755.80	-	-	1	-	-	1	-	-	1	-	-	1

#### Notes:

(a) In case the 10th, 20th and 30th calendar day from the date of listing is a holiday, or if the stock was not traded on the said calendar days from the date of listing, the share price and benchmark index is taken of the immediately preceding working day.

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

### Track record of past issues handled by the Lead Manager

For details regarding the track record of the Lead Managers to the Issue as specified in Circular reference CIR/MIRSD/1/ 2012 dated January 10, 2012 issued by the SEBI, please see the website of Aryaman Financial Services Limited – [www.afsl.co.in](http://www.afsl.co.in) and BCB Brokerage Private Limited – [www.bcbbrokerage.com](http://www.bcbbrokerage.com)

### Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Statutory Auditors, Bankers to the Company; and (b) the Lead Manager, Escrow Collection Bankers, Refund Banker, Peer Review Auditor, Registrar to the Issue, the Legal Advisors to the Issue, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Prospectus with the RoC, as required under Section 32 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI (ICDR) Regulations, M/s. Singla & Associates, Chartered Accountants, Peer Review Auditors and M/s. DNJ & Co., Chartered Accountants, Statutory Auditors, have provided their written consent to the inclusion of their report dated September 08, 2015 on Restated Financial Statements and on report dated April 23, 2015 on Statement of Tax Benefits, respectively, 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 consents and reports have not been withdrawn up to the time of filing of this Prospectus.

### Expert Opinion

Except for the below stated reports and certificate included in the Prospectus, our Company has not obtained any expert opinions:

- Statutory Auditor – Statement of Tax Benefits
- Peer Review Auditor – Restated Financial Statements

### ISSUE RELATED EXPENSES

The expenses of this Issue include, among others, underwriting and management fees, Market Making Fees, selling commissions, SCSB's commission/ fees, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees is given below:

Sr. No.	Particulars	Amount (₹ in lakhs)	% of Total Issue	% of Issue Size
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.	42.00	77.77%	6.73%
2	Printing & Stationery, Distribution, Postage, etc	2.00	3.70%	0.32%

Sr. No.	Particulars	Amount (₹ in lakhs)	% of Total Issue	% of Issue Size
3	Advertisement & Marketing Expenses	2.00	3.70%	0.32%
4	Regulatory & other expenses	8.00	14.81%	1.28%
	<b>Total</b>	<b>54.00</b>	<b>100.00%</b>	<b>8.65%</b>

#### **Fees, Brokerage and Selling Commission Payable to the Lead Manager**

The total fees payable to the Lead Managers (including underwriting commission and selling commission) is as stated in the MOUs dated April 21, 2015 the Underwriting Agreement dated April 22, 2015 and the Market Making Agreement dated April 21, 2015 among our Company and the Lead Managers and other parties, a copy of which will be made available for inspection at our Registered Office.

#### **Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue, for processing of application, data entry, printing of refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the MoU between the Company and the Registrar to the Issue dated December 06, 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.

#### **Capital Issue during the last three years**

Vaksons Automobiles Limited and its Promoter Group have not made any capital issue viz. initial public offering, rights issue or composite issue during the last three years.

#### **Previous Public and Rights Issues**

We have not made any rights and public issues in the past, and we are an “Unlisted Company” in terms of the SEBI (ICDR) Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

#### **Previous Issues of Equity Shares otherwise than for Cash**

Except as stated in the chapter titled “*Capital Structure*” beginning on page 41 of this Prospectus, we have not issued any Equity Shares for consideration other than for cash.

#### **Commission and Brokerage Paid on Previous Issues of our Equity Shares**

Since this is an Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

#### **Companies under the same Management**

There are no companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956, that has made any public issue (including any rights issues or composite issues to the public) during the last three years.

#### **Promise v. Performance – Associates**

Our Company and its Promoter Group have not made any rights and public issues in the past.

#### **Outstanding Debentures, Bonds, Redeemable Preference Shares and Other Instruments issued by the Company**

The Company has no outstanding debentures or bonds. The Company has not issued any redeemable preference shares or other instruments in the past.

#### **Stock Market Data for our Equity Shares**

This being an initial public issue of the Company, the Equity Shares of the Company are not listed on any stock exchange.

### **Mechanism for Redressal of Investor Grievances**

The Company has appointed Cameo Corporate Services Ltd. as the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the Issue will handle investor's grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-ordinating with the Registrar to the Issue in attending to the grievances to the investor.

All grievances relating to the ASBA process may be addressed to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant. We estimate that the average time required by us or the Registrar to the Issue or the SCSBs for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Board by a resolution on February 17, 2015 constituted a Stakeholders Relationship Committee. The composition of the Stakeholders Relationship Grievance Committee is as follows:

<b>Name of the Member</b>	<b>Nature of Directorship</b>	<b>Designation in Committee</b>
Mr. Mahesh Pandey	Non-Executive Independent Director	Chairman
Mr. Pankaj Bhai	Non-Executive Independent Director	Member
Mr. Sumeet Alakh	Non-Executive Independent Director	Member

For further details, please see the chapter titled "*Our Management*" beginning on page 100 of this Prospectus.

The Company has also appointed Ms. Mahak Bajaj as the Company Secretary and Compliance Officer for this Issue and she may be contacted at the Corporate Office of our Company. The contact details are as follows:

**Name: Ms. Mahak Bajaj**  
 105, 1<sup>st</sup> Floor, Barodia Tower,  
 Plot no. 12, D Block, Central Market,  
 Prashant Vihar, New Delhi - 110085  
**Tel No.:** +91-9812787354  
**Tele-Fax No.:** +91-130-2218572  
**Email:** [cs@vaksonsautomobiles.in](mailto:cs@vaksonsautomobiles.in)

Investors can contact the Compliance Officer or the Registrar to the Issue or the Lead Managers in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary accounts and refund orders.

### **Status of Investor Complaints**

We confirm that we have not received any investor complaint during the three years preceding the date of this Prospectus and hence there are no pending investor complaints as on the date of this Prospectus.

### **Disposal of Investor Grievances by Listed Companies under the same Management as the Company**

No company under the same management as the Company within the meaning of Section 370(1B) of the Companies Act, 1956 has made any public issue (including any rights issues to the public) during the last three years and hence there are no pending investor grievances.

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**Change in Auditors**

Our Company has changed the Statutory Auditors, appointing M/s. DNJ & Co., Chartered Accountants in place of M/s. R. S. Gahlyan & Associates & Co., Chartered Accountants vide Resolution passed in the EGM dated September 28, 2012.

**Capitalisation of Reserves or Profits**

Except as stated in the chapter titled “*Capital Structure*” beginning on page 41 of this Prospectus, our Company has not capitalised our reserves or profits during the last five years.

**Revaluation of Assets**

We have not revalued our assets in the last 5 years.

## SECTION IX – 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.*

#### Authority for the Issue

This Issue of Equity Shares has been authorized by the Board of Directors of our Company at their meeting held on February 16, 2015 and was approved by the Shareholders of the Company by passing a Special Resolution at the Extra-Ordinary General Meeting held with a shorter notice on February 17, 2015 in accordance with the provisions of Section 62 (1) (C) of the Companies Act, 2013.

#### 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 including dividend 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 196 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 dividends in cash and as per provisions of the Companies Act, 2013. For further details, please see the chapter titled "*Dividend Policy*" beginning on page 122 of this Prospectus.

#### Face Value and Issue Price

The Equity Shares having a face value of ₹ 10 each are being issued in terms of this Prospectus at the price of ₹ 26 per Equity Share. The Issue Price is determined by our Company in consultation with the Lead Managers and is justified under the chapter titled "*Basis for Issue Price*" beginning on page 58 of this Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

#### Rights of the Equity Shareholders

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

- ✓ Right to receive dividend, if declared;
- ✓ Right to attend general meetings and exercise voting rights, unless prohibited by law;
- ✓ Right to vote on a poll either in person or by proxy;
- ✓ Right to receive offer for rights shares and be allotted bonus shares, if announced;
- ✓ Right to receive surplus on liquidation;
- ✓ Right of free transferability; and
- ✓ Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, terms of the listing agreements with the Stock Exchange and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, etc., please see the section titled "*Main Provisions of Articles of Association of our company*" beginning on page 196 of this Prospectus.

### **Minimum Application Value; Market Lot and Trading Lot**

As per the provisions of the Depositories Act, 1996, the shares of a Body Corporate can be in Dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode.

As per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in Dematerialized form only.

Trading of the Equity Shares will happen in the minimum contract size of 4,000 Equity Shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012 and the same may be modified by BSE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Issue will be done in multiples of 4,000 Equity Share subject to a minimum allotment of 4,000 Equity Shares to the successful applicants.

### **Minimum Number of Allottees**

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

### **Joint Holders**

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

### **Nomination Facility to Investor**

In accordance with Section 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 the issuer does not receive the subscription of 100% of the Issue through this Offer Document including devolvement of Underwriters within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under section 40 of the Companies Act, 2013.

## Arrangements for Disposal of Odd Lots

The trading of the Equity Shares will happen in the minimum contract size of 4,000 shares. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME platform of BSE.

## Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please see the section titled “*Main Provisions of the Articles of Association of our Company*” beginning on page 196 of this Prospectus.

## New Financial Instruments

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

## Option to receive Equity Shares in Dematerialized Form

As per Section 29(1) of the Companies Act, 2013, allotment of Equity Shares will be made only in dematerialized form. As per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making a n initial public offer shall be in Dematerialised form only. The Equity Shares on Allotment will be traded only on the dematerialized segment of the SME Platform of BSE.

## Migration to Main Board

In accordance with the BSE Circular dated November 26, 2012, our Company will have to be mandatorily listed and traded on the SME Platform of the BSE for a minimum period of two years from the date of listing and only after that it can migrate to the Main Board of the BSE as per the guidelines specified by SEBI and as per the procedures laid down under Chapter XB of the SEBI (ICDR) Regulations.

As per the provisions of the Chapter XB of the SEBI (ICDR) Regulation, 2009, our Company may migrate to the main board of BSE from the SME Exchange on a later date subject to the following:

- If the Paid up Capital of the company is likely to increase above ₹ 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principle 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.
- If the Paid up Capital of the company is more than ₹ 10 crores but below ₹ 25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

## Market Making

The shares issued through this Issue are proposed to be listed on the SME Platform of BSE (SME Exchange), wherein the Lead Managers to this Issue shall ensure compulsory Market Making through the registered Market Maker of the SME Exchange for a minimum period of three years from the date of listing on the SME Platform of BSE.

For further details of the agreement entered into between our Company, the Lead Managers and the Market Maker, please see the chapter titled *"General Information - Details of the Market Making Arrangement for this Issue"* beginning on page 33 of this Prospectus.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Mumbai, Maharashtra. The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States, except pursuant to an exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

## ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106 (M) (1) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue face value capital does not exceed more than ten crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such this Issue, please see the chapters titled "*Terms of the Issue*" and "*Issue Procedure*" beginning on pages 168 and 174 respectively, of this Prospectus.

Following is the issue structure:

*Public issue of 24,00,000 Equity Shares of ₹ 10 each (the "Equity Shares") for cash at a price of ₹ 26 per Equity Share (including a Share premium of ₹ 16 per Equity Share) aggregating to ₹ 624.00 lakhs ("the Issue") by Vaksons Automobiles Limited ("VAL" or the "Company" or the "Issuer").*

*The issue comprises a Net Issue to Public of 22,72,000 Equity Shares of ₹ 10 each ("the Net issue"), and a reservation of 1,28,000 Equity Shares of ₹ 10 each for subscription by the designated Market Maker ("the Market Maker Reservation Portion").*

Particulars of the Issue	Net Issue to Public <sup>(1)</sup>	Market Maker Reservation Portion
Number of Equity Shares available for allocation	22,72,000 Equity Shares	1,28,000 Equity Shares
Percentage of Issue Size available for allocation	94.67% of the Issue Size	5.33% of the Issue Size
Basis of Allotment	Proportionate subject to minimum allotment of 4,000 Equity Shares and further allotment in multiples of 4,000 Equity Shares each.	Firm Allotment
Mode of Application	For QIB and NII Applicants the application must be made compulsorily through the ASBA Process. The Retail Individual Applicant may apply through the ASBA or the Physical Form.	Through ASBA Process Only
Minimum Application Size	<p><i>For QIB and NII:</i></p> <p>Such number of Equity Shares in multiples of 4,000 Equity Shares such that the Application Value exceeds ₹ 2,00,000.</p> <p><i>For Retail Individuals:</i></p> <p>4,000 Equity Shares</p>	1,28,000 Equity Shares
Maximum Application Size	<p><i>For QIB and NII:</i></p> <p>Such number of Equity Shares in multiples of 4,000 Equity Shares such that the Application Size does not exceed 1,36,000 Equity Shares.</p> <p><i>For Retail Individuals:</i></p> <p>Such number of Equity Shares in multiples of 4,000 Equity Shares such that the Application Value does not exceed ₹ 2,00,000.</p>	1,28,000 Equity Shares
Mode of Allotment	Dematerialized Form	Dematerialized Form
Trading Lot	4,000 Equity Shares	4,000 Equity Shares, However the Market Maker may buy odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
Terms of Payment	The entire Application Amount will be payable at the time of submission of the Application Form.	

<sup>(1)</sup> 50 % of the shares offered are reserved for allocation to applications below or equal to ₹ 2 lakhs and the balance for higher amount applications.

### Withdrawal of the Issue

The Company, in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

- i. The final listing and trading approvals of BSE for listing of Equity Shares offered through this Issue on its SME Platform, which the Company shall apply for after Allotment; and
- ii. The final RoC approval of the Prospectus after it is filed with the RoC.

In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper.

The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly. If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

### Issue Programme

<b>ISSUE OPENING DATE</b>	SEPTEMBER 28, 2015
<b>ISSUE CLOSING DATE</b>	OCTOBER 01, 2015

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centres mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

## ISSUE PROCEDURE

### Fixed Price Issue Procedure

This Issue is being made under Regulation 106 (M) (1) of Chapter XB of SEBI (ICDR) Regulations, 2009 via Fixed Price Process.

Applicants are required to submit their Applications to the Selected Branches / Offices of the Escrow Bankers to the Issue who shall duly submit them to the Registrar of the Issue. In case of QIB Applicants, the Company in consultation with the Lead Managers may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non-Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications based on technical grounds only.

**Investors should note that according to section 29(1) of the Companies Act, 2013, allotment of Equity Shares to all successful Applicants will only be in the dematerialised form. The Application Forms which do not have the details of the Applicant's depository account including DP ID, PAN and Beneficiary Account Number shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic application system of the stock exchanges by the Brokers (including sub-brokers) do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected. Applicants will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.**

Applicants are required to ensure that the PAN (of the sole/ first Applicant) provided in the Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held. In case of joint Applications, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders.

### Application Form

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Prospectus. ASBA Applicants shall submit an Application Form either in physical or electronic form to the SCSBs authorizing blocking funds that are available in the bank account specified in the Application Form used by ASBA applicants.

The prescribed colour of the Application Form for various categories is as follows:

Category	Colour
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA and Non-ASBA)	White
Non-Residents and Eligible NRIs, FIIs, FVCIs, etc. applying on a repatriation basis (ASBA and Non-ASBA)	Blue

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f. May 02, 2011, the Non-Institutional Applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

### Who Can Apply?

1. Indian nationals resident in India, who are not minors (except through their Legal Guardians), in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: —Name of Sole or First Applicant: X YZ Hindu Undivided Family applying through X YZ, where X YZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
3. Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorised to invest in equity shares;

4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
6. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
7. FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB portion;
8. Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Applications portion;
9. VCFs registered with SEBI;
10. FVCIs registered with SEBI;
11. Eligible QFIs;
12. Multilateral and bilateral development financial institutions;
13. State Industrial Development Corporations;
14. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
15. Scientific and/or industrial research organizations authorized in India to invest in equity shares;
16. Insurance companies registered with Insurance Regulatory and Development Authority;
17. Provident Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
18. Pension Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
19. Limited liability partnerships;
20. National Investment Fund set up by resolution no. F.NO.2/3/2005-DDII dated November 23, 2005 of the GoI, published in the Gazette of India;
21. Nominated Investor and Market Maker
22. Insurance funds set up and managed by the army, navy or air force of the Union of India and by the Department of Posts, India
23. Any other person eligible to Apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.

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

**Applications not to be made by:**

1. Minors (except through their Guardians)
2. Partnership firms or their nominations
3. Foreign Nationals (except NRIs)

#### 4. Overseas Corporate Bodies

##### Maximum and Minimum Application Size

###### *a) For Retail Individual Applicants:*

The Application must be for a minimum of 4,000 Equity Shares and in multiples of 4,000 Equity Shares thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed ₹ 2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed ₹ 2,00,000.

###### *b) For Other Applicants (Non-Institutional Applicants and QIBs):*

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹ 2,00,000 and in multiples of 4,000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB and a Non-Institutional Applicant cannot withdraw or lower the size of their Applications (both in terms of number of Equity Shares applied for and Application Amount) at any stage and are required to pay the entire Application Amount upon submission of the Application.**

The identity of QIBs applying in the Net Issue under the QIB Portion shall not be made public during the subscription Period. In case of revision in Applications, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion.

***Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Prospectus.***

##### Information for the Applicants

- a) Our Company will file the Prospectus with the RoC at least 3 (three) days before the Issue Opening Date.
- b) The Lead Managers will circulate copies of the Prospectus along with the Application Form to potential investors.
- c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our Registered Office or from the Corporate Office of the Lead Manager.
- d) Applicants who are interested in subscribing for the Equity Shares should approach the Lead Managers or their authorized agent(s) to register their Applications.
- e) Applications made in the name of Minors (except through their Legal Guardians) and/or their nominees shall not be accepted.

Applicants are requested to mention the application form number on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address

##### Availability of Prospectus and Application Forms:

The Memorandum Form 2A containing the salient features of the Prospectus together with the Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, Lead Managers to the Issue, Registrar to the Issue and the collection Centres of the Bankers to the Issue, as mentioned in the Application Form. The application forms may also be downloaded from the website of SME Platform of BSE Limited i.e. [www.bsesme.com](http://www.bsesme.com).

##### Option to Subscribe in the Issue

- a. The equity shares, on allotment, shall be traded on stock exchange in demat segment only.



- b. A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

### **Participation by Associates of Lead Manager**

Except for the Underwriting Obligations, the Lead Managers shall not be allowed to subscribe to this Issue in any manner. However, associates and affiliates of the Lead Managers may subscribe to or purchase Equity Shares in the Issue, where the allocation is on a proportionate basis.

### **Application by Indian Public including eligible NRIs applying on Non-Repatriation**

Application must be made only in the names of individuals, Limited Companies or Statutory Corporations/ Institutions and not in the names of Minors (except through their Legal Guardians), Foreign Nationals, Non Residents (except for those applying on non-repatriation), Trusts (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, Partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for the number of securities exceeding the number of securities offered to the public.

### **Application by Mutual Funds**

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid up share capital carrying voting rights.

**Multiple Applications:** In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

### **Applications by Eligible NRIs**

Only Applications accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs intending to make payment through freely convertible foreign exchange and applying on a repatriation basis could make payments through Indian Rupee drafts purchased abroad or cheques or bank drafts or by debits to their Non-Resident External ("NRE") Account or Foreign Currency Non-Resident ("FCNR") Accounts, maintained with banks authorised by the RBI to deal in foreign exchange. Eligible NRIs applying on a repatriation basis are advised to use the Application Forms meant for Non-Residents, accompanied by a bank certificate confirming that the payment has been made by debiting to the NRE or FCNR account, as the case may be. Payment for Applications by non-resident Applicant, applying on a repatriation basis will not be accepted out of Foreign Currency Non-Resident ("NRO") accounts.

In case of Application by Eligible NRIs applying on non-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 NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a NRO Account of a Non-Resident Applicant applying on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

Applications by Eligible NRIs for a payment amount of up to ₹ 2,00,000 would be considered under the Retail Portion for the purposes of allocation and Applications for a payment amount of more than ₹ 2,00,000 would be considered under Non-Institutional Portion for the purposes of allocation.

### **Applications by FPIs, FIIs and QFIs**

On January 7, 2014, SEBI notified the SEBI FPI Regulations pursuant to which the existing classes of portfolio investors namely 'foreign institutional investors' and 'qualified foreign investors' will be subsumed under a new

category namely 'foreign portfolio investors' or 'FPIs'. RBI on March 13, 2014 amended the FEMA Regulations and laid down conditions and requirements with respect to investment by FPIs in Indian companies.

In terms of the SEBI FPI Regulations, an FII who holds a valid certificate of registration from SEBI shall be deemed to be a registered FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. Accordingly, such FIIs can participate in this Issue in accordance with Schedule 2 of the FEMA Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. Further, a QFI can continue to buy, sell or otherwise deal in securities until January 6, 2015 or until the QFI obtains a certificate of registration as FPI, whichever is earlier. Such QFIs shall be eligible to participate in this Issue in accordance with Schedule 8 of the FEMA Regulations and are required to apply under the Non-Institutional Applicants category.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. As of now, in accordance with the foreign investment limits applicable to us the total foreign investment including FII investment cannot exceed the sectoral cap applicable to us (being 100% of our total post Issue paid-up capital). Further, the existing individual and aggregate investment limits for QFIs in an Indian company are 5% and 10% of the paid up capital of an Indian company, respectively.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

### **Applications by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors**

As per the current regulations, the following restrictions are applicable for SEBI Registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one Company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one Company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

### **Applications by Limited Liability Partnerships**

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, as amended ("LLP Act") a certified copy of certificate of registration issued under the LLP Act must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof.

### **Applications by Insurance Companies**

In case of applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment 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 a general insurer or reinsurer or 15% of investment assets in all companies belonging to the group; and
- 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 a 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 the infrastructure and housing sectors, i.e. December 26, 2008, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub ceilings.

Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

### **Application by Provident Funds/ Pension Funds**

In case of applications made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹ 2500 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, our Company reserves the right to reject any application, without assigning any reason thereof.

### **Application under Power of Attorney**

In case of applications made pursuant to a power of attorney by Limited Companies, Corporate Bodies, Registered Societies, Mutual Funds, Eligible QFIs, Insurance Companies and Provident Funds with minimum corpus of ₹ 25 Crores (subject to applicable law) and pension funds with a minimum corpus of ₹ 25 Crores a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any application in whole or in part, in either case, without assigning any reason therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- a) With respect to applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- b) With respect to applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Application Form as applicable. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- c) With respect to applications made by provident funds with minimum corpus of ₹ 25 Crores (subject to applicable law) and pension funds with a minimum corpus of ₹ 25 Crores, a certified copy of a certificate from a Chartered Accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Application

Form. Failing this, our Company reserves the right to accept or reject such application, in whole or in part, in either case without assigning any reasons thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form, subject to such terms and conditions that our Company, the lead managers may deem fit.

**Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the Allotment Advice / CANs / refund orders / letters notifying the unblocking of the bank accounts of ASBA applicants, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the application). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Application Form instead of those obtained from the Depositories.**

**The above information is given for the benefit of the Applicants. The Company and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.**

## **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 Managers are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.*

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

### **ASBA Process**

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant ("ASBA Account") is maintained. The Application Form shall bear the stamp of the SCSBs and if not, the same shall be rejected.

The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Application, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Applicants to the ASBA Public Issue Account.

In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Lead Manager. ASBA Applicants are required to submit their Applications, either in physical or electronic mode. In case of application in physical mode, the ASBA Applicant shall submit the ASBA Application Form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

### **Who can apply?**

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f. May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

## Mode of Payment

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorize the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB. Application Amount paid in cash, by money order or by postal order or by 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.

## ESCROW MECHANISM

For details of the escrow mechanism and payment instructions, see chapter titled “*Issue Procedure – Payment Instructions*” on page 185 of this Prospectus.

## ELECTRONIC REGISTRATION OF APPLICATIONS

1. The Broker / Sub Broker and SCSBs will register the Applications using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Applications are being accepted. The Lead Manager, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the Brokers and the SCSBs, (ii) the Applications uploaded by the Brokers and the SCSBs, (iii) the Applications accepted but not uploaded by the Brokers and the SCSBs or (iv) with respect to ASBA Applications, Applications accepted and uploaded without blocking funds in the ASBA Accounts.
2. The SCSBs shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs and (iv) with respect to Applications by ASBA Applicants, Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by the SCSBs, the full Application Amount has been blocked in the relevant ASBA Account.
3. In case of apparent data entry error either by the Broker / Sub Broker or the collecting bank in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s).
4. The Brokers / Sub Brokers and SCSBs will undertake modification of selected fields in the Application details already uploaded within one Working Day from the Issue Closing Date.
5. The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available with the Brokers and the SCSBs during the Issue Period. The Brokers / Sub Brokers and the Designated Branches can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis.



On the Issue Closing Date, the Brokers and the Designated Branches shall upload the Applications till such time as may be permitted by the Stock Exchanges. This information will be available with the Brokers / Sub Brokers on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation.

6. At the time of registering each Application and each ASBA Application submitted by an ASBA Applicant, the Brokers and the Designated Branches shall enter the following details of the investor in the on-line system, as applicable:

- Name of the Applicant
- IPO Name
- Application Form number
- Investor Category;
- PAN (of First Applicant, if more than one Applicant);
- Prospectus ID of the demat account of the Applicant;
- Client Identification Number (CIN) of the demat account of the Applicant;
- Numbers of Equity Shares Applied for;
- Cheque Details in case of Applications other than ASBA Application and Bank Account details in case of ASBA Applicants;
- Location of the Banker to the Issue or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
- Bank account number.

In case of submission of the Application by an ASBA Applicant through the Electronic Mode, the ASBA Applicant shall complete the above-mentioned details and mention the bank account number, except the Electronic ASBA Application Form number which shall be system generated.

7. A system generated TRS will be given to the Applicant as a proof of the registration of the application. It is the Applicant's responsibility to obtain the TRS from the Brokers / Sub Brokers or the Designated Branches. The registration of the Application by the Brokers / Sub Brokers or the Designated Branches does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
8. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
9. In case of QIB Applicants, the Lead Managers have the right to accept the Application or reject it. However, the rejection should be made at the time of receiving the Application and only after assigning a reason for such rejection in writing. In case of Non-Institutional Applicants and Retail Individual Applicants, Applications would be rejected on the technical grounds.
10. The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
11. Only Applications that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. The Brokers / Sub Brokers will be given up to one day after the Issue Closing Date to verify

the DP ID and Client ID uploaded in the online IPO system during the Issue Period, after which the Registrar will receive this data from the Stock Exchanges and will validate the electronic Application details with depository's records. In case no corresponding record is available with depositories, which matches the three parameters, namely DP ID, Beneficiary Account Number and PAN, then such Applications are liable to be rejected.

## **SIGNING OF UNDERWRITING AGREEMENT AND ROC FILING**

Our Company and the Underwriters shall enter into an Underwriting Agreement as per the terms of Regulation 106P of the SEBI (ICDR) Regulations, 2009 amendments thereto from time to time.

### **Filing of the Prospectus with the RoC**

Our Company will file a copy of the Prospectus with the RoC situated at 4<sup>th</sup> Floor, IFCI Tower, 61, Nehru Palace, New Delhi – 110 019, as required under the Companies Act.

## **ANNOUNCEMENT OF 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 widely circulated regional daily newspaper. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price.

## **ISSUANCE OF A CONFIRMATION OF ALLOCATION NOTE ("CAN") AND ALLOTMENT IN THE ISSUE**

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the Lead Managers or Registrar to the Issue shall send to the SCSBs a list of their Applicants who have been allocated Equity Shares in the Issue.
2. The Registrar will then dispatch a CAN to their Applicants who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Applicant.

## **DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES**

1. Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Applicant's depository account will be completed within 12 Working Days of the Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company will ensure the credit to the successful Applicant's depository account is completed within Twelve Working Days from the date of closure of the Issue.
2. In accordance with section 29(1) of the Companies Act, 2013, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
3. Allottees will have the option to re-materialise the Equity Shares so allotted as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be credited to their depository account pursuant to this Issue.**

## **GENERAL INSTRUCTIONS**

### **Do's:**

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.



### **Don'ts:**

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price Mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue / SCSB.
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

### **Instructions for Completing the Application Form**

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. ASBA Application Forms should bear the stamp of the SCSB's. ASBA Application Forms, which do not bear the stamp of the SCSB, will be rejected.

Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at their sole risk along with Demand Draft payable at par.

### **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 Managers or the Registrar or the Escrow Collection Banks or the SCSB nor the Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs / Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

### **Applications by Non-Residents including Eligible NRIs, FIIs and Foreign Venture Capital Funds on a repatriation basis**

Applications and revision to Applications must be made in the following manner:

1. On the Application Form or the Revision Form, as applicable (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained overleaf.
2. In a single name only.
3. Applications on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of persons not competent to contract under the Indian Contract Act, 1872, as amended, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Applications by Eligible NRIs for an amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Applications for an amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. Our Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.**

**As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.**

**There is no reservation for Eligible NRIs and FIIs and all Applicants will be treated on the same basis with other categories for the purpose of allocation.**

## **PAYMENT INSTRUCTIONS**

### **Escrow Mechanism for Applicants other than ASBA Applicants**

Our Company shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Applicants (other than ASBA Applicants) shall make out the cheque or demand draft in respect of his or her Application and/or revision of the Application. Cheques or demand drafts received for the full Application Amount from Applicants in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) for and on behalf of the Applicants shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account opened with the Public Issue Account Bank. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Applicants shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Prospectus.

**The Applicants should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Applicants.**

### **Terms of Payment / Payment Instructions**

The entire Issue Price of ₹ 26 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 a sub member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

Cash/ Stock invest/ Money Orders/ Postal orders will not be accepted.

A separate Cheque or Bank Draft should accompany each Application Form. Applicants should write the Share Application Number on the back of the Cheque/ Draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders / Postal Notes will not be accepted.

Each Applicant shall draw a cheque or demand draft for the amount payable on the Application as per the following terms:

- 1) The payment instruments for payment into the Escrow Account should be drawn in favour of:

- Indian Public including eligible NRIs applying on non-repatriation basis: "Escrow Account – VAL – R".
  - In case of Non-Resident Retail Applicants applying on repatriation basis: "Escrow Account – VAL – NR"
- 2) In case of Application by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Applicant applying on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
  - 3) Where an Applicant has been allocated a lesser number of Equity Shares than the Applicant has applied for, the excess amount, if any, paid on Application, after adjustment towards the amount payable by the Pay-In Date on the Equity Shares allocated will be refunded to the Applicant from the Refund Account.
  - 4) On the Designated Date and no later than 12 Working days from the Issue Closing Date, the Escrow Collection Banks shall also refund all amounts payable to unsuccessful Applicants and also the excess amount paid on Application, if any, after adjusting for allocation / Allotment to the Applicants.

**For Terms of Payment / Payment Instructions for ASBA Applicants, please see “Issue Procedure for ASBA Applicants” under the chapter “Issue Procedure” on page 174 of this Prospectus.**

#### **Payment by Stock Invest**

In terms of the RBI Circular No. DBOD No. FSC BC 42 / 24.47.00 / 2003-04 dated November 5, 2003; the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

#### **SUBMISSION OF APPLICATION FORM**

All Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Brokers / Sub Brokers at the time of submission of the Application. With regard to submission of Application Forms, please refer to the sub-section on “Issue Procedure - Application Form” on page 174 of this Prospectus.

**Kindly note that the Brokers / Sub Brokers at the Collection Centers may not accept the Application if there is no branch of the Escrow Collection Banks at that location.**

No separate receipts shall be issued for the money payable on the submission of Application Form or Revision Form. However, the collection centre of the Brokers / Sub Brokers will acknowledge the receipt of the Application Forms or Revision Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. In case of ASBA Applications, an acknowledgement from the Designated Branch or concerned Brokers / Sub Brokers, as the case may be, for submission of the Application Form may be provided.

#### **OTHER INSTRUCTIONS**

##### **Joint Applications in the case of Individuals**

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

##### **Multiple Applications**

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- a. All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications
- b. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- c. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of "know your client" norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

#### **Permanent Account Number or PAN**

Pursuant to the circular M RD/DoP/Circ 05/ 2007 dated April 27, 2007, SEBI has mandated Permanent Account Number ( "PAN") to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

#### **Right to Reject Applications**

In case of QIB Applicants, the Company in consultation with the Lead Managers may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicants and Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

#### ***Grounds for Technical Rejections***

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares applied for;
2. In case of Partnership Firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
3. Application by persons not competent to contract under the Indian Contract Act, 1872 including minors (except through their Legal Guardians), insane persons;
4. PAN not mentioned in the Application Form;
5. GIR number furnished instead of PAN;
6. Applications for lower number of Equity Shares than specified for that category of investors;
7. Applications at a price other than the Fixed Price of the Issue;
8. Applications for number of Equity Shares which are not in multiples of 4,000;

9. Category not ticked;
10. Multiple Applications as defined in this Prospectus;
11. In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
12. Applications accompanied by Stock invest/ money order/ postal order/ cash;
13. Signature of sole Applicant is missing;
14. Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
15. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
16. Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
17. Applications where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
18. Applications by OCBs;
19. Applications by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
20. Applications not duly signed;
21. Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
22. Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
23. Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
24. Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
25. Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of ₹ 2,00,000 received after 3.00 pm on the Issue Closing Date;

**APPLICANTS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE SCSBs DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE APPLICATION FORM IS LIABLE TO BE REJECTED.**

#### **Equity Shares in Dematerialised Form with NSDL or CDSL**

As per the provisions of Section 29 (1) of the Companies Act, 2013, the allotment of Equity Shares in this Issue shall be only in de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, the Company is in the process of signing two agreements with the respective Depositories and the Registrar to the Issue:

1. Agreement dated February 26, 2015 with NSDL, the Company and the Registrar to the Issue;

2. Agreement dated January 17, 2015 with CDSL, the Company and the Registrar to the Issue.

All Applicants can seek allotment only in dematerialised mode. Applications from any Applicant without relevant details of his or her depository account are liable to be rejected.

1. An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.
2. The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.
3. Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
4. Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository.
5. If incomplete or incorrect details are given under the heading 'Investors Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
6. The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis-à-vis those with his or her Depository Participant.
7. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
8. The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.
9. Allotment advice or refund orders will be directly sent to the Applicants by the Registrar to the Issue.

## **Communications**

All future communications in connection with the Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre Issue or post Issue related problems such as non receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

## **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY**

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicants who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within twelve working days of date of closure of the Issue.

In case of applicants who receive refunds through ECS, Direct Credit or NEFT, the refund instructions will be given to the clearing system within 12 working days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within 12 working days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within 12 working days of closure of the issue.



In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

- 1) Allotment of Equity Shares shall be made within 12 (twelve) working days of the Issue Closing Date;
- 2) Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 (twelve) working days of the Issue Closing Date would be ensured; and

The Company shall pay interest at 15% p. a. for any delay beyond the 12 (twelve) working days time period as mentioned, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 12 (twelve) working days time.

## **IMPERSONATION**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 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 said Act.”

## **BASIS OF ALLOTMENT**

Allotment will be made in consultation with BSE Limited (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

- 1) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
- 2) The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
- 3) For applications where the proportionate allotment works out to less than 4,000 equity shares the allotment will be made as follows:
  - a) Each successful applicant shall be allotted 4,000 equity shares;
  - 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 4,000 equity shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 4,000 equity shares subject to a minimum allotment of 4,000 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 allocated 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 4,000 equity shares, results in the actual allotment being higher than the shares offered, the final



allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this Prospectus.

- 6) The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
  - a) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
  - b) The balance net offer of shares to the public shall be made available for allotment to (i) individual applicants other than retail individual investors and (ii) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
  - c) The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall/may be made available for allocation to applicants in the other category, if so required.

**In terms of Regulation 43(4) of the SEBI (ICDR) Regulations, 2009, as amended, if the retail individual investor category is entitled to more than fifty per cent on proportionate basis, the retail individual investors shall be allocated that higher percentage.**

'Retail Individual Investor' means an investor who applies for shares of value of not more than ₹ 2,00,000. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE.

The Executive Director / Managing Director of BSE - the Designated Stock Exchange in addition to the Lead Managers and the Registrar to this Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

## PROCEDURE AND TIME SCHEDULE FOR TRANSFER OF EQUITY SHARES

The Issue will be conducted through the "Fixed Price Method" pursuant to which the Brokers / Sub-Brokers and SCSBs will accept Applications for the Equity Shares during the Issue Period. The Issue Period will commence on September 28, 2015 and expires on October 01, 2015. Following the expiration of the Issue Period, our Company, in consultation with the Lead Manager, will determine the basis of allotment and entitlement to allotment based on the applications received and subject to the confirmation by the Stock Exchanges. Successful Applicants will be provided with a confirmation of their allocation for the Equity Shares within a prescribed time. The SEBI (ICDR) Regulations, 2009 require our Company to complete the allotment to successful Applicants within 12 days of the expiration of the Issue Period. The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

## LETTERS OF ALLOTMENT OR REFUND ORDERS OR INSTRUCTIONS TO THE SCSBs

The Registrar to the Issue shall give instructions for credit of the Allotted Equity Shares to the beneficiary account with depository participants within 12 Working Days from the Issue Closing Date. Applicants residing at the centers where clearing houses are managed by the RBI will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and NEFT. Our Company shall ensure dispatch of refund orders, if any, by registered post or speed post at the sole or First Applicant's sole risk within 12 Working Days of the Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days of closure of Issue Closing Date. In case of ASBA Applicants, the Registrar shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Issue Closing Date.

## REFUNDS

In case of Applicants receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ C ANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicants sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the Lead Managers shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the Beneficiary's Identity, then such Applications are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the Applicant). In such cases, the Registrar shall use Demographic Details as given in the Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

### **Payment of Refund**

Applicants must note that on the basis of name of the Applicants, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicants' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicants' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the Lead Managers shall be liable to compensate the Applicants for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

### **MODE OF MAKING REFUNDS**

The payment of refund, if any, would be done through various modes as given hereunder:

- 1) **ECS (Electronic Clearing System)** - Payment of refund would be done through ECS for applicants having an account at any of the centres where such facility has been made available specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.
- 2) **Direct Credit** - Applicants having bank accounts with the Refund Banker(s), as mentioned in the Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
- 3) **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.
- 4) 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 Refund Bank and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

## **INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS OR REFUND ORDERS / INSTRUCTION TO THE SCSBs BY THE REGISTRAR**

The issuer agrees that as far as possible allotment of securities offered to the public shall be made within twelve (12) days of the closure of public issue. The issuer further agrees that it shall pay interest at the rate of fifteen (15) per cent per annum if the allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within fifteen days from the date of the closure of the issue. However applications received after the closure of issue in fulfilment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.

## **UNDERTAKINGS BY OUR COMPANY**

The Company undertakes the following:

- 1) That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- 2) That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within 12 (twelve) working days of closure of the Issue;
- 3) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;
- 4) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 (twelve) working days of the Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- 5) That the letter of allotment/ refund orders to the non resident Indians shall be dispatched within specified time;
- 6) That no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Application monies are refunded on account of non listing, under subscription etc.
- 7) That adequate arrangements shall be made till the securities offered through this Offer Document are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.;
- 8) That we shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

## **UTILIZATION OF ISSUE PROCEEDS**

Our Board certifies that:

- 1) All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 40 of the Companies Act, 2013;
- 2) Details of all monies utilized out of the Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- 3) Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and
- 4) Our Company shall comply with the requirements of Clause 52 of the SME Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

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## **WITHDRAWAL OF THE ISSUE**

The Company, in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of BSE for listing of Equity Shares offered through this issue on its SME Platform, which the Company shall apply for after Allotment.

In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper. The Stock Exchanges where the Equity Shares are proposed to be listed shall also be informed promptly.

If the Company withdraws the Issue after the Application Closing Date, the Company will be required to file a fresh Draft Offer Document with the Stock Exchange.

## 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 2014, with effect from April 17, 2014 ("Circular 1 of 2014"), 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 2014 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; and (iii) a compliance certificate in this regard is obtained from chartered accountant and attached to the filings made before the authorised dealer bank.

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

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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 X – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

*Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Table F in Schedule I of the Companies Act, 2013, the main provisions of the Articles of Association of our Company are detailed below:*

*These Articles of Association were adopted in substitution for and to the entire exclusion of the earlier Articles of Association at the Extra-ordinary General Meeting of the Company held on February 17, 2015.*

### Share capital and variation of rights

Amount of Share Capital	3. The Authorized Share Capital of the Company is as stated in Clause V of the Memorandum of Association and shall be as altered therein from time to time.
Shares under control of Board	4. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of 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 and at such time as they may from time to time think fit.
Directors may allot shares otherwisethan for cash	5. Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.
Kinds of Share Capital	6. The Company may issue the following kinds of shares in accordance with these Articles, the Act, the Rules and other applicable laws: <ol style="list-style-type: none"> <li>Equity share capital:             <ol style="list-style-type: none"> <li>with voting rights; and / or</li> <li>with differential rights as to dividend, voting or otherwise in accordance with the Rules; and</li> </ol> </li> <li>Preference share capital</li> </ol>
Issue of certificate	7.1. Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,-- <ol style="list-style-type: none"> <li>one certificate for all his shares without payment of any charges; or</li> <li>several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.</li> <li></li> </ol>
Certificate to bear seal	7.2. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon
One certificate for shares held jointly	7.3. In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders
Issue of new certificate in place of one defaced, lost or destroyed	7.4. If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Board deems adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of fees for each certificate as may be fixed by the Board.
Provisions as to	7.5. The provisions of the foregoing Articles relating to issue of certificates shall <i>mutatis</i>



issue of certificates to apply <i>mutatis mutandis</i> to debentures, etc.	<i>mutandis</i> apply to issue of certificates for any other securities including debentures (except where the Act otherwise requires) of the Company
Power to pay Commission or brokerage in connection with securities issued	8.1. The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder
Rate of commission in accordance with Rules	8.2. The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40
Mode of payment of commission	8.3. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other
Payment of brokerage	f 8.4. The Company may pay a reasonable and lawful sum for brokerage authorized by the shareholders
Variation of members' rights	9.1. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class
Provisions as to general meetings to apply <i>mutatis mutandis</i> to each meeting	9.2. To every such separate meeting, the provisions of these regulations relating to general meetings shall <i>mutatis mutandis</i> apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question
Further issue of share capital	10.1. The Board or the Company, as the case may be, may, in accordance with the Act and the Rules, issue further shares to – <ul style="list-style-type: none"> <li>a. persons who, at the date of offer, are holders of equity shares of the Company; such offers 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; or</li> <li>b. employees under any scheme of employees' stock option; or</li> <li>c. any persons, whether or not those persons include the persons referred to in clause (a) or clause (b) above</li> </ul>
Mode of further issue of shares	10.2. A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the Rules
Issue of further shares not to affect rights of existing members	11.1. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking <i>pari passu</i> therewith.
Power to issue redeemable preference shares	11.2. Subject to the provisions of the Act, the Board with the sanction of a non-ordinary resolution, shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted to equity shares, on such terms and conditions and in such manner as determined as the company before the issue of the shares may, by special resolution, determine

### Dematerialisation of Securities



Dematerialization of Securities	12.1. The Company shall be entitled to dematerialize securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996, as amended
Options for investors	<p>12.2. Every holder of or subscriber to securities of the Company shall have the option to receive certificates for such securities 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 bylaw, in respect of any securities in the manner provided by the Depositories Act, 1996, as amended and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates for the Securities.</p> <p>If a person opts to hold his Securities with the depository, the Company shall intimate such depository the details of allotment of the Securities, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the Securities</p>
Securities in depositories to be in fungible form	12.3. All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 88, 89, 90 and 186 of the Act shall apply to a depository in respect of the securities held by on behalf of the beneficial owners
Rights of Depositories and beneficial owners	<p>12.4.</p> <ol style="list-style-type: none"> <li>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 securities of the Company on behalf of the beneficial owner</li> <li>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</li> <li>Every person holding securities of the Company and whose name is entered as the beneficial owner of securities in the record of the depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a depository and shall be deemed to be a Member of the Company</li> </ol>
Service of Documents	12.5. Notwithstanding anything contained in the Act or these Articles to the contrary, where securities of the Company are held in a depository, the records of the beneficiary ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs
Transfer of securities	12.6. Nothing contained in Section 56 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository
Allotment of securities dealt with in a depository	12.7. Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities
Distinctive number of securities held in a Depository	12.8. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository
Register and index of Beneficial Owners	12.9. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, as amended shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles

### Lien

Company's lien on shares	<p>13.1. The Company shall have a first and paramount lien –</p> <ol style="list-style-type: none"> <li>on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and</li> <li>on all shares (not being fully paid shares) standing registered in the name of a</li> </ol>
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member, for all monies presently payable by him or his estate to the Company:

Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

Lien to extend to dividends, etc.	13.2. The Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares for any money owing to the Company.
Waiver of lien in case of registration	13.3. Unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Company's lien
As to enforcing lien by sale	14.1. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien: Provided that no sale shall be made— a. unless a sum in respect of which the lien exists is presently payable; or b. until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.
Validity of sale	14.2. To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof
Purchaser to be registered holder	14.3. The purchaser shall be registered as the holder of the shares comprised in any such transfer
Validity of Company's receipt	14.4. The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the share and the purchaser shall be registered as the holder of the share
Purchaser not affected	14.5. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.
Application of proceeds of sale	15.1. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable
Payment of residual money	15.2. The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale
Outsider's lien not to affect Company's lien	16. In exercising its lien, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or unless required by any statute) be bound to recognise any equitable or other claim to, or interest in, such share on the part of any other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim.
Provisions as to lien to apply <i>mutatis mutandis</i> to debentures, etc	17. The provisions of these Articles relating to lien shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company

### Calls on shares

Board may make calls	18.1. The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares
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or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call

Notice of call	18.2. Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares
Board may extend time for payment	18.3. The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call in respect of one or more members as the Board may deem appropriate in any circumstances
Revocation or postponement of call	18.4. A call may be revoked or postponed at the discretion of the Board.
Call to take effect from date of resolution	19. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments
Liability of joint holders of shares	20. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
When interest on call or instalment payable	21.1. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.
Board may waive interest	21.2. The Board shall be at liberty to waive payment of any such interest wholly or in part.
Sums deemed to be calls	22.1. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
Effect of nonpayment of sums	f 22.2. In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified
Payment in anticipation of calls may carry interest	23. The Board— a. may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and b. upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be fixed by the Board. Nothing contained in this clause shall confer on the member (i) any right to participate in profits or dividends or (ii) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him.
Instalments on shares to be duly paid	24. If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by instalments, then every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder
Calls on shares of same class to be on uniform basis	25. All calls shall be made on a uniform basis on all shares falling under the same class. <i>Explanation:</i> Shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.

Partial payment not to preclude forfeiture	26. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof 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 shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided
Provisions as to calls to apply <i>mutatis mutandis</i> to debentures, etc	27. The provisions of these Articles relating to calls shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company.

### Transfer of shares

Instrument of transfer to be executed by transferor and transferee	<p>f 27.1. The instrument of transfer of any share in the Company shall be duly executed by or on behalf of both the transferor and transferee</p> <p>27.2. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof</p>
Board may refuse to register transfer	28. The Board may, subject to the right of appeal conferred by the Act decline to register – <ol style="list-style-type: none"> <li>the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or</li> <li>any transfer of shares on which the Company has a lien.</li> </ol>
Board may decline to recognise instrument of transfer	29. In case of shares held in physical form, the Board may decline to recognize any instrument of transfer unless – <ol style="list-style-type: none"> <li>the instrument of transfer is duly executed and is in the form as prescribed in the Rules made under the Act;</li> <li>the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and</li> <li>the instrument of transfer is in respect of only one class of shares.</li> </ol>
Transfer of shares when suspended	30. On giving of previous notice of at least seven days or such lesser period in accordance with the Act and Rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine: Provided that such registration shall not be suspended for more than thirty days at any one time or for more than fortyfive days in the aggregate in any year.
Provisions as to transfer of shares to apply <i>mutatis mutandis</i> to debentures, etc.	31. The provisions of these Articles relating to transfer of shares shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company

### Transmission of shares

Title to shares on death of a member	32.1. On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares
Estate of deceased member liable	32.2. Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons
Transmission Clause	33.1. 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 properly be required by the Board and subject as hereinafter provided, elect, either –

- a. to be registered himself as holder of the share; or
- b. to make such transfer of the share as the deceased or insolvent member could have made.

Board's right unaffected	33.2. 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
Indemnity to the Company	33.3. The Company shall be fully indemnified by such person from all liability, if any, by actions taken by the Board to give effect to such registration or transfer
Right to election of holder of share	34.1. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
Manner of testifying election	34.2. If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share
Limitations applicable to notice	34.3. 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 or transfer were a transfer signed by that member
Claimant to be entitled to same advantage	35. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:  Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.
Provisions as to transmission to apply <i>mutatis mutandis</i> to debentures, etc.	36. The provisions of these Articles relating to transmission by operation of law shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company

### Forfeiture of shares

If call or instalment not paid notice must be given	37. If a member fails to pay any call, or instalment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or instalment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment.
Form of notice	38. The notice aforesaid shall: <ol style="list-style-type: none"> <li>a. name a further day (not being earlier than the expiry 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</li> <li>b. state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited</li> </ol>
In default of payment of shares	39. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the

to be forfeited	payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
Receipt of part amount or grant of indulgence not to affect forfeiture	40. Neither the receipt by the Company for a portion of any money which may from time to time be due from any member in respect of his shares, nor any indulgence that may be granted by the Company in respect of payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture in respect of such shares as herein provided. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture
Entry of forfeiture in register of members	41. When any share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and an entry of the forfeiture with the date thereof, shall forthwith be made in the register of members but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.
Effect of forfeiture	42. The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share
Forfeited shares may be sold, etc	43.1. A forfeited share shall be deemed to be the property of the Company and may be sold or re-allotted or otherwise disposed of either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person on such terms and in such manner as the Board thinks fit.
Cancellation of forfeiture	43.2. At any time before a sale, re-allotment or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit
Members still liable to pay money owing at the time of forfeiture	44.1. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay, and shall pay, to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares
Member still liable to pay money owing at time of forfeiture and interest	44.2. All such monies payable shall be paid together with interest thereon at such rate as the Board may determine, from the time of forfeiture until payment or realisation. The Board may, if it thinks fit, but without being under any obligation to do so, enforce the payment of the whole or any portion of the monies due, without any allowance for the value of the shares at the time of forfeiture or waive payment in whole or in part.
Cesser of liability	44.3. The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares
Certificate of forfeiture	45.1. A duly verified declaration in writing that the declarant is a director, the manager or the secretary 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;
Title of purchaser and transferee of forfeited shares	45.2. The Company may receive the consideration, if any, given for the share on any sale, re-allotment or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
Transferee to be registered as holder	45.3. The transferee shall thereupon be registered as the holder of the share; and
Transferee not affected	45.4. The transferee 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, re-allotment or disposal of the share.
Validity of sales	46. Upon any sale after forfeiture or for enforcing a lien in exercise of the powers



hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the shares sold and cause the purchaser's name to be entered in the register of members in respect of the shares sold and after his name has been entered in the register of members in respect of such shares the validity of the sale shall not be impeached by any person

Cancellation of share certificate in respect of forfeited shares	47. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate(s), if any, originally issued in respect of the relative shares shall ( unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto
Surrender of share certificates	48. The Board may, subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as they think fit.
Sums deemed to be calls	49. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified
Provisions as to forfeiture of shares to apply <i>mutatis mutandis</i> to debentures, etc	50. The provisions of these Articles relating to forfeiture of shares shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company.

### Alteration of capital

Power to alter share capital	51. Subject to the provisions of the Act, the Company may, by ordinary resolution – <ol style="list-style-type: none"> <li>increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;</li> <li>consolidate and divide all or any of its share capital into shares of larger amount than its existing shares: Provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act;</li> <li>convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;</li> <li>sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;</li> <li>cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.</li> </ol>
Shares may be converted into stock	52. Where shares are converted into stock: <ol style="list-style-type: none"> <li>the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit: Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose;</li> </ol>
Right of stockholders	<ol style="list-style-type: none"> <li>the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage;</li> <li>such of these Articles of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder”/“member” shall include “stock” and “stock-holder” respectively</li> </ol>



- Reduction of capital
53. The Company may, by resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act and the Rules, —
- its share capital; and/or
  - any capital redemption reserve account; and/or
  - any securities premium account; and/or
  - any other reserve in the nature of share capital

### Joint Holders

- Joint-holders
54. Where two or more persons are registered as joint holders (not more than three) of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles:
- Liability of Jointholders
- f
- The joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share.
  - On the death of any one or more of such joint-holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.
  - Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share
  - Only the person whose name stands first in the register of members as one of the joint-holders of any share shall be entitled to the delivery of certificate, if any, relating to such share or to receive notice (which term shall be deemed to include all relevant documents) and any notice served on or sent to such person shall be deemed service on all the joint-holders
- Death of one or more joint-holders
- Receipt of one sufficient Delivery of certificate and giving of notice to first named holder
- Vote of jointholders
1. Any one of two or more joint-holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such jointholders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the register in respect of such shares shall alone be entitled to vote in respect thereof.
  2. Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this clause be deemed joint-holders
- Executors or administrators as joint holders
- Provisions as to joint holders as to shares to apply *mutatis mutandis* to debentures, etc
- f. The provisions of these Articles relating to joint holders of shares shall *mutatis mutandis* apply to any other securities including debentures of the Company registered in joint names

### Capitalisation of profits

- Capitalisation
- 55.1. The Company by ordinary resolution in general meeting may, upon the recommendation of the Board, resolve —
- that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
  - that such sum be accordingly set free for distribution in the manner specified in clause (2) below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions
- Sum how applied
- 55.2. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) below, either in or towards :
- (A) paying up any amounts for the time being unpaid on any shares held by such members

respectively;  
 (B) paying up in full, unissued shares or other securities of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;  
 (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B).

55.3. A securities premium account and a capital redemption reserve account or any other permissible reserve account may, for the purposes of this Article, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;

55.4. The Board shall give effect to the resolution passed by the Company in pursuance of this Article

Powers of the Board for capitalisation

56.1. Whenever such a resolution as aforesaid shall have been passed, the Board shall –  
 a. make all appropriations and applications of the amounts resolved to be capitalised thereby, and all allotments and issues of fully paid shares or other securities, if any; and  
 b. generally do all acts and things required to give effect thereto

Board's power to issue fractional certificate/coupon etc.

56.2. The Board shall have power—  
 a. to make such provisions, by the issue of fractional certificates/coupons or by payment in cash or otherwise as it thinks fit, for the case of shares or other securities becoming distributable in fractions; and  
 b. 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 or other securities 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 profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares.

Agreement binding on members

57. Any agreement made under such authority shall be effective and binding on such members

### Buy-back of shares

Buy-back of shares

58. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities

### General meetings

Extraordinary general meeting

59. All general meetings other than annual general meeting shall be called extraordinary general meeting

Powers of Board to call extraordinary general meeting

60.1. The Board may, whenever it thinks fit, call an extraordinary general meeting.  
 60.2. If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board

### Proceedings at general meetings

Presence of Quorum

61.1. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business

Quorum for

61.2. Save as otherwise provided herein, the quorum for the general meetings shall be as

general meeting	provided in section 103
Chairperson of the meetings	62.1. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
Business confined to election of Chairperson whilst chair vacant	62.2. No business shall be discussed or transacted at any general meeting except election of Chairperson whilst the chair is vacant
Directors to elect a Chairperson	63. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting
Members to elect a Chairperson	64. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall, by poll or electronically, choose one of their members to be Chairperson of the meeting.
Casting vote of Chairperson at general meeting	65. On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have a second or casting vote.
Minutes of proceedings of meetings and resolutions passed by postal ballot	66.1. The Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Rules and kept by making within thirty days of the conclusion of every such meeting concerned or passing of resolution by postal ballot entries thereof in books kept for that purpose with their pages consecutively numbered.
Certain matters not to be included in Minutes	66.2. There shall not be included in the minutes any matter which, in the opinion of the Chairperson of the meeting – a. is, or could reasonably be regarded, as defamatory of any person; or b. is irrelevant or immaterial to the proceedings; or c. is detrimental to the interests of the Company.
Discretion of Chairperson in relation to Minutes	66.3. The Chairperson shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in the aforesaid clause
Minutes to be evidence	66.4. The minutes of the meeting kept in accordance with the provisions of the Act shall be evidence of the proceedings recorded therein
Inspection of minute books of general meeting	67.1. The books containing the minutes of the proceedings of any general meeting of the Company or a resolution passed by postal ballot shall: a. be kept at the registered office of the Company; and b. be open to inspection of any member without charge, during 11.00 a.m. to 1.00 p.m. on all working days
Members may obtain copy of minutes	67.2. Any member shall be entitled to be furnished, within the time prescribed by the Act, after he has made a request in writing in that behalf to the Company and on payment of such fees as may be fixed by the Board, with a copy of any minutes referred to in clause (1) above: Provided that a member who has made a request for provision of a soft copy of the minutes of any previous general meeting held during the period immediately preceding three financial years, shall be entitled to be furnished with the same free of cost.

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| Powers to arrange security at meetings | 68. The Board, and also any person(s) authorised by it, may take any action before the commencement of any general meeting, or any meeting of a class of members in the Company, which they may think fit to ensure the security of the meeting, the safety of people attending the meeting, and the future orderly conduct of the meeting. Any decision made in good faith under this Article shall be final, and rights to attend and participate in the meeting concerned shall be subject to such decision |
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#### Adjournment of meeting

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| Chairperson may adjourn the Meeting      | 69.1. The Chairperson may, <i>suomotu</i> , adjourn the meeting from time to time and from place to place.  |
| Business at adjourned meeting            | 69.2. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place                           |
| Notice of adjourned meeting              | 69.3. 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                                       |
| Notice of adjourned meeting not required | 69.4. Save as aforesaid, and save as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting. |

#### Voting rights

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| Entitlement to vote on show of hands and on poll                  | 70. Subject to any rights or restrictions for the time being attached to any class or classes of shares –<br>a. on a show of hands, every member present in person shall have one vote; and<br>b. on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company  |
| Voting through Electronic means                                   | 71. A member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once   |
| Vote of joint holders   | 72.1. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.   |
| Seniority of names  | 72.2. For this purpose, seniority shall be determined by the order in which the names stand in the register of members  |
| How members <i>non compos mentis</i> and minor may vote           | 73. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian or any one of his guardians.  |
| Votes in respect of shares of deceased or insolvent members, etc. | 74. Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the Transmission Clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall duly satisfy the Board of his right to such shares unless the Board shall have previously admitted his right to vote at such meeting in respect thereof. |
| Business may proceed pending poll                                 | 75. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll  |
| Restriction on  | 76. No member shall be entitled to vote at any general meeting unless all calls or other sums   |

voting rights presently payable by him in respect of shares in the Company have been paid or in regard to which the Company has exercised any right of lien.

Qualification of Voter 77.1. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes

77.2. Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive

Restriction on exercise of voting rights in other cases to be void 78. A member is not prohibited from exercising his voting on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in the preceding Article

Equal rights of members 79. Any member whose name is entered in the register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other members of the same class

#### Proxy

Member may vote in person or otherwise 80. Any member entitled to attend and vote at a general meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting

Proxies when to be deposited 81. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid

Form of proxy 82. An instrument appointing a proxy shall be in the form as prescribed in the Rules

Proxy to be valid notwithstanding death of the principal 83. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

#### Board of Directors

Board of Directors 84. Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than 3(three) and shall not be more than 15 (fifteen).

First Directors 85. The first Directors of the Company are as under:  
1. Mr. Vinod Kumar Jain  
2. Mr. Atul Kumar Jain

Nominee Director 86. The Company shall, subject to the provisions of the Act and these Articles, be entitled to agree with any Person, firm or corporation that he or it shall have the right to appoint his or its nominee on the Board ("**Nominee Director**") upon such terms and conditions as the Company may deem fit. He shall be entitled to the same rights and privileges and be subject to the same obligation as any other Director of the Company.

In the event of Company borrowing any Money from any financial corporation or institution or Government or any Government body or a collaborator, bank, person or persons or from any other source, while any money remains due to them or any of them, the lender concerned may have and may exercise the right and power to appoint, from time

to time, any person or persons to be a Director or Directors of the Company and the Directors so appointed, shall not be liable to retire by rotation, subject however, to the limits prescribed by the Act. Any person so appointed may at any time be removed from the office by the appointing authority who may from the time of such removal or in case of death or resignation of person, appoint any other or others in his place. Any such appointment or removal shall be in writing, signed by the appointer and served on the Company. Such Director need not hold any qualification shares.

Appointment of additional directors	87.	i.	Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles
Duration of office of additional director		ii.	Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.
Appointment of alternate director	88.	i.	The Board may appoint an alternate director to act for a director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from India. No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act.
Duration of office of alternate director		ii.	An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India
Re-appointment provisions applicable to Original Director		iii.	If the term of office of the Original Director is determined before he returns to India the automatic re-appointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director
Appointment of director to fill a casual vacancy	89.	i.	If the office of any director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board.
Duration of office of Director appointed to fill casual vacancy		ii.	The director so appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office if it had not been vacated
Remuneration of Directors	90.	i.	The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day
Remuneration to require members' consent		ii.	The remuneration payable to the directors, including any managing or whole-time director or manager, if any, shall be determined in accordance with and subject to the provisions of the Act by an ordinary resolution passed by the Company in general meeting
Travelling and other expenses		iii.	In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—
		a.	in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or
		b.	in connection with the business of the Company



Retirement and rotation of directors	91.	i.	At every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office
Retiring Director eligible for re-election		ii.	A retiring Director shall be eligible for re-election

Execution of negotiable instruments	92.	All cheques, promissory notes, drafts, <i>hundis</i> , bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine	
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### **Powers of Board**

General powers of the Company vested in Board	93.	The management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the memorandum of association or otherwise authorized to exercise and do, and, not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and other laws and of the memorandum of association and these Articles and to any regulations, not being inconsistent with the memorandum of association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made	
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### **Proceedings of the Board**

When meeting to be convened	94.	The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.	
Who may summon Board meeting	95.	The Chairperson or any one Director with the previous consent of the Chairperson may, or the company secretary on the direction of the Chairperson shall, at any time, summon a meeting of the Board	
Quorum for Board Meetings	96.	The quorum for a Board meeting shall be as provided in the Act.	
Participation at Board meetings	97.	The participation of directors in a meeting of the Board may be either in person or through video conferencing or audiovisual means or teleconferencing, as may be prescribed by the Rules or permitted under law	
Questions at Board meeting how decided	98.	i.	Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
Casting vote of Chairperson at Board meeting		ii.	In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote
Directors not to act when number falls below minimum	99.	The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose	
Who to preside at meetings of the Board	100.	i.	The Chairperson of the Company shall be the Chairperson at meetings of the Board. In his absence, the Board may elect a Chairperson of its meetings and determine the period for which he is to hold office
Directors to		ii.	If no such Chairperson is elected, or if at any meeting the Chairperson is not



elect a Chairperson		present within fifteen minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting
Delegation of Powers	101.	<ul style="list-style-type: none"> <li>i. The Board may, subject to the provisions of the Act, delegate any of its powers to Committees consisting of such member or members of its body as it thinks fit</li> <li>ii. Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board</li> <li>iii. The participation of directors in a meeting of the Committee may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.</li> </ul>
Committee to conform to Board regulations		
Participation at Committee meetings		
Chairperson of Committee	102.	<ul style="list-style-type: none"> <li>i. A Committee may elect a Chairperson of its meetings unless the Board, while constituting a Committee, has appointed a Chairperson of such Committee.</li> <li>ii. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting</li> </ul>
Who to preside at meetings of Committee		
Committee to meet	103.	<ul style="list-style-type: none"> <li>i. A Committee may meet and adjourn as it thinks fit</li> <li>ii. Questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present</li> <li>iii. In case of an equality of votes, the Chairperson of the Committee shall have a second or casting vote</li> </ul>
Questions at Committee meeting how decided		
Casting vote of Chairperson at Committee meeting		
Acts of Board or Committee valid notwithstanding defect of appointment	104.	All acts done in any meeting of the Board or of 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 of any person acting as aforesaid, or that they or any of them were disqualified or that his or their appointment had terminated, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
Passing of resolution by circulation	105.	Save as otherwise expressly provided in the Act, a resolution in writing, signed, whether manually or by secure electronic mode, by a majority of the members of the Board or of a Committee thereof, for the time being entitled to receive notice of a meeting of the Board or Committee, shall be valid and effective as if it had been passed at a meeting of the Board or Committee, duly convened and held

#### **Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer**

Chief Executive Officer, etc	106.1.	<p>Subject to the provisions of the Act,—</p> <p>A chief executive officer, manager, company secretary and chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary and chief financial officer so appointed may be removed by means of a resolution of the Board; the Board may appoint one or more chief executive officers for its multiple businesses.</p>
Director may be chief executive officer, etc	106.2.	A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

Provisions & Regulations	107.	A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer
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### Registers

Statutory registers	108.	The Company shall keep and maintain at its registered office all statutory registers namely, register of charges, register of members, register of debenture holders, register of any other security holders, the register and index of beneficial owners and annual return, register of loans, guarantees, security and acquisitions, register of investments not held in its own name and register of contracts and arrangements for such duration as the Board may, unless otherwise prescribed, decide, and in such manner and containing such particulars as prescribed by the Act and the Rules. The registers and copies of annual return shall be open for inspection during 11.00 a.m. to 1.00 p.m. on all working days, at the registered office of the Company by the persons entitled thereto on payment, where required, of such fees as may be fixed by the Board but not exceeding the limits prescribed by the Rules
Foreign register	109.1.	The Company may exercise the powers conferred on it by the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of the Act) make and vary such regulations as it may think fit respecting the keeping of any such register.
	109.2.	The foreign register shall be open for inspection and may be closed, and extracts may be taken therefrom and copies thereof may be required, in the same manner, <i>mutatis mutandis</i> , as is applicable to the register of members.

### The Seal

The seal, its custody and use	110.1.	The Board shall provide for the safe custody of the seal
Affixation of seal	110.2.	The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorised by it in that behalf, and except in the presence of at least one director or the manager, if any, or of the secretary or such other person as the Board may appoint for the purpose; and such director or manager or the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence

### Dividends and Reserve

Company in general meeting may declare dividends	111.	The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board but the Company in general meeting may declare a lesser dividend
Interim dividends	112.	Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit
Dividends only to be paid out of profits	113.1.	The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applied 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.

Carry forward of Profits	113.2.	The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
Division of profits	f 114.1.	Subject to the rights of persons, if any, entitled to shares 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, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
Payments in advance	114.2.	No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share
Dividends to be apportioned	114.3.	All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly
No member to receive dividend whilst indebted to the Company and Company's right to reimbursement therefrom	115.1.	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 or otherwise in relation to the shares of the Company.
Retention of dividends	115.2.	The Board may retain dividends payable upon shares in respect of which any person is, under the Transmission Clause hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares
Dividend how remitted	116.1.	Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed 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 on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
Instrument of payment	116.2.	Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
Discharge to Company	116.3.	Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made
Receipt of one holder sufficient	117.	Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share
Notice of dividend declaration	118.	Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
No interest on Dividends	119.	No dividend shall bear interest against the Company
Waiver of dividends	120.	The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board

Inspection by Members 121.1. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

Restriction on inspection by members 121.2. No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting

### **Winding up**

Winding up of Company 122. Subject to the applicable provisions of the Act and the Rules made thereunder –

- a. If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- b. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members
- c. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

### **Indemnity & Insurance**

Directors and officers right to indemnity 123.1. Subject to the provisions of the Act, every director, managing director, whole-time director, manager, company secretary and other officer of the Company shall be indemnified by the Company out of the funds of the Company, to pay all costs, losses and expenses (including travelling expense) which such director, manager, company secretary and officer may incur or become liable for by reason of any contract entered into or act or deed done by him in his capacity as such director, manager, company secretary or officer or in any way in the discharge of his duties in such capacity including expenses.

123.2. Subject as aforesaid, every director, managing director, manager, company secretary or other officer of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court.

Insurance 123.3. The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably

### **General Power**

General power 124. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry out such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided

## SECTION XI – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by the Company (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this Prospectus) which are or may be deemed material have been attached to the copy of the Prospectus delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from Application/Issue Opening Date until the Application/Issue Closing Date.

#### **A. Material Contracts**

1. Memorandum of Understanding dated April 21, 2015 between our Company and the Lead Managers.
2. Memorandum of Understanding dated December 06, 2014 between our Company and the Registrar to the Issue.
3. Escrow Agreement dated September 09, 2015 between our Company, the Lead Manager, Escrow Collection Bank(s), Refund bank and the Registrar to the Issue.
4. Market Making Agreement dated April 21, 2015 between our Company, the Lead Managers and the Market Maker.
5. Underwriting Agreement dated April 22, 2015 between our Company and the Lead Managers and the Market Maker.
6. Tripartite agreement between the NSDL, our Company and the Registrar dated February 26, 2015.
7. Tripartite agreement between the CDSL, our Company and the Registrar dated January 17, 2015.

#### **B. Material Documents**

1. Certified true copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
2. Copy of Certification of Incorporation of Vaksons Automobiles Limited.
3. Resolution of the Board of Directors meeting dated February 16, 2015, authorizing the Issue.
4. Shareholders' resolution passed at the Extra-Ordinary General Meeting dated February 17, 2015 authorizing the Issue.
5. Auditor's report for Restated Financials dated September 08, 2015 included in this Prospectus.
6. The Statement of Tax Benefits dated April 23, 2015 from our Statutory Auditors.
7. Consent of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Auditors, Lead Managers, Legal Advisor to the Issue, Registrar to the Issue, Bankers to our Company, Market Maker, Underwriters, Escrow Collection Bank(s) and Refund Bank as referred to in their specific capacities.
8. Due Diligence Certificate(s) dated September 14, 2015 of the Lead Managers to be submitted to SEBI along with the filing of the Prospectus.
9. Approval from BSE vide letter dated May 29, 2015 to use the name of BSE in this Offer Document for listing of Equity Shares on the SME Platform of the BSE.
10. Agreement for Sale of Land dated December 11, 2014 for land admeasuring 1,033 sq. yards, situated at Jiwan Vihar, Patti Musalaman, Murthal Road, Dist Sonapat - 131001, Haryana.

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Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

We, the Directors of the Company, hereby declare that, all the relevant provisions of the Companies Act, 1956, Companies Act, 2013 (to the extent notified) and the guidelines issued by the Government of India or the regulations or guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in 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, each as amended or rules made there under or guidelines / regulations issued, as the case may be. We further certify that all the disclosures and statements made in this Prospectus are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY:

**Mr. Atul Kumar Jain**  
(Chairman and Managing Director)

**Mr. Satender Kumar Jain**  
(Whole-Time Director)

**Mr. Pankaj Bhai**  
(Executive Director)

**Mr. Mahesh Pandey**  
(Non-Executive Independent Director)

**Mr. Sumeet Alakh**  
(Non-Executive Independent Director)

**Mrs. Deepti Bhadbhade Jain**  
(Non-Executive Independent Director)

**Mr. Praveen Jain**  
(Chief Financial Officer)

**Ms. Mahak Bajaj**  
(Company Secretary & Compliance Officer)

Date: September 14, 2015  
Place: Delhi