



# SARTHAK METALS LIMITED

CIN: U51102CT1995PLC009772

Our Company was originally incorporated on July 28, 1995, as "Sarthak Metals Marketing Private Limited" under the provisions of the Companies Act, 1956 with the Registrar of Companies, Madhya Pradesh, Gwalior. The name of Company was changed to "Sarthak Metals Private Limited" vide shareholders resolution passed at the Extra Ordinary General Meeting of the Company held on August 13, 2016 and a fresh Certificate of Incorporation pursuant to change of name dated August 22, 2016 was issued by the Registrar of Companies, Chhattisgarh. Further, pursuant to Shareholders Resolution passed at the Extra Ordinary General Meeting of the Company held on August 13, 2016, our Company was converted into a public limited company and accordingly the name of our Company was changed to "Sarthak Metals Limited" vide a fresh Certificate of Incorporation dated August 23, 2016, issued by the Registrar of Companies, Chhattisgarh. For further details, please see the section titled "History and Certain Other Corporate Matters" beginning on page 108 of this Draft Prospectus.

**Registered Office:** B.B.C Colony, G.E. Road, Khursipar, Bhilai - 490 011, Chhattisgarh, India.;  
**Tel:** +91-788-3290584/2296495; **Fax:** +91-788-2225874; **Website:** www.sarthakmetals.com;  
**Company Secretary and Compliance Officer:** Ms. Brinda Sethi; **Email:** cs@sarthakmetals.com;  
**Contact Person:** Mr. Anirudh Singhal, Chief Financial Officer; **Email:** cfo@sarthakmetals.com

OUR PROMOTERS	
MR. ANOOP KUMAR BANSAL, MR. KISHORE KUMAR BANSAL, MR. MANOJ KUMAR BANSAL AND MR. SANJAY SHAH	
THE OFFER	
PUBLIC OFFER OF 36,36,000 EQUITY SHARES OF FACE VALUE OF RS. 10.00 EACH OF SARTHAK METALS LIMITED ("THE COMPANY" OR "SML") FOR CASH AT A PRICE OF RS. 30.00 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. 20.00 PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING TO RS. 1090.80 LAKHS ("THE OFFER") CONSISTING OF A FRESH ISSUE OF 16,00,000 EQUITY SHARES AGGREGATING TO RS. 480.00 LAKHS (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 20,36,000 EQUITY SHARES BY THE SELLING SHAREHOLDERS AGGREGATING TO RS. 610.80 LAKHS ("OFFER FOR SALE") AND TOGETHER WITH THE FRESH ISSUE ("THE OFFER") OF WHICH, 1,96,000 EQUITY SHARES AGGREGATING TO RS. 58.80 LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION"). THE OFFER LESS THE MARKET MAKER RESERVATION PORTION I.E. OFFER OF 34,40,000 EQUITY SHARES OF FACE VALUE OF RS. 10.00 EACH AT AN OFFER PRICE OF RS. 30.00 PER EQUITY SHARE AGGREGATING TO RS. 1032.00 LAKHS IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WILL CONSTITUTE 26.56% AND 25.13%, RESPECTIVELY OF THE POST OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. FOR FURTHER DETAILS, PLEASE REFER TO SECTION TITLED "TERMS OF THE OFFER" ON PAGE 204 OF THIS DRAFT PROSPECTUS.	
THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH AND THE OFFER PRICE OF RS. 30.00/- IS 3.00 TIMES OF THE FACE VALUE	
THIS OFFER IS BEING MADE IN TERMS OF CHAPTER XB OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 (THE "SEBI (ICDR) REGULATIONS"), AS AMENDED. THIS OFFER IS A FIXED PRICE OFFER AND ALLOCATION IN THE NET OFFER TO THE PUBLIC WILL BE MADE IN TERMS OF REGULATION 43(4) OF THE SEBI (ICDR) REGULATIONS, AS AMENDED. FOR FURTHER DETAILS, PLEASE REFER TO SECTION TITLED "OFFER PROCEDURE" ON PAGE 211 OF THIS DRAFT PROSPECTUS.	
In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015, All potential investors i.e. Qualified Institutional Buyers, Non-Institutional Investors and Retail Investors shall participate in the Offer 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 more details please refer chapter titled "Offer Procedure" beginning on page 211 of this Draft Prospectus.	
ELIGIBLE INVESTORS	
For details in relation to Eligible Investors, please refer to section titled "Offer Procedure" beginning on page 211 of this Draft Prospectus.	
RISKS IN RELATION TO THE FIRST OFFER	
This being the first public offer of the Company, there has been no formal market for our Equity Shares. The face value of the Equity Shares of our Company is Rs. 10 and the Offer price of Rs. 30.00 per Equity Share is 3.00 times of the face value. The Offer Price (as determined by our Company in consultation with the Selling Shareholder and the Lead Manager, as stated under the chapter titled "Basis for Offer Price" on page 71 of the Draft Prospectus) should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.	
GENERAL RISKS	
Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of the Company and this Offer, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of the Draft Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page 13 of the Draft Prospectus.	
COMPANY'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY	
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft 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 Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each Selling Shareholder, having made all reasonable inquiries, accepts responsibility for and confirms that the information in relation to itself and the equity shares being sold by it in the Offer for Sale contained in this Draft Prospectus is true and correct in all material aspects and is not misleading in any material respect.	
LISTING	
The Equity Shares offered through the Draft 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. Our Company has received an approval letter dated [●] from BSE Limited ("BSE") for using its name in this Draft Prospectus for listing of our shares on the SME Platform of BSE Limited. For the purpose of this Offer, the Designated Stock Exchange will be the BSE.	
LEAD MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
 <p><b>GUINNESS CORPORATE ADVISORS PRIVATE LIMITED</b>  18, Deshapriya Park Road,  Kolkata - 700 026, West Bengal, India  <b>Tel:</b> +91 33 3001 5555  <b>Fax:</b> +91 33 3001 5531  <b>Email:</b> gcapl@guinnessgroup.net  <b>Website:</b> www.guinnessonline.net  <b>Contact Person:</b> Ms. Alka Mishra/ Mr. Gaurav Khandelwal  <b>SEBI Registration No.:</b> INM 000011930</p>	 <p><b>BIG SHARE SERVICES PRIVATE LIMITED</b>  E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka,  Andheri (East), Mumbai - 400 072, Maharashtra, India  <b>Tel:</b> +91 - 022 40430200  <b>Fax:</b> +91 - 022 28475207  <b>E-mail:</b> ipo@bigshareonline.com  <b>Website:</b> www.bigshareonline.com  <b>Contact person:</b> Mr. Ashok Shetty  <b>SEBI Registration No:</b> INR000001385</p>
OFFER PROGRAMME	
OFFER OPENS ON: [●]	OFFER CLOSES ON: [●]

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## **SECTION I: GENERAL**

### **DEFINITIONS AND ABBREVIATIONS**

#### **DEFINITIONS**

<b>TERMS</b>	<b>DESCRIPTION</b>
“Sarthak Metals Limited”, “SML”, “We” or “us” or “our Company” “the Company” or “the Issuer”	Unless the context otherwise requires, refers to Sarthak Metals Limited, a Company incorporated under the Companies Act, 1956 vide a certificate of incorporation issued by the Registrar of Companies, Madhya Pradesh, Gwalior.
“you”, “your” or “yours”	Prospective Investors in this Issue

#### **CONVENTIONAL/GENERAL TERMS**

<b>TERMS</b>	<b>DESCRIPTION</b>
AOA/Articles/Articles of Association	Articles of Association of Sarthak Metals Limited, as amended from time to time
Audit Committee	The Committee of the Board of Directors constituted as the Company’s Audit Committee in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
Bankers to the Company	State Bank of India
Branch Office	S. K. Tower, 2 <sup>nd</sup> Floor, near Nelson Square, Chindwara Road, Nagpur-440 013, Maharashtra, India
Board of Directors/our Board/Director(s)	The Board of Directors of Sarthak Metals Limited, including all duly constituted committees thereof
BSE	BSE Limited (the Designated Stock Exchange)
CIN	Corporate Identification Number
Companies Act	The Companies Act, 1956 and Companies Act, 2013, to the extent amended and applicable.
Demographic Details	The demographic details of the Applicants such as their address, PAN, occupation and bank account details
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depositories	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)
DIN	Director Identification Number
Equity Shares / Shares	Equity Shares of our Company of face value of Rs. 10 each unless otherwise specified in the context thereof
Financial year	As per sub-section (41) of section 2 of the Companies Act, 2013
General Information Document (GID)	The General Information Document for investing in Public Issues prepared and issued in accordance with SEBI circular CIR/CFD/DIL/12/2013 dated October 23, 2013
Group Companies / Entities	Companies which are covered under the applicable accounting standards and other Companies as considered material by our Board. For details, see section entitled “ <i>Our Group Companies/Entities</i> ” on page 130 of this Draft Prospectus
ISIN	International Securities Identification Number. In this case being INE017W01010.
Key Managerial Personnel / Key Managerial Employees	Key Managerial Personnel of our Company in terms of the SEBI Regulations and the Companies Act, 2013, as described in the section titled “ <i>Our Management</i> ” on page 113 of this Draft Prospectus.
Listing agreement	The Equity Listing Agreement to be signed between our Company and the BSE Limited
Materiality Policy	The policy on identification of group companies, related party transactions, material creditors and material litigation, adopted by our Board on August 24, 2016, in accordance with the requirements of the SEBI (ICDR) Regulations
MOA / Memorandum / Memorandum of Association	Memorandum of Association of Sarthak Metals Limited, as amended from time to time

TERMS	DESCRIPTION
Non Resident	A person resident outside India, as defined under FEMA Regulations, as amended.
Non-Resident Indian/ NRI	A person resident outside India, who is a citizen of India or a Person of Indian Origin as defined under FEMA Regulations, as amended
Overseas Corporate Body / OCB	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 as defined under the Foreign Exchange Management (Deposit) Regulations, 2000. <b>OCBs are not allowed to invest in this Offer.</b>
Peer Review Auditors	M/s. Jain Ambavat & Associates, Chartered Accountants, the Peer Review Auditor of our Company
Person or Persons	Any Individual, Sole Proprietorship, Unincorporated Association, Unincorporated Organization, Body Corporate, Corporation, Company, Partnership Firm, Limited Liability Partnership, Joint Venture, or Trust or Any Other Entity or Organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Promoters	Promoters of the Company being Mr. Anoop Kumar Bansal, Mr. Kishore Kumar Bansal, Mr. Manoj Kumar Bansal and Mr. Sanajy Shah
Promoter Group	Unless the context otherwise specifies, refers to those entities mentioned in the section titled “ <i>Our Promoters and Promoter Group</i> ” on page 125 of this Draft Prospectus.
Registered office of our Company	B. B. C Colony, G. E. Road, Khursipar, Bhilai - 490 011, Chhattisgarh, India
RoC	Registrar of Companies, Chhattisgarh
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
SEBI Regulation/ SEBI (ICDR) Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified on September 2, 2015
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time
SEBI (Venture Capital) Regulations	Securities Exchange Board of India (Venture Capital) Regulations, 1996 as amended from time to time
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SME Platform of BSE/Stock Exchange	The SME platform of BSE for listing of equity shares offered under Chapter X-B of the SEBI (ICDR) Regulations
Statutory Auditor / Auditors	M/s B. Vishwanath & Co., Chartered Accountants the Statutory Auditor of our Company
SWOT	Analysis of strengths, weaknesses, opportunities and threats

#### OFFER RELATED TERMS

TERMS	DESCRIPTION
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form.
Allocation/Allot/Allotted/ Allotment of Equity Shares	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Equity Shares offered by the Selling Shareholders pursuant to the Offer for Sale

TERMS	DESCRIPTION
Allottee	The successful applicant to whom the Equity Shares are being / have been issued
Applicant/ ASBA Applicant(s)	Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus
Application Form	The form in terms of which the applicant shall apply for the Equity Shares of the Company
Application Supported by Blocked Amount (ASBA)	Means an application for subscribing to an Offer containing an authorization to block the application money in a bank account
ASBA Account	Account maintained with SCSBs which will be blocked by such SCSBs to the extent of the appropriate application amount of the ASBA applicant, as specified in the ASBA Application Form
ASBA Applicant(s)	Any prospective applicant(s) in this Offer who apply(ies) through the ASBA Process in terms of this Draft Prospectus.
Banker to the Offer	The Banks which are clearing members and registered with SEBI as Bankers to the Offer wherein the Public Offer Account(s) of the Company will be opened. In this case being [●]
Basis of Allotment	The basis on which Equity Shares will be allotted to the Investors under the Offer and which is described in “Offer Procedure–Basis of Allotment” on page 221 of this Draft Prospectus
Brokers Center	Broker centers notified by the Stock Exchange, where applicants can submit the application forms to a Registered Broker. The details of such broker centers, along with the name and contact details of the Registered Brokers, are available on the website of the BSE on the following link- <a href="http://www.bseindia.com">www.bseindia.com</a>
Broker to the Offer	All recognized members of the stock exchange would be eligible to act as the Broker to the Offer
Business Day	Any day on which commercial banks are open for the business
Category I Foreign Portfolio Investor(s)	FPIs who are registered as Category I Foreign Portfolio Investors under the SEBI FPI Regulations.
Category II Foreign Portfolio Investor(s)	FPIs who are registered as Category II Foreign Portfolio Investors under the SEBI FPI Regulations.
Category III Foreign Portfolio Investor(s)	FPIs who are registered as Category III Foreign Portfolio Investors under the SEBI FPI Regulations.
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.
Chief Financial Officer	The Chief Financial Officer of our Company is Mr. Anirudh Singhal
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
Collection Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Company Secretary & Compliance Officer	The Company Secretary & Compliance Officer of our Company is Ms. Brinda Sethi
Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate Applications by the ASBA Applicants with the Registrar to the Offer and the Stock Exchange and a list of which is available at <a href="http://www.sebi.gov.in">http://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
Depository Participant / DP	A Depository Participant as defined under the Depositories Act, 1996
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Application Form used by ASBA Applicant and a list of which is available on

TERMS	DESCRIPTION
	<a href="http://www.sebi.gov.in">www.sebi.gov.in</a>
Designated Date	The date on which funds are transferred from the ASBA Accounts to the Public Offer Account or unblock such amounts, as appropriate in terms of this Draft Prospectus.
Designated Intermediaries / Collecting Agent	An SCSB with whom the bank account to be blocked, is maintained, a syndicate member (or sub-syndicate member), a Registered Broker, Designated CDP Locations for CDP, a registrar to an issue and share transfer agent (RTA) (whose names is mentioned on website of the stock exchange as eligible for this activity).
Designated Market Maker	Guinness Securities Limited having Registered office at 216, 2 <sup>nd</sup> Floor, P. J. Towers, Dalal Street, Mumbai- 400 001, Mumbai, Maharashtra and Corporate office at Guinness House, 18, Deshapriya Park Road, Kolkata-700 026, West Bengal, India
Designated Stock Exchange	BSE Limited
Draft Prospectus	Draft Prospectus dated February 10, 2017 filed with the BSE Limited
Eligible NRI	NRI from jurisdictions outside India where it is not unlawful to make an Offer or invitation under the Offer and in relation to whom this Draft Prospectus constitutes an invitation 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 Offer and in relation to whom this Draft Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened demat accounts with SEBI registered qualified depository participants
Escrow Agent	Escrow agent appointed pursuant to the Share Escrow Agreement namely Big Share Services Private Limited
Fresh Issue/Offer	The fresh Offer of 16,00,000 Equity Shares aggregating to Rs. 480.00 Lacs by our Company
Issue/Issue size/ initial public issue/ Initial Public Offer/Initial Public Offering/ IPO/Offer	Public Offer of 36,36,000 Equity Shares of Rs. 10/- each of Sarthak Metals Limited for cash at a price of Rs. 30/- per share aggregating to Rs. 1090.80 Lakhs consisting of a fresh Offer of 16,00,000 Equity Shares aggregating to Rs. 480.00 Lakhs and an Offer for Sale of 20,36,000 Equity Shares aggregating to Rs. 610.80 Lakhs
Issue/Offer Opening date	The date on which the Offer opens for subscription
Issue/Offer Closing date	The date on which the Offer closes for subscription
Issue/Offer Period	The period between the Offer Opening Date and the Offer Closing Date inclusive of both days and during which prospective applicants may submit their application
Issue/Offer Price	The price at which the Equity Shares are being issued by our Company under this Draft Prospectus being Rs. 30/-
Lead Manager/LM	Lead Manager to the Offer being Guinness Corporate Advisors 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	Member Brokers of BSE who are specifically registered as Market Makers with the BSE SME Platform. In our case, Guinness Securities Limited is the sole Market Maker.
Market Maker Reservation Portion	The Reserved portion of 1,96,000 Equity shares of face value Rs. 10/- each fully paid for cash at a price of Rs. 30/- per Equity Share aggregating to Rs. 58.80 Lacs for Designated Market Maker in the Initial Public Offer of Sarthak Metals Limited
Mutual Funds	A Mutual Fund registered with SEBI under SEBI (Mutual Funds) Regulations, 1996
Memorandum of Understanding	The arrangement entered into on August 24, 2016 between our Company, and Lead Manager pursuant to which certain arrangements are agreed in relation to the Offer
Net Offer	The Offer (excluding the Market Maker Reservation Portion) of 34,40,000 Equity Shares of face value Rs. 10/- each fully paid for cash at a price of



TERMS	DESCRIPTION
	Rs. 30/- per Equity Share aggregating to Rs. 1032.00 lacs by Sarthak Metals Limited.
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India
Non-Institutional Investors / Applicant	All Applicants that are not Qualified Institutional Buyers or Retail Individual Investors, who apply for the Equity Shares of a value of more than Rs. 200,000.
Offer for Sale	The offer for sale of 20,36,000 Equity Shares by Sarthak Energy Private Limited, Mr. Prashant Kumar Shrivastava, Ms. Saroj Grover and Mr. R.S.N. Murthy at the Issue Price of Rs.30/- aggregating up to Rs.610.80 Lacs in terms of this Draft Prospectus
Prospectus	The Prospectus, to be filed with the RoC containing, inter alia, the Offer opening and closing dates and other information.
Public Issue Account / Public Offer Account	An Account of the Company under Section 40 of the Companies Act, 2013, where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Investors
Public Issue Bank(s) / Banker to the Offer	The Banks which are clearing members and registered with SEBI as Bankers to the Offer wherein the Public Issue Account(s) of the Company will be opened.
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 2(72) of the Companies Act, 2013, Foreign Portfolio Investor other than Category III Foreign Portfolio Investor, AIFs, VCFs, FVCIs, Mutual Funds, multilateral and bilateral financial institutions, scheduled commercial banks, state industrial development corporations, insurance companies registered with the IRDA, provident funds and pension funds with a minimum corpus of Rs. 250 million, insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, Government of India, eligible for Bidding and does not include FVCIs and multilateral and bilateral institutions.
Registrar/Registrar to the Offer	Registrar to the Offer being Big Share Services Private Limited
Retail Individual Investor(s)	Individual investors (including (HUF)s, in the name of Karta and Eligible NRIs) who apply for the Equity Shares of a value of not more than Rs. 2,00,000
Selling Shareholders	Sarthak Energy Private Limited, Mr. Prashant Kumar Shrivastava, Ms. Saroj Grover and Mr. R. S. N. Murthy
Share Escrow Agreement	The Agreement among the Selling Shareholder, Our Company, the Escrow Agent and LM in connection with the transfer of Equity Shares under the Offer for Sale by the Selling Shareholder and credit of such Equity Shares to the demat account of allottees
Self-Certified Syndicate Banks or SCSBs	Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a>
Underwriter	Guinness Corporate Advisors Private Limited
Underwriting Agreement	The Agreement Amongst the Underwriter, our Company and Selling Shareholders
Working Days	Working day shall be all trading days of stock exchange excluding Sunday and bank holidays as per SEBI circular No. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

#### COMPANY/INDUSTRY RELATED TERMS/TECHNICAL TERMS

TERMS	DESCRIPTION
WEO	World Economic Outlook
PIB	Press Information Bureau
JPC	Joint Plant Committee
DIPP	Department of Industrial Policy and Promotion
IMF	International Monetary Fund
GDP	Gross Domestic Product
CSO	Central Statistics Organisation

M & A	Mergers and Acquisitions
PE	Private Equity
HHI	Hyundai Heavy Industries
LNG	Liquefied Natural Gas
KVS	Kendriya Vidyalaya Sangthan's
FIPB	Foreign Investment Promotion Board
FDI	Foreign Direct Investment
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
SCK	Smart City Kochi
GEP	Global Economic Prospects
WSA	World Steel Association
CAGR	Compound Annual Growth Rate
TISCO	Tata Iron and Steel Company
IISC	India Iron and Steel Company
SAIL	Steel Authority of India Ltd
MT	Million Tonnes
BT	Billion Tonnes
KG	Kilogram
MTPA	Million Tonnes Per Annum
NMDC	National Mineral Development Corporation
MW	Megawatt
MSTC	Metal Scrap Trade Corporation
MMDR	Mines and Minerals Development and Regulation
RINL	Rashtriya Ispat Nigam Limited
SRTMI	Steel Research and Technology Mission of India
CBEC	Central Board of Excise and Customs
R & D	Research & Development
MOU	Memorandum of Understanding
NMET	National Mineral Exploration Trust
O <sub>2</sub>	Oxygen
N <sub>2</sub>	Nitrogen
Ar	Argon
He	Helium
Kr	Krypton
Xe	Xenon
Ne	Neon
H <sub>2</sub>	Hydrogen
CO	Carbon Monoxide
CO <sub>2</sub>	Carbon Dioxide
N <sub>2</sub> O	Nitrous Oxide
Cl <sub>2</sub>	Chlorine
HCl	Hydrogen Chloride
SO <sub>2</sub>	Sulphur Dioxide
C <sub>2</sub> H <sub>2</sub>	Acetylene
CH <sub>4</sub>	Methane
C <sub>3</sub> H <sub>8</sub>	Propane
ISO	International Organization for Standardization
CaAlFe	Calcium Aluminium Iron
Al	Aluminium
VAT	Value Added Tax
SHWW Act	The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
CLRA	The Contract Labour (Regulation and Abolition) Act, 1970
The ESI Act	Employees' State Insurance Act, 1948
the EPFMP Act	Employees' Provident Funds and Miscellaneous Provisions Act, 1952
the ID Act	Industrial Dispute Act, 1947
EA 2003	The Electricity Act, 2003
IEM	Industrial Entrepreneurs Memorandum
IDRA	Industrial (Development and Regulation) Act, 1951
HSLA steel	High-strength low-alloy steel



## ABBREVIATIONS

TERMS	DESCRIPTION
A/c	Accounts
AGM	Annual General Meeting
AIF	Alternative Investment Fund
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
A. Y.	Assessment Year
B. A	Bachelor of Arts
B.Com	Bachelor of Commerce
BG/LC	Bank Guarantee / Letter of Credit
Bn	Billion
CAGR	Compounded Annual Growth Rate
C A	Chartered Accountant
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CMD	Chairman and Managing Director
C S	Company Secretary
CO	Compliance Officer
Contract Act	The Indian Contract Act, 1872
Competition Act	The Competition Act, 2002
DP	Depository Participant
DP ID	Depository Participant's Identification Number
EC Act	The Employees' Compensation Act, 1923
EIA	Environmental Impact Assessment
EMP	Environment Management Plan
Easement Act	The Indian Easements Act, 1882
EGM / EOGM	Extra Ordinary General Meeting of the Shareholders
EPS	Earning Per Equity Share
ESI Act	The Employees State Insurance Act, 1948
ESOP	Employee Stock Option Plan
EPF Act	The Employees Provident Funds and Miscellaneous Provisions Act, 1952
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued there under.
FEMA 2000	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FII	Foreign Institutional Investors as defined under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 2000, registered with the SEBI under applicable laws in India
FIs	Financial Institutions
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India.
FPIs	Foreign Portfolio Investor means a person who satisfies the eligibility criteria prescribed under regulation 4 and has been registered under Chapter II of Securities And Exchange Board Of India (Foreign Por intermediary in terms of the provisions of the SEBI Act,1992 regulation 4 and has been registered under Chapter II of Securities And Exchange Board Of India (Foreign Portfolio Investors) Regulations, 2014, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act,1992
FY / Fiscal	Financial Year
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
FTA	The Foreign Trade (Development And Regulation) Act, 1992
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GOI/ Government	Government of India

TERMS	DESCRIPTION
HUF	Hindu Undivided Family
HNI	High Networth Individual
ICAI	Institute of Chartered Accountants of India
ICSI	Institute of Company Secretaries of India
ID Act	The Industrial Disputes Act, 1947
IT Act	Income-Tax Act, 1961
INR / Rs./ ₹/ Rupees	Indian Rupees, the legal currency of the Republic of India
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
IRDA	Insurance Regulatory and Development Authority
ISIN	International Securities Identification Number
IT	Information Technology
KMP	Key Managerial Personnel
Land Acquisition Act, 2013	The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013
LLB	Bachelor of Laws
LLM	Masters of Law
LM	Lead Manager
Ltd.	Limited
Maternity Benefit Act	Maternity Benefit Act, 1961
M. A	Master of Arts
M.B.A	Master of Business Administration
M. Com	Master of Commerce
MCA	The Ministry of Corporate Affairs, GoI
MD	Managing Director
Mn	Million
MoF	Ministry of Finance
MOU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprises
MSMED Act	The Micro, Small and Medium Enterprises Development Act, 2006 and Industries (Development and Regulation) Act, 1951
MW Act	The Minimum Wages Act, 1948
N. A.	Not Applicable
NAV	Net Asset Value
NI Act	Negotiable Instrument Act, 1881
No.	Number
NOC	No Objection Certificate
Notified Section	The sections of Companies Act, 2013 that have been notified by MCA and are currently in effect
NR	Non Resident
NRE Account	Non Resident (External) Account
NRO Account	Non Resident (Ordinary) Account
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Bodies
OFS	Offer for Sale
Ordinance 2014	Rehabilitation and Resettlement (Amendment) Ordinance, 2014
p.a.	Per annum
PAC	Person Acting in Concert
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
P/E Ratio	Price/Earnings Ratio
PGDBM	Post Graduate Diploma in Management
Pvt.	Private
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
ROC / Registrar of	The Registrar of Companies, Chhattisgarh

TERMS	DESCRIPTION
Companies	
ROE	Return on Equity
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
Sec	Sections
SICA	Sick Industrial Companies (Special Provisions) Act 1985
SME	Small And Medium Enterprises
S. N. /Sr. no.	Serial Number
STT	Securities Transaction Tax
SHWW Act	The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
TAN	Tax deduction Account Number
TIN	Taxpayers Identification Number
TRS	Transaction Registration Slip
Trademarks Act	The Trademarks Act, 1999
T. P. Act	The Transfer of Property Act, 1882
U.K.	United Kingdom
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
U.S./USA/United States	United States of America
VAT	Value Added Tax
VCF/ Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India
w.e.f.	With effect from
WEO	World Economic outlook
WTD	Whole Time Director
YoY	Year on Year

## **PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

In this Draft Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Sarthak Metals Limited” and “SML”, unless the context otherwise indicates or implies, refers to Sarthak Metals Limited.

### **Certain Conventions**

All references in this Draft Prospectus to “India” are to the Republic of India. All references in this Draft Prospectus to the “U.S.”, “USA” or “United States” are to the United States of America.

### **Financial Data**

Unless stated otherwise, the financial data in this Draft Prospectus is extracted from the financial statements of our Company for the fiscal years 2012, 2013, 2014, 2015, 2016 and for the period ended September 30, 2016 and the restated financial statements of our Company for the fiscal years 2012, 2013, 2014, 2015, 2016 and for the period ended September 30, 2016 prepared in accordance with the applicable provisions of the Companies Act and Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, 2009, as stated in the report of our Auditors and the SEBI Regulations and set out in the section titled “*Financial Information*” on page 139 of this Draft Prospectus. Our restated financial statements are derived from our audited financial statements prepared in accordance with Indian GAAP and the Companies Act, and have been restated in accordance with the SEBI Regulations. Our financial years commence on April 1 and end on March 31. In this Draft Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

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

### **Currency of Presentation**

All references to “Rupees” or “Rs.” or “₹” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “\$”, “US\$”, “USD”, “U.S.\$” or “U.S. Dollar(s)” are to United States Dollars, if any, the official currency of the United States of America. This Draft Prospectus contains translations of certain U.S. Dollar and other currency amounts into Indian Rupees (and certain Indian Rupee amounts into U.S. Dollars and other currency amounts). These have been presented solely to comply with the requirements of the SEBI Regulations. These translations should not be construed as a representation that such Indian Rupee or U.S. Dollar or other amounts could have been, or could be, converted into Indian Rupees, at any particular rate, or at all.

In this Draft Prospectus, throughout all figures have been expressed in Lacs, except as otherwise stated. The word “Lacs”, “Lac”, “Lakhs” or “Lakh” means “One hundred thousand”. Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Conditions and Results of Operation*” and elsewhere in this Draft Prospectus, unless otherwise indicated, have been calculated based on our restated financial statement prepared in accordance with Indian GAAP.

### **Industry & Market Data**

Unless otherwise stated, Industry & Market data used throughout this Draft Prospectus has been obtained from internal Company reports and Industry publications and the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Draft Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources. The extent to which the market and industry data used in this Draft Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

**Definitions**

For definitions, please see the chapter titled “*Definitions and Abbreviations*” beginning on page 1 of this Draft Prospectus. In the section titled “*Main Provisions of the Articles of Association*” beginning on page 253 of this Draft Prospectus, defined terms have the meaning given to such terms in the Articles of Association.

## **FORWARD LOOKING STATEMENTS**

Our Company has included statements in this Draft Prospectus, that contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "shall", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will continue", "will pursue" and similar expressions or variations of such expressions that are "forward-looking statements". However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our Company objectives, plans or goals, expected financial condition and results of operations, business, plans and prospects are also forward-looking statements.

These forward-looking statements include statements as to business strategy, revenue and profitability, planned projects and other matters discussed in this Draft Prospectus regarding matters that are not historical fact. These forward-looking statements contained in this Draft Prospectus (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from expectations include, among others General economic conditions, political conditions, regulatory changes pertaining to the relevant industry scenario in India, technological changes, our exposure to market risks which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, etc.

Further, the other important factors that could cause actual results to differ materially from expectations are as follows:

- Our ability to successfully implement our strategy, our growth and expansion, technological changes.
- Our exposure to market risks that have an impact on our business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and Globally.
- Our ability to protect our intellectual property rights and not infringing intellectual property rights of other parties;
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities.
- Changes in political condition in India.
- The outcome of legal or regulatory proceedings that we are or might become involved in;
- Government approvals;
- Our ability to compete effectively, particularly in new markets and businesses;
- Our dependence on our Key Management Personnel and Promoter;
- Other factors beyond our control; and

For further discussion of factors that could cause Company's actual results to differ, see the section titled "*Risk Factors*" on page 13 of this Draft Prospectus. 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. Our Company, the Lead Manager, and their respective affiliates 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 SEBI requirements, our Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchange.



## **SECTION II - RISK FACTORS**

*An Investment in equity involves higher degree of risks. Prospective investors should carefully consider the risks described below, in addition to the other information contained in this Draft Prospectus before making any investment decision relating to the Equity Shares. The occurrence of any of the following events could have a material adverse effect on the business, results of operation, financial condition and prospects and cause the market price of the Equity Shares to decline and you may lose all or part of your investment.*

*Prior to making an investment decision, prospective investors should carefully consider all of the information contained in this Draft Prospectus, including the sections titled "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the "Financial Information" included in this Draft Prospectus beginning on pages 88, 168 & 139 respectively. The occurrence of any of the following events could have a material adverse effect on our business, results of operation, financial condition and prospects and cause the market price of the Equity Shares to fall significantly.*

*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 implications of any of the 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 have material impact in the future.*

*The risk factors are as envisaged by the management. Wherever possible, the financial impact of the risk factors has been quantified.*

### **INTERNAL RISK**

1. *Our Registered Office and Manufacturing unit from where we operate are not owned by us. If we are required to vacate the same, due to any reason whatsoever, it may adversely affect our business operations.*

Our Registered Office and Manufacturing units from where we operate are not owned by our Company. Our Company has been occupying the Registered office on rent-free basis and Manufacturing units on lease basis. Any adverse impact on the title /ownership rights of the owner, from whose premises we operate our registered office and Manufacturing units or breach of the terms / non renewal of the lease agreements/discontinuance on rent free basis, may cause disruption in our corporate affairs and business and impede our effective operations and thus adversely affect our profitability. For more information, see "Our Business—Properties" on page 99 of this Draft Prospectus

2. *Our Company had negative cash flow in the past financial years, details of which are given below. Any negative cash flow in the future may adversely affect our day to day operations, profitability and growth prospects of our Company.*

Our Company has reported negative cash flow in past financial years, which could affect our business and growth opportunities in future. The detailed break up of cash flows is summarized in below:

(Rs. in Lacs)

Particulars	For the Financial Year ended on			
	September 30, 2016	March 31, 2016	March 31, 2015	March 31, 2014
Net Cash Generated from Operating Activities	(10.03)	468.02	160.62	605.60
Net Cash Generated from Investing Activities	-	(130.47)	(323.61)	(198.44)
Net Cash used in Financing Activities	9.26	(321.96)	153.24	(361.42)

For further details please refer to “Annexure III - Statement of Cash Flow” forming part of the chapter titled “Financial Information” beginning on page 139 of this Draft Prospectus.

**3. *We have entered into certain related party transactions and may continue to do so.***

We have entered into related party transactions with our Promoters, Promoter Group, Group Company/ entities and Directors. While we believe that all such transactions have been conducted on the arms length basis, however it is difficult to ascertain whether more favorable terms would have been achieved had such transactions been entered with unrelated parties. Furthermore, it is likely that we may enter into related party transactions in the future. For details of these transactions, please refer to section titled “Related Party Transactions” at page 137 of this Draft Prospectus.

**4. *We have not complied with certain provisions of the Companies Act and we may be subject to regulatory action for such non-compliances.***

In the past, our Company has not complied with the certain provisions of the Companies Act as mentioned below:-

Non-compliance with section 383A of the Companies Act, 1956 and Section 203 of the Companies Act, 2013. Although we have appointed a whole time Company Secretary with effect from May 06, 2016. We had inadvertently failed to comply with the said section due to lack of professional guidance on the said matter. Our Company has received the show cause notice on February 17, 2014 and May 07, 2015 from ROC Chhattishgarh, about such non compliance by our company. Our Company adequately represented to the ROC Chhattishgarh that the company had made ample efforts to employ a full time company secretary, however due to unavailability of company secretary in our area , we could not employ the Company Secretary. Paying heed to our predicament ROC allowed us a time of few months to employ a Company Secretary. Though we have appointed Ms. Brinda Sethi as a whole time Company Secretary with effect from May 06, 2016. in compliance of such order of the Hon’able ROC, we can not assure that no penalties will be imposed by relevant authorities in this respect which may affect our financial condition.

Violation of section 185 & 186 of Companies Act, 2013 (as per auditor report of 2016) while giving loan to one of our group company. Though we have not received any show cause notice, we can not assure that no penalties will be imposed by relevant authorities in this respect which may affect our financial condition.

**5. *Our success depends largely upon the services of our Promoters, Directors, and other Key Managerial Personnel and our ability to attract and retain them. Demand for Key Managerial Personnel in the industry is intense and our inability to attract and retain Key Managerial Personnel may affect the operations of our Company.***

Our success is substantially dependent on the expertise and services of our Promoters, Directors and our Key Managerial Personnel. They provide expertise, which enables us to make well-informed decisions in relation to our business and our future prospects. Our future performance will depend upon the continued services of these persons. Demand for Key Managerial Personnel in the industry is intense. We cannot assure you that we will be able to retain any or all, or that our succession planning will help to replace, the key members of our management. The loss of the services of such key members of our management team and the failure of any succession plans to replace such key members could have an adverse effect on our business and the results of our operations.

**6. *We are subject to various laws and regulations, failure to obtain, renew or comply with necessary regulatory approvals and licenses may result in an adverse effect on our financial condition and results of operations.***

We may require several statutory and regulatory permits, licenses and approvals in the ordinary course of our business. Many of these approvals are granted for fixed periods of time and need renewal from time to time. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Any failure by us to apply in time, to renew, maintain or obtain the required permits, licenses or approvals, or the cancellation, suspension, delay in issuance or revocation of any of the permits, licenses or approvals may result in the interruption of our operations and may have a material adverse effect on the business. For more information, please refer “Key Industry Regulations and Policies” and “Government and Other Approvals” on pages 101 and 185 respectively of this Draft Prospectus.

- 7. Our Company is involved in certain legal proceedings. Any adverse decision in such proceedings may render us liable to liabilities / penalties which may adversely affect our business, financial condition and reputation.**

Our Company is involved in certain legal proceedings. A classification of these legal and other proceedings are given in the following table:

Particulars	Civil Cases	Criminal Cases	Tax Cases	Sales Tax Cases	Financial implications to the extent quantifiable (Rs. In Lacs)
Litigations against our Company	Nil	Nil	2	Nil	3.79
Litigations by our Company	Nil	Nil	Nil	Nil	Nil

The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. We can give no assurance that these legal proceedings will be decided in our favour. We may incur significant expenses and management time in such legal proceedings. If any adverse developments arise, for example, a change in Indian law or rulings against us by the appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. Any adverse decision may render us / them liable to liabilities / penalties and may have a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares. For further details regarding these legal proceedings, please refer ‘*Outstanding Litigations and Material Developments*’ on page 182 of this Draft Prospectus.

- 8. In addition to normal remuneration or benefits and reimbursement of expenses, some of our Promoters, Directors and key managerial personnel are interested in our Company to the extent of their shareholding and dividend entitlement in our Company.**

Our Promoters, Directors and Key Managerial Personnel are interested in our Company to the extent of remuneration paid to them for services rendered and reimbursement of expenses payable to them. In addition, some of our Promoters, Directors and Key Managerial Personnel may also be interested to the extent of their shareholding and dividend entitlement in our Company. For further information, see “*Capital Structure*” and “*Our Management*” on pages 46 and 113, respectively, of this Draft Prospectus.

- 9. Our Promoters have provided personal guarantees for our borrowings to secure our loans. Our business, financial condition, results of operations, cash flows and prospects may be adversely affected by the revocation of all or any of the personal guarantees provided by our Promoters in connection with our Company’s borrowings.**

Our Promoters have provided personal guarantees for our borrowings to secure our loans. If any of these guarantees are revoked, our lenders may require alternative guarantees or collateral or cancellation of such facilities, entailing repayment of amounts outstanding under such facilities. If we are unable to procure alternative guarantees satisfactory to our lenders, we may need to seek alternative sources of capital, which may not be available to us at commercially reasonable terms or at all, or to agree to more onerous terms under our financing agreements, which may limit our operational flexibility. Accordingly, our business, financial condition, results of operations, cash flows and prospects may be adversely affected by the revocation of all or any of the personal guarantees provided by our Promoters in connection with our Company’s borrowings.

- 10. Our Company has availed certain capital subsidy investment scheme called as “Central Capital Investment Subsidy Scheme, 2003”, a scheme introduced by Government of India which contain restrictive covenants.**

Our Company has entered into an agreement dated February 22, 2016 with the Governor of Chattisgarh for the benefits of fixed capital investment subsidy under the “Fixed Capital Investment Subsidy Scheme” being introduced by State Government, which is applicable to our manufacturing unit situated at 9B, Gondwara, Urla Industrial Area, Raipur- 493221, Chhattisgarh, India. The said agreement is for a period of five years, which contains certain terms and restrictive covenants including, that our Company is required to take prior approval of government before shifting the location of our factory, maintenance of the premise, building and machinery in good condition etc. There can be no assurance that we will be able to comply with these restrictive covenants, which may in turn have a material adverse effect on our business and operations.

***11. Some of our records relating to forms filed with the Registrar of Companies and share transfer forms are not traceable.***

We have been unable to locate copies of certain of our corporate records, such as Form 5 dated April 18, 1996 and March 03, 2003 pertaining to the increase in authorized capital of the Company and Form 2 dated March 31, 2003 pertaining to allotment of shares of the Company, filed by us with the Registrar of Companies, Chattisgarh ("RoC"). While we believe that these forms were duly filed on a timely basis, we have not been able to obtain copies of these documents from the RoC or otherwise. The relevant documents are also not available at the office of the RoC Chhatisgarh as certified by Shanky Santani & Associates, Practicing Company Secretaries, dated September 02, 2016. Though, the details of these allotments have been included in the Minutes Book and statutory registers, we cannot assure you that these form filings will be available in the future or that we will not be subject to any penalties imposed by the relevant regulatory authority in this respect.

Furthermore, all the transfer deeds for the period prior to March 21, 2016 in relation to the transfer of shares of our Company are currently not traceable. Further, the details of such transfers have been included in the register of transfer and transmission and register of members maintained by the Company in accordance with the Companies Act, 1956 and historical and present details of members of the Company have been filed by the Company with the Registrar of Companies annually in Form 20B as required under the Companies Act, 1956, we cannot assure you that these deeds will be available in the future or that we will not be subject to any penalty imposed by the competent regulatory authority in this respect.

***12. There are certain discrepancies noticed in some of our corporate records relating to forms filed with the Registrar of Companies.***

Our Company has made some clerical mistakes in the form filed with Registrar of Companies such:

1. Form 2 dated January 24, 1996 for allotment of 85,900 Equity Shares, filed with ROC was incorrect, this form wrongly includes allotment of 3 shares of initial subscriptions to Promoters, there is no corrected form filed with ROC.
2. Form 2 dated January 31, 2000 for allotment of 32,500 Equity Shares, filed with ROC was incorrect to extent of name of one of the allottees. Allotment of 7,500 equity shares made in the name of Mr. Anoop Kumar Bansal (HUF) was wrongly mentioned as Mr. Anoop Kumar Bansal, however there is no corrected form filed with ROC.

In these matters our Company has relied on the limited information available in the Minute Book and Register of Members maintained by the Company, from where we have ascertained the same. In case of any cognizance being taken we may be subjected to penalty in respect of them. Although no show cause notice have been issued against the Company till date in respect of above, but in case of any such event we may be subjected to penal actions from the concerned authorities for the same.

***13. Our Promoters and members of the Promoter Group will continue jointly to retain majority control over our Company after the Offer, which will allow them to determine the outcome of matters submitted to shareholders for approval.***

After completion of the Offer, Our Promoters and Promoter Group will collectively own 69.25% of the Equity Shares. As a result, our Promoters together with the members of the Promoter Group will be able to exercise a significant degree of influence over us and will be able to control the outcome of any proposal that can be approved by a majority shareholder vote, including, the election of members to our Board, in accordance with the Companies Act and our Articles of Association. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company.

In addition, our Promoters will continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests or the interests of some or all of our creditors or minority shareholders, and we cannot assure you that such actions will not have an adverse effect on our future financial performance or the price of our Equity Shares.

***14. One of our Group Company has posted negative profits in previous financial years.***

One of our Group Company has incurred losses in the preceding financial years. The details of profit/loss incurred by such Group Companies for the preceding three fiscals are as follows:

(Rs. in Lacs)				
Name of Company	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Sarthak Energy Pvt. Ltd.	71.37	(128.19)	(137.42)	0.35

**15. Our Company will not receive any proceeds from the offer for sale by the Selling Shareholders.**

The Issue consists of the Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders. The entire proceeds of the Offer for Sale will be respectively transferred to the Selling Shareholders and will not result in any creation of value for us or in respect of your investment in our Company.

**16. Continued operations of our manufacturing facility are critical to our business and any disruption in the operation of our facility may have a material adverse effect on our business, results of operations and financial condition.**

Our manufacturing units are subject to operating risks, such as, unavailability of machinery, break-down, obsolescence or failure of machinery, disruption in power supply or processes, performance below expected levels of efficiency, labour disputes, natural disasters, industrial accidents and statutory and regulatory restrictions. Our machines have limited lives and require periodic cleaning as well as annual over hauling maintenance. In the event of a breakdown or failure of such machinery, replacement parts may not be available and such machinery may have to be sent for repairs or servicing. This may lead to delay and disruption in our production process that could have an adverse impact on our sales, results of operations, business growth and prospects.

In addition, our clients rely significantly on the timely delivery of products and our ability to provide an uninterrupted supply of products is critical to our business. Any disruption of operations of our manufacturing facilities could result in delayed delivery of products or defects in the products delivered to our clients, which in turn may lead to disputes and legal proceedings with them on account of any losses suffered by them or any interruption of their business operations due to such delay or defect. Our business and financial results may be adversely affected by any disruption of operations of our manufacturing facilities, on account of factors including any or all of the factors mentioned above.

**17. We have not entered into any technical support service agreements for the maintenance and smooth functioning of our equipment's and machineries. This may lead to delay and disruption in our production process that could have an adverse impact on our sales, results of operations, business growth and prospects. We could become liable to customers, suffer adverse publicity and incur substantial costs as a result of defects in our products, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity.**

Any failure or defect in our products could result in a claim against us for damages, regardless of our responsibility for such a failure or defect. Although we attempt to maintain quality standards, we cannot assure that all our products would be of uniform quality, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity.

Also, our business is dependent on the trust our customers have in the quality of our products. Any negative publicity regarding our company, products, including those arising from a drop in quality of merchandise from our vendors, or any other unforeseen events could affect our reputation and our results from operations.

**18. We are dependent upon few customers for our business. Any reduction or interruption in the business of a key customer or a substantial decrease in orders placed by a key customer may have an adverse impact on the revenues and operations of our Company.**

We are dependent on a few customers for our business. Our five largest customers accounted for about 70.00 % of our total revenue for the period ended September 30, 2016. Our business and results of operations will be adversely affected if we are unable to develop and maintain a continuing relationship with our key customer or develop and maintain relationships with other new customers. The loss of a significant customer or a number of significant customers due to any reason whether internal or external related to their business may have a material adverse effect on our business prospects and results of operations.

**19. Our Company and Certain Group Companies/entities have unsecured loans that are callable by the lenders at any time.**

Our Company and certain Group Companies have availed certain unsecured loans that are callable on demand by the lenders. For further details of our Company unsecured loans, please refer to chapter titled 'Statement of Financial Indebtedness' details of our Company unsecured loans.

The Group Companies which have availed unsecured loans for the last financial years is as follows:

(Rs. in Lacs)			
Sr. No.	Name of the Entity	September 30, 2016	March 31, 2016
1	Metal Grace Injection Alloys Pvt. Ltd.	18.23	18.23

In case of any demand from lenders for repayment of such unsecured loans, the resultant cash outgo, may adversely affect our business operations and financial position of our Company.

**20. Our contingent liabilities as stated in our Restated Financial Statements could adversely affect our financial condition.**

As of March 31, 2016, our Restated Financial Statements disclosed and reflected the following contingent liabilities:

(Rs. in Lacs)	
Particulars	September 30, 2016
Bank Guarantee/LC Outstanding	466.78
Demand Raised by Income Tax Dept. Till date	2.53
<b>Total</b>	<b>469.31</b>

For further details of certain matters which comprise our contingent liabilities, see "Financial Information" details of certain matters

If at any time we are compelled to realize all or a material proportion of these contingent liabilities, it would have a material and adverse effect on our business, financial condition and results of operations.

**21. Our business requires working capital. Any failure in arranging adequate working capital for our operations may adversely affect our business, results of operations, cash flows and financial condition.**

We have working capital requirements for our business operations, part of which would be met through additional borrowings in the future. There can be no assurance that we will be successful in arranging adequate working capital for our operations and any failure in doing so may adversely affect our cash flows, business, results of operations and financial condition.

**22. Any Penalty or demand raised by statutory authorities in future will affect our financial position of the Company.**

Our Company engaged in business of manufacturing of goods, which attract tax liability such as Excise, Sales tax and Value added Tax as per the applicable provision of Central Excise Act, Central Sales Tax and Gujarat Value added Tax Act. However, the Company has deposited returns under above applicable acts but any demand or penalty raised by concerned authority in future for any previous year and current year will affect the financial position of the Company.

**23. Excessive dependence on the State Bank of India in respect of obtaining financial facilities.**

Our major fund based and non - fund based financial assistance has been sanctioned by the bank, i.e. the State Bank of India on the security of assets. The Company is dependent on State Bank of India for its working capital requirement and any default under such arrangement with such lender may create problem for operation of the Company, which may affect the financial stability of the Company. At the same time this may result into difficulty in arranging for funds for re-payment and may also adversely affect the financial position of the Company.



***24. Our Company is dependent on third party transportation providers for the delivery of our goods and any disruption in their operations or a decrease in the quality of their services could affect our Company's reputation and results of operations.***

Our Company uses third party transportation providers for delivery of our goods. Though our business has not experienced any disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse effect on our business. In addition goods may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of products, which may also affect our business and results of operation negatively. An increase in the freight costs or unavailability of freight for transportation of our raw materials may have an adverse effect on our business and results of operations.

***25. Information relating to our production capacities and the historical capacity utilization of our production facilities included in this Draft Prospectus is based on various assumptions and estimates and future production and capacity utilization may vary.***

Information relating to our production capacities and the historical capacity utilization of our production facilities included in this Draft Prospectus is based on various assumptions and estimates of our management, including proposed operations, assumptions relating to availability and quality of raw materials and assumptions relating to potential utilization levels and operational efficiencies. Actual production levels and utilization rates may differ significantly from the estimated production capacities or historical estimated capacity utilization information of our facilities. Undue reliance should therefore not be placed on our production capacity or historical estimated capacity utilization information for our existing facilities included in this Draft Prospectus.

***26. We have applied for registration of our logo but do not own the trademark legally as on date. We may be unable to adequately protect our intellectual property. Furthermore, we may be subject to claims alleging breach of third party intellectual property rights.***

We have applied for registration of our logo under the provisions of the Trademarks Act, 1999 and do not own the trademark as on date. As such, we do not enjoy the statutory protections accorded to a registered trademark as on date. There can be no assurance that we will be able to register the trademark and the logo in future or that, third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. Further, we cannot assure you that application for registration of our trademark by our Company will be granted by the relevant authorities in a timely manner or at all. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property.

For further details please refer to chapter titled “Government and Other Approvals” beginning on page 185 of this Draft Prospectus.

***27. We have not entered into any agreement in respect of long term supply for raw materials required by us and as such we are susceptible to fluctuations in the cost of raw materials.***

We are dependent on our suppliers for uninterrupted supply of raw materials. We procure our supply of raw materials from various suppliers depending upon the price and quality of raw materials. While we are not dependent on any one particular supplier for supply of raw materials, any disruption of such supply of raw materials from our suppliers will adversely affect our operations and ability to deliver our products on a timely basis. Further, the prices of raw materials are subject to price fluctuation due to various factors beyond our control, including but not limited to severe climatic conditions, governmental regulations, which may reduce supply and lead to increase in supply costs. In the event that we are unable to anticipate and adapt to changing supply costs by adjusting our purchasing practices or we are unable to negotiate favourable pricing terms with our suppliers for such raw materials, then our business, profitability and financial performance may be materially and adversely affected. Further, any disruption in the adequate and timely supply of raw materials or unavailability of raw materials may adversely affect our business and results of operations.

**28. *Changes in technology may render our current technologies obsolete or require us to make substantial capital investments.***

Modernization and technology up-gradation is essential to provide better products. Although we strive to keep our technology in line with the latest standards, we may be required to implement new technology or upgrade the existing employed by us. Further, the costs in upgrading our technology could be significant which could substantially affect our finances and operations.

**29. *Delay in raising funds from the IPO could adversely impact our Cash flows and results of operations.***

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

**30. *Our insurance coverage may not be adequate.***

Our Company has insured itself against certain eventualities including against fire and special perils. While we have taken adequate and appropriate insurance coverage to take care of certain contingencies, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully or in part or will be paid on time. Mishaps or accidents at our Company's facilities may lead to property damages, property loss and accident claims. We cannot assure that we have taken out sufficient insurance to cover such and other material losses thereby adversely affecting our performance. To the extent that we suffer loss or damage for which we have not obtained or maintained insurance or which is not covered by insurance or exceeds our insurance coverage, the loss would have to be borne by us and thus our results of operations and financial performance could be adversely affected. For further details, please refer chapter titled "*Our Business*" beginning on page 88 of this Draft Prospectus.

**31. *Our Company does not have any similar and comparable listed peer which is involved in same line of business for comparison of performance and therefore, investors must rely on their own examination of accounting ratios of our Company for the purposes of investment in the Issue.***

As of the date of this Draft Prospectus, there are no comparable listed companies that are similar in size and nature and are involved in the same line of business, which are listed on the Indian stock exchanges and accordingly, we are not in a position to provide comparative analysis of our performance with any listed company. Therefore, investors must rely on their own examination of accounting ratios of our Company for the purposes of investment in the Issue.

**32. *Our industry is labour intensive and our business operations may be materially adversely affected by strikes, work stoppages or increased wage demands by our employees or those of our suppliers.***

Our industry being labour intensive is dependent on labour force for carrying out its manufacturing operations. Shortage of skilled/unskilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations. Though we have not experienced any major disruptions in our business operations due to disputes or other problems with our work force in the past; however there can be no assurance that we will not experience such disruptions in the future. Such disruptions may adversely affect our business and results of operations and may also divert the management's attention and result in increased costs.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Although our employees are not currently unionized, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of our management's attention due to union intervention, which may have a material adverse impact on our business, results of operations and financial condition.

**33. *Our lenders have charge over our movable and immovable properties in respect of financial facilities availed by us.***

We have secured our lenders by creating a charge over our movable and immovable properties in respect of loans / facilities availed by us from banks and financial institutions. The total amounts outstanding and payable by us as secured loans were Rs. 2493.22 Lakhs as on September 30, 2016. In the event we default in repayment of the loans / facilities availed by us and any interest thereof, our properties may be forfeited by lenders, which in turn could have significant adverse affect on business, financial condition or results of operations. For further information on the “*Statement of Financial Indebtedness*” please refer to page 165 of this Draft Prospectus.

**34. *We are subject to the restrictive covenants of banks in respect of the Loan and Credit facility 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 such as major changes in share capital, changes in fixed assets and creation of any other charge, formulate any scheme of amalgamation, substantial change in management of the Company, extending finance to associate concerns etc. 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. For further details, please see “*Statement of Financial Indebtedness*” on page 165 of this Draft Prospectus.

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

As on date, we have not made any alternate arrangements for meeting our capital requirements for the objects of the offer. We meet our capital requirements through our bank finance, owned funds and internal accruals. Any shortfall in our net owned funds, internal accruals and our inability to raise debt in future would result in us being unable to meet our capital requirements, which in turn will negatively affect our financial condition and results of operations. Further we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the Offer proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the chapter titled “*Objects of the Offer*” beginning on page 66 of this Draft Prospectus.

**36. *Delays or defaults in customer payments could result in a reduction of our profits and cash flows.***

The customers delay or default in making payments on an order, or cancel their orders for which we have incurred expenditure, it could have a material adverse effect on our business, financial condition, results of operations and cash flows. We may also be subject to working capital shortages due to delays in customer payments. These events could have a material adverse effect on our revenues, results of operations, profitability and cash flows.

**37. *Our products are subject to rejection by our customers if they do not meet the quality and technical requirements of our customers.***

We manufacture products on the basis of the specifications provided by our customers and such products are customized for their requirements. In the event our products do not meet the specifications of our customers including the technical or quality parameters required by the customers, our customers might reject the products. Any substantial rejection of our products will adversely affect our financial position.

**38. *Our funding requirements and deployment of the Fresh Offer proceeds are based on management estimates and have not been independently appraised by any bank or financial institution and actual cost may vary compared with the estimated amount.***

Our funding requirements and the deployment of the proceeds of the Fresh Offer are based on management estimates and our current business plan. The fund requirements and intended use of proceeds have not been appraised by bank or financial institution and are based on our estimates. In view of the competitive and

dynamic nature of our business, we may have to revise our expenditure and fund requirements as a result of variations including in the cost structure, changes in estimates and other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our board. In addition, schedule of implementation as described herein are based on management's current expectations and are subject to change due to various factors some of which may not be in our control. The deployment of the funds towards the *Objects of the Offer* is entirely at the discretion of the Board of Directors/Management and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our Audit Committee. Any inability on our part to effectively utilize the Fresh Offer proceeds could adversely affect our financials.

***39. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.***

In the past, we have not made dividend payments to the shareholders of our Company. The amount of our future dividend payments, if any, will depend upon various factors including our future earnings, financial condition, cash flows and requirement to fund operations and expansion of the business. There can be no assurance that we will be able to declare dividends. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors. For further details, please refer “*Dividend Policy*” on 138 of this Draft Prospectus.

***40. Any future issuance of equity shares by us may dilute your shareholding and adversely affect the trading price of our Equity Shares.***

Any future issuance of equity shares by us including in primary offering or pursuant to a preferential allotment may dilute your shareholding in our Company, adversely affect the trading price of our equity shares and could impact our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Additionally, the disposal of Equity Shares by any of our major shareholders, any future issuance of equity shares by us or the perception that such issuance or sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that we will not issue equity shares or that such shareholders will not dispose of, pledge or encumber their equity shares in the future.

***41. We have not independently verified certain data in this Draft Prospectus.***

We have not independently verified data from industry publications contained herein and although we believe these sources to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regard to other countries. Therefore, discussions of matters relating to India and its economy are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete or unreliable.

These facts and statistics are included in “*Summary of Industry*” and “*Industry Overview*” on pages 30 and 75 respectively of this Draft Prospectus. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

**Risks Related To Our Equity Shares and Equity Share Holders**

***42. Our Company has not paid dividends in the recent years. There is no guarantee that we will be able to pay dividends in the future.***

Our Company has not paid any dividend (including any interim dividend) on its shares during the preceding 3 financial years. Further, our ability to pay dividends in the future will depend upon a variety of factors, including our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements, if any. As a result, we cannot assure you that we will make dividends of any particular amount, with any particular frequency or at all.

***43. Any future issuance of Equity Shares may dilute your shareholdings, and sales of the Equity Shares by our major shareholders may adversely affect the trading price of our Equity Shares.***

Any future equity issuances by our Company may lead to the dilution of investors' shareholdings in our Company. In addition, any sale of substantial Equity Shares in the public market after the completion of this Issue, including by our major shareholders, or the perception that such sales could occur, could adversely affect the market price of the Equity Shares and could significantly impair our future ability to raise capital through offerings of the Equity Shares. We cannot predict what effect, if any, market sales of the Equity Shares held by the major shareholders of our Company or the availability of these Equity Shares for future sale will have on the market price of our Equity Shares.

***44. Sale of Equity Shares by our Promoter or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.***

Any instance of disinvestments of equity shares by our Promoter or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

***45. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.***

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

***46. After this Issue, the price of the Equity Shares may be highly volatile, or an active trading market for the Equity Shares may not develop.***

The price of the Equity Shares on the Stock Exchanges may fluctuate as a result of the factors, including:

- a. Volatility in the Indian and global capital market;
- b. Company's results of operations and financial performance;
- c. Performance of Company's competitors;
- d. Adverse media reports on the Company or pertaining to the Industry in which we operate;
- e. Changes in our estimates of performance or recommendations by financial analysts;
- f. Significant developments in India's economic and fiscal policies;

Current valuations may not be sustainable in the future and may also not be reflective of future valuations for our industry and our Company. There has been no public market for the Equity Shares and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the price at which the Equity Shares are initially traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

***47. You will not be able to sell immediately on Indian Stock Exchanges any of the Equity Shares you purchase in the Offer until the Offer receives appropriate trading permissions.***

The Equity Shares will be listed on the Stock Exchange. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. We cannot assure you that the Equity Shares will be credited to investor's demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this Draft Prospectus. Any failure or delay in obtaining the approval would restrict your ability to dispose of the Equity Shares. In accordance with section 40 of the New Companies Act, in the event that the permission of listing the Equity Shares is denied by the stock exchanges, we are required to refund all monies collected to investors.



**48. You may be subject to Indian taxes arising out of capital gains on sale of Equity Shares.**

Under current Indian tax laws and regulations, capital gains arising from the sale of Equity Shares in an Indian Company are generally taxable in India. Any gain realized on the sale of listed Equity Shares on a stock exchange held for more than 12 months may not be subject to capital gains tax in India if Securities Transaction Tax (“STT”) has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realised on the sale of Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed Equity Shares held for a period of 12 months or less will be subject to short term capital gains tax in India. For more details, please refer to “*Statement of Possible Special Tax Benefits*” on page 73 of this Draft Prospectus. The taxation laws of India are subject to change and the above statements only hold true as on the date this prospectus is being issued

**External Risk Factors**

**49. Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.**

The following external risks may have an adverse impact on our business and results of operations should any of them materialize:

- A change in the central or state government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular;
- High rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins; and
- A slowdown in economic growth or financial instability in India could adversely affect our business and results of operations.
- Civil unrest, acts of violence, terrorists attacks, regional conflicts or situations or war involving India or other countries could materially and adversely affect the financial markets which could impact our business. Such incidents could impact economic growth or create a perception that investment in Indian companies could involve higher degree in risk, which could reduce the value of the equity shares.
- National disasters in India may disrupt or adversely affect the Indian economy, which in turn may affect the health of our business.
- Any downgrading of Indian Sovereign rating by international credit rating agencies may negatively impact our business and access to capital.

**50. Changing laws, rules and regulations including adverse application of tax laws and regulations-such as application of goods and service tax could adversely affect our business, results of operations and cash flows.**

Our business and financial performance could be adversely affected by changes in law or interpretations of existing, or the promulgation of new, laws, rules and regulations in India applicable to us and our business. Please refer to the section “*Key Industry Regulations and Policies*” beginning on page 101 of this Draft Prospectus. For details of the laws currently applicable to us. Any changes to such laws, including the instances briefly mentioned below, may adversely affect our business, financial condition, results of operations and prospects:

- The GoI proposed to revamp the implementation of direct taxes by way of the introduction of the Direct Taxes Code (“DTC”). The DTC proposes to consolidate and amend laws relating to income tax and wealth tax. The Government has indicated in the Union Budget for the financial year from April 1, 2016 to March 31, 2017, that the DTC shall not be pursued further.
- The GoI has proposed a comprehensive national GST regime that will combine taxes and levies by the Central and State Governments into a unified rate structure, which has been tabled before the Parliament of India. While the GoI and other state governments have announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create



uncertainty. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable.

- Further, the General Anti Avoidance Rules (“GAAR”) are proposed to be effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.

We have not determined the impact of these proposed legislations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

***51. The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.***

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 notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The 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 depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs 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 pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. 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 an adverse effect on our business and results of operations.

***52. Conditions in the Indian securities market may affect the price or liquidity of our Equity Shares.***

The Indian securities markets are smaller than securities markets in more developed economies and the regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Further, the Indian stock exchanges have experienced volatility in the recent times. The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading and limited price movements. A closure of, or trading stoppage on the BSE could adversely affect the trading price of the Equity Shares.

***53. Changes in government regulations or their implementation could disrupt our operations and adversely affect our business and results of operations.***

Our business and industry is regulated by different laws, rules and regulations framed by the Central and State Government. These regulations can be amended/ changed on a short notice at the discretion of the Government. If we fail to comply with all applicable regulations or if the regulations governing our business or their

implementation change adversely, we may incur increased costs or be subject to penalties, which could disrupt our operations and adversely affect our business and results of operations.

***54. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between nonresidents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

***55. Any downgrading of India's credit ratings required from the RBI or any other government agency can be obtained on any terms.***

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

***56. Financial instability in Indian financial markets could adversely affect Our Company's international rating and financial condition.***

In this globalized world, the Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, say in the United States of America, Europe, China or other economies, 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. Indian financial markets have also experienced the contagion effect of the global financial turmoil. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on our Company's business, operations, financial condition, profitability and price of its Shares. Stock exchanges in India have in the past experienced substantial fluctuations in the prices of listed securities.

***57. Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.***

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, fluctuations in commodities markets, consumer debt levels, unemployment trends and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude, which may negatively affect our stock prices.

***58. Taxes and other levies imposed by the Government of India or other State Governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.***

Taxes and other levies imposed by the central or state governments in India that affect our industry including other new or special taxes and surcharges introduced on a permanent or temporary basis from time to time. These taxes and levies affect the cost and prices of our products and therefore demand for our product. An increase in any of these taxes or levies, or the imposition of new taxes or levies in the future, may have a material adverse effect on our business, profitability and financial condition.

***59. The extent and reliability of Indian infrastructure could adversely affect our Company's results of operations and financial condition.***

India's physical infrastructure is in developing phase compared to that of many developed nations. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our Company's normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our Company's business operations, which could have an adverse effect on its results of operations and financial condition.

***60. The occurrence of natural disasters may adversely affect our business, financial condition and results of operations.***

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires and pandemic disease may adversely affect our financial condition or results of operations. The potential impact of a natural disaster on our results of operations and financial position is speculative, and would depend on numerous factor. The extent and severity of these natural disasters determines their effect on the Indian economy. Although the long term effect of diseases such as the H5N1 "avian flu" virus, or H1N1, the swine flu virus, cannot currently be predicted, previous occurrences of avian flu and swine flu had an adverse effect on the economies of those countries in which they were most prevalent. An outbreak of a communicable disease in India would adversely affect our business and financial conditions and results of operations. We cannot assure you that such events will not occur in the future or that our business, financial condition and results of operations will not be adversely affected.

## PROMINENT NOTES

1. Public Offer of 36,36,000 Equity Shares of Rs.10 each (Equity Shares) for cash at a price of Rs.30 per Equity Share, aggregating to Rs. 1090.80 lacs (the Offer) by Sarthak Metals Limited ("SML" or the Company or the Issuer) consisting of an Offer for Sale of 20,36,000 Equity Shares by the Selling Shareholders comprising of an Offer for Sale of 16,12,000 Equity Shares by Sarthak Energy Private Limited; 2,25,000 Equity Shares by Mr. Prashant Kumar Shrivastava; 1,54,000 Equity Shares by Ms. Saroj Grover; and 45,000 Equity Shares by Mr. R.S.N. Murthy aggregating to Rs. 610.80 lacs, and Fresh Offer of 16,00,000 Equity Shares aggregating to Rs. 480.00 lacs. Out of the Offer, 1,96,000 Equity Shares of Rs.10 each at a price of Rs. 30 per Equity Share aggregating to Rs. 58.80 lacs, which will be reserved for subscription by Market Maker to the Offer (the "Market Maker reservation portion") and Net Offer to the Public of 34,40,000 Equity Shares of Rs. 10 each at a price of Rs. 30 each per Equity Share aggregating to Rs. 1032.00 lacs (hereinafter referred to as the Net Offer). The Offer and the Net Offer will constitute 26.56% and 25.13%, respectively of the post Offer paid up Equity Share capital of the Company.
2. Our Company was originally incorporated on July 28, 1995, as Sarthak Metals Marketing Private Limited under the provisions of the Companies Act, 1956 with the Registrar of Companies, Madhya Pradesh, Gwalior. The name of our Company was changed to "Sarthak Metals Private Limited" pursuant to shareholders resolution passed at the Extra Ordinary General Meeting of the Company held on August 13, 2016 and a fresh Certificate of Incorporation pursuant to change of name dated August 22, 2016 was issued by the Registrar of Companies, Chhattisgarh. Subsequently our Company was converted into a Public Limited Company pursuant to shareholders resolution passed at the Extra Ordinary General Meeting held on August 13, 2016 and the name of our Company was changed to "Sarthak Metals Limited" vide a fresh Certificate of Incorporation dated August 23, 2016, issued by the Registrar of Companies, Chhattisgarh.
3. This Offer is being made for at least 25% of the post Offer paid up Equity Share capital of our Company, pursuant to Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957 as amended. This Offer is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. As per Regulation 43(4) of the SEBI (ICDR) Regulations, as amended, since our is a fixed price Offer 'the allocation' is the net Offer to the public category shall be made as follows:
  - a) Minimum fifty percent to retail individual investors; and
  - b) Remaining to:
    - i. Individual applicants other than retail individual investors; and
    - ii. Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
  - c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

*If the retail individual investor category is entitled to more than fifty per cent on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.*

4. The average cost of acquisition per Equity Share by our Promoters:

Name of Promoter	No. of Shares held	Average cost (in Rs.)
Anoop Kumar Bansal	1,145,250	1.79
Kishore Kumar Bansal	7,41,000	1.39
Sanjay Shah	5,35,950	3.05
Manoj Kumar Bansal	37,82,700	2.28

5. Investors may contact the Lead Manager or the Compliance Officer for any complaint / clarifications / information pertaining to the Offer. For contact details of the Lead Manager and the Compliance Officer, refer the front cover page.
6. The net worth of our Company is Rs. 2669.89 lakhs and the book value of each Equity Share was Rs. 22.08 as of September 30, 2016 as per our Restated Financial Statements. For more information, please refer the Section titled "Financial Information" beginning on page 139 of this Draft Prospectus.

7. 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 Draft Prospectus.
8. Except as disclosed in the section titled “*Our Promoters and Promoter Group*”, “*Our Group Companies/Entities*” and “*Our Management*” beginning on pages 125, 130 and 113 respectively of this Draft Prospectus, none of the Promoters, Directors or Key managerial personnel have any interest in the Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner or trustee and to the extent of the benefits arising out of such shareholding.
9. None of our Group Entities have any business or other interest in our Company, except as stated in “*Annexure XXVII - Related Party Disclosures*” forming part of the Chapter titled “*Financial Information*” on page 162 and “*Our Group Companies/Entities*” on page 130 of this Draft Prospectus, and to the extent of any Equity Shares held by them and to the extent of the benefits arising out of such shareholding.
10. For details of related party transactions entered into by our Company with the Group Companies/Entities and other related parties during the last financial year, the nature of transactions and the cumulative value of transactions, see the *Annexure XXVII - Related Party Disclosures*” forming part of the Chapter titled “*Financial Information*” on page 162 of this Draft Prospectus.
11. Other than as stated in the section titled “*Capital Structure*” on page 46 of this Draft Prospectus, the Company has not Offerd any Equity Shares for consideration other than cash.
12. Except Equity Shares offered by our Promoter group Company Sarthak Energy Pvt. Ltd by way of Offer for sale, no part of the Offer proceeds will be paid as consideration to Promoters, Promoter Group, Directors, Key managerial personnel, associate companies, or Group Companies/Entities.
13. Any clarification or information relating to the Offer shall be made available by the LM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the LM for any complaints pertaining to the Offer. Investors are free to contact the LM for any clarification or information relating to the Offer who will be obliged to provide the same to the investor.

## **SECTION III: INTRODUCTION**

### **SUMMARY OF INDUSTRY**

*(The information in this chapter has been extracted from publicly available documents prepared by various sources etc. This data has not been prepared or independently verified by us or the Lead Manager or any of their or our respective affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled “Risk Factors” on page 13 of this Draft Prospectus. Accordingly, investment decisions should not be based on such information)*

#### **Global Economic Overview**

Output growth in the first quarter of 2016 was somewhat better than expected in emerging market and developing economies and roughly in line with projections for advanced economies, with better-than-expected euro area growth counterbalancing weaker U.S. growth. Productivity growth in most advanced economies remained sluggish, and inflation was below target owing to slack and the effect of past declines in commodity prices. Indicators of real activity were somewhat stronger than expected in China, reflecting policy stimulus, as well as in Brazil and Russia, with some tentative signs of moderation in Brazil's deep downturn and stabilization in Russia following the rebound in oil prices. While global industrial activity and trade have been lackluster amid China's rebalancing and generally weak investment in commodity exporters, recent months have seen some pick-up due to stronger infrastructure investment in China and higher oil prices.

#### **INDIAN ECONOMIC OVERVIEW**

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). According to the Economic Survey 2015-16, the Indian economy will continue to grow more than 7 per cent in 2016-17. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices. India was ranked the highest globally in terms of consumer confidence during October- December quarter of 2015, continuing its earlier trend of being ranked the highest during first three quarters of 2015, as per the global consumer confidence index created by Nielsen.

According to IMF World Economic Outlook Update (January 2016), Indian economy is expected to grow at 77.75 per cent during FY 2016-17, despite the uncertainties in the global market. The Economic Survey 2015-16 had forecasted that the Indian economy will growing by more than seven per cent for the third successive year 2016-17 and can start growing at eight per cent or more in next two years. Foreign direct investment (FDI) in India have increased by 29 per cent during October 2014-December 2015 period post the launch of Make in India campaign, compared to the 15month period before the launch.

#### **Recent Developments**

India has emerged as one of the strongest performers with respect to deals across the world in terms of Mergers and Acquisitions (M&A). The total transaction value of M&A involving Indian companies stood at US\$ 26.3 billion with 930 deals in 2015 as against US\$ 29.4 billion involving 870 deals in 2014. In the M&A space, Telecom was the dominant sector, amounting to 40 per cent of the total transaction value. Also, Private equity (PE) investments increased 86 per cent YOY to US\$ 1.43 billion. Total private equity (PE) investments in India for 2015 reached a record high of US\$ 19.5 billion through 159 deals, according to the PwC Money Tree India report.

Furthermore, initiatives like Make in India and Digital India will play a vital role in driving the Indian economy.

Exchange Rate Used: INR 1 = US\$ 0.0147 as on March 01, 2016.

#### **OVERVIEW OF METALS AND MINING SECTOR**

India is the third largest producer of coal. It has the fifth largest coal reserves in the world at 301.6 billion tonnes (BT). The country is expected to become the second largest steel producer.



The metal and mining industry of India has recorded a strong 19.8 per cent expansion in 2011 to touch US\$ 141.9 billion and is expected to reach 305.5 billion by 2016. Production volumes have also been growing steadily over the years, it registered a CAGR of 5.2 per cent.

India's iron and steel exports increased at a CAGR of 4.2 per cent. It's strategic location enables convenient exports to developed as well as the fast developing Asian markets.

The Government of India has allowed 100 per cent foreign direct investment (FDI) in the mining sector under the automatic route. Mining lease has been granted for a long duration of minimum 20 years and up to 30 years. It has also approved MMDR Bill (2011) to provide better legislative environment for investment and technology.

## **OVERVIEW OF STEEL INDUSTRY**

### **Introduction**

India is the world's third largest producer of crude steel (up from eighth in 2003) and is expected to become the second largest producer by 2016. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output.

The Indian steel industry is very modern with state of the art steel mills. It has always strived for continuous modernisation and upgradation of older plants and higher energy efficiency levels.

### **Market Size**

India's crude steel production grew by 4.9 per cent year on year to at 8 Million Tonnes (MT) in May 2016. Total steel production in the country is expected to increase by 7 per cent in 2016. During FY 2015-16, hot metal production increased at a rate of 1.3 per cent year on year to 57.13 MT, whereas the production for sale of total finished steel stood at 90.39 MT. India's consumption of total finished steel increased by 4.5 per cent to 80.45 MT during FY 201516. Total finished steel exports during FY 201516 stood at 4.08 MT, whereas total finished steel imports stood at 11.71 MT for the same period. India's crude steel capacity has increased 7.6 per cent to 118.2 MT.

The steel sector in India contributes nearly two per cent of the country's Gross Domestic Product (GDP) and employs over 600,000 people. The per capita consumption of total finished steel in the country has risen from 51 Kg in 2009-10 to about 61.9 Kg in 2015-16.

## **OVERVIEW ON INDUSTRIAL GAS**

Industrial gas is a group of gases that are commercially manufactured and sold for uses in other applications. The most common industrial gases are: air gases - oxygen (O<sub>2</sub>), nitrogen (N<sub>2</sub>) and argon (Ar) rare gases - such as helium (He), krypton (Kr), xenon (Xe) and neon (Ne) and other gases like hydrogen (H<sub>2</sub>), carbon monoxide (CO), carbon dioxide (CO<sub>2</sub>) and nitrous oxide (N<sub>2</sub>O), chlorine (Cl<sub>2</sub>), hydrogen chloride (HCl) and sulphur dioxide (SO<sub>2</sub>), acetylene (C<sub>2</sub>H<sub>2</sub>), methane (CH<sub>4</sub>) and propane (C<sub>3</sub>H<sub>8</sub>).

In addition, there are many different mixtures of these and other gases to meet the needs of specific applications. The industrial and medical gases industry serves a very large number of customers in the whole community. Industrial gases are essential for almost all manufacturing. Large quantities of oxygen, nitrogen and argon are used in the steel and metal industry. Shipyards and the automotive industry use acetylene, propane, mixtures of fuel gases and oxygen for cutting and welding. Liquid nitrogen is vital in recycling plastics, packaging and scrap tyres. The chemical industry employs all major industrial gases as a raw material or for inserting. The other smaller market segment consists of cylinder gas and mixtures.

The Indian gas industry is growing at an average rate of 12 per cent per annum during the last couple of years, with the industrial oxygen growing consistently at 15-17 per cent per annum. The growth of industrial gas industry can be easily forecast on the basis of projections of the steel and other metallurgical industry. Steel demand is seen rising by 10% in the fiscal year to march 2011, helped by higher spending on infrastructure will continue to drive growth of the gas industry. Natural gas comprises 9 % of India's primary energy consumption and it will be 14% of energy mix by 2010.

Exchange Rate Used: INR 1 = US\$ 0.0148 as on July 11, 2016

*References: Ministry of Finance, Press Information Bureau (PIB), Media Reports and Publications, Department of Industrial Policy and Promotion (DIPP), CREDAI*

[www.indiabudget.nic.in](http://www.indiabudget.nic.in)

<http://www.cci.in/pdfs/surveys-reports/Real-Estate-Sector-in-India.pdf>

<https://www.imf.org/external/pubs/ft/weo/2016/01/pdf/text.pdf>

Source: IMF, World Economic Outlook Update, July 2016

References: Media reports, Press releases, Press Information Bureau (PIB), Joint Plant Committee (JPC)

Note: According to data released by the Brussels based World Steel Association

## SUMMARY OF OUR BUSINESS

Our Company was originally incorporated on July 28, 1995, as Sarthak Metals Marketing Private Limited under the provisions of the Companies Act, 1956 with the Registrar of Companies, Madhya Pradesh, Gwalior. The name of our Company was changed to “Sarthak Metals Private Limited” pursuant to shareholders resolution passed at the Extra Ordinary General Meeting of the Company held on August 13, 2016 and a fresh Certificate of Incorporation pursuant to change of name dated August 22, 2016 was issued by the Registrar of Companies, Chhattisgarh. Subsequently our Company was converted into a Public Limited Company pursuant to shareholders resolution passed at the Extra Ordinary General Meeting held on August 13, 2016 and the name of our Company was changed to “Sarthak Metals Limited” vide a fresh Certificate of Incorporation dated August 23, 2016, issued by the Registrar of Companies, Chhattisgarh.

We are engaged into manufacturing of wide variety of Cored wires, Aluminum Flipping coils, Industrial Oxygen gas and Carbon dioxide gas having wide application in various industries including Steel plants, Fabrication units, and foundries. We are also manufacturers and suppliers of wire feeder machines that are known for drawing wires of 9 mm to 15 mm diameter. We are also engaged in the business of trading of iron & steel related products.

Our Company forms the part of Desh Raj Bansal Group, Bhilai and commenced its operations in the year 1997 to manufacture industrial oxygen and carbon dioxide. Later in the year 2002, our Company diversified its product base by manufacturing cored wires and aluminum flipping coils. We also started manufacturing of wire feeder machines since 2012.

The current promoters of our Company are Mr. Anoop Kumar Bansal, Mr. Manoj Kumar Bansal, Mr. Kishore Kumar Bansal and Mr. Sanjay Shah with their experience in the business and industry, innovative insight, business acumen and farsightedness has taken the business to a new level.

We are headquartered in Bhilai, Chhattisgarh. We currently have two manufacturing units located at Bhilai and Raipur, spread over an area of 1,23,560 sq.ft and 22,000 sq. ft (approximately) respectively, giving us competitive edge in the industry. Please refer page 99 under section titled “*Our Properties*” of this Draft Prospectus.

We are ISO 9001: 2008 certified Company in compliance with quality management system. Over the years we have developed a wide range of our products to cater to the needs and specific requirements of a large number of industries which seek products of assured quality and safety standards. We accomplish through our consistent high quality products and dependable services, and have achieved referred supplier status in several steel companies ensuring a long-term relationship with our key customers.

We have cultivated a large number of reliable suppliers that deliver high quality raw materials, and accordingly, are not dependent upon any one supplier. Our major Suppliers include Bharat Aluminium Co. Ltd, Bhushan Power & Steel Limited, Sino Metal International Limited etc.

Our Total income for the fiscal year ended March 31, 2016 was Rs. 12871.74 Lacs whereas in the fiscal year ended March 31, 2015 the same was Rs. 15149.36 Lacs. Our Profit after tax for the fiscal year ended March 31, 2016 was Rs. 357.03 Lacs whereas in the fiscal year ended March 31, 2015 the same was Rs. 283.48 Lacs. Our export turn over for Fiscal year ended March 31, 2016 and 2015 was Rs. 572.00 Lacs and Rs. 1329.77 Lacs respectively.

### ***Our Location:***

<b>Registered Office of our Company</b>	B.B.C Colony, G.E. Road, P.O. Khursipar, Bhilai - 490 011, Chhattisgarh, India
<b>Branch Office of our Company</b>	S.K. Tower, 2 <sup>nd</sup> Floor, Near Nelson Square, Chindwara Road, Nagpur-440 013, Maharashtra, India
<b>Manufacturing Unit at Bhilai (Unit-I)</b>	17-N, Heavy Industrial Area, Hathkhaj, Bhilai - 490 026, Chhattisgarh, India
<b>Manufacturing Unit at Raipur (Unit-II)</b>	9 B, Gondwara, Urla Industrial Area, Raipur- 493221, Chhattisgarh, India

***OUR COMPETITIVE STRENGTHS:***

The following are the key strengths, which the Company believes enabled it to be competitive in its business:

- *Customized Product Development*
- *Quality Management System*
- *Customer Centric Approach*
- *ISO Certification*
- *Experienced Management Team*
- *Strong Customer Base*
- *Cordial relationship with suppliers*
- *Locational Advantages*

***OUR BUSINESS STRATEGY:***

- *Diversifying and increasing penetration in markets*
- *Enhancing production and product quality*
- *Strengthening of Brand*
- *Optimal Utilization of Resources*
- *Human Resources Development*

## SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from the Restated Financial Statements for financial years ended March 31, 2012, 2013, 2014, 2015, 2016 and for the period ended September 30, 2016. These Restated Financial Statements have been prepared in accordance with the Companies Act, 2013 and restated in accordance with the SEBI ICDR Regulations and presented under the section titled “Financial Information” on page 139 of this Draft Prospectus. The summary financial information presented below should be read in conjunction with the Restated Financial Statements, the notes thereto and “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 139 and 168, respectively.

STATEMENT OF ASSETS AND LIABILITIES AS RESTATED			ANNEXURE - I				
			(Rs. in Lakhs)				
Sr. No.	Particulars	Period ended September 30, 2016	As at March 31,				
			2016	2015	2014	2013	2012
	<b>EQUITY AND LIABILITIES</b>						
1)	<b>Shareholders Funds</b>						
	a. Share Capital	1,208.98	1,208.98	1,208.98	1,208.98	804.65	401.15
	b. Reserves & Surplus	1,460.91	1,214.10	847.55	564.77	703.04	844.03
2)	Share Application Money Pending Allotment	-	-	-	-	-	10.00
3)	<b>Non Current Liabilities</b>						
	a. Long Term Borrowings	58.12	41.03	70.18	117.95	110.50	147.81
	b. Deferred Tax Liabilities	0.79	2.75	5.24	12.53	9.52	13.53
	c. Other Long Term Liabilities	29.68	30.23	33.16	24.07	23.11	18.38
	c. Long Term Provisions	8.79	8.79	6.34	4.59	3.59	2.98
4)	<b>Current Liabilities</b>						
	a. Short Term Borrowings	2,432.54	2,275.61	2,287.32	1,835.93	1,890.78	1,438.09
	b. Trade Payables	87.29	14.52	158.17	156.28	45.62	34.78
	c. Other Current Liabilities	87.63	99.21	99.67	85.62	75.44	81.71
	d. Short Term Provisions	126.17	3.31	0.90	11.75	0.53	70.13
	<b>T O T A L</b>	<b>5500.90</b>	<b>4,898.53</b>	<b>4,717.51</b>	<b>4,022.47</b>	<b>3,666.78</b>	<b>3,062.59</b>
	<b>ASSETS</b>						
1)	<b>Non Current Assets</b>						
	a. Fixed Assets						
	i. Tangible Assets	1,426.32	1,393.65	1,295.12	1,174.75	998.99	959.28
	Less: Accumulated Depreciation	822.21	797.06	701.03	596.96	500.47	380.26
	ii. Intangible Assets	-	-	-	-	-	-
	iii. Intangible Assets under development	-	-	-	-	-	-
	iv. Capital Work in Progress	286.77	221.11	178.48	1.42	21.93	-
	<b>Net Block</b>	<b>890.88</b>	<b>817.70</b>	<b>772.57</b>	<b>579.21</b>	<b>520.45</b>	<b>579.02</b>
	b. Deferred Tax Assets (Net)	-	-	-	-	-	-
	c. Non-current Investments	75.00	75.00	75.00	45.00	-	-
	d. Long Term Loans & Advances	321.56	243.76	44.69	147.31	155.44	265.36
	e. Other Non Current Assets	-	-	-	-	-	-

<b>2)</b>	<b><u>Current Assets</u></b>						
	a. Inventories	1,096.98	1,069.76	1,077.38	1,050.54	666.59	499.07
	b. Trade Receivables	2,933.19	2,495.84	2,470.59	2,012.47	2,143.82	1,415.90
	c. Cash and Cash Equivalents	150.41	151.18	135.60	145.36	99.62	227.82
	d. Short Term Loans & Advances	27.79	42.86	138.43	38.03	78.26	75.42
	e. Other Current Assets	5.09	2.43	3.25	4.55	2.60	-
	<b>T O T A L</b>	<b>5500.90</b>	<b>4,898.53</b>	<b>4,717.51</b>	<b>4,022.47</b>	<b>3,666.78</b>	<b>3,062.59</b>



	STATEMENT OF PROFIT AND LOSS AS RESTATED				ANNEXURE - II		
	(Rs. In Lakhs)						
Sr. No .	Particulars		For the year ended March 31,				
		Period ended September 30, 2016	2016	2015	2014	2013	2012
A	INCOME						
	Revenue from Operations	7,312.58	12,776.98	15,092.31	14,677.53	11,290.57	10,055.25
	Other Income	83.67	94.76	57.05	44.25	38.67	-
	Total Income (A)	7,396.25	12,871.74	15,149.36	14,721.78	11,329.24	10,055.25
B	EXPENDITURE						
	Cost of Material Consumed	6,246.92	11,035.74	13,401.32	13,364.80	10,012.93	8,441.63
	Purchase of Stock in Trade	6.64	6.66	8.12	52.52	15.35	319.05
	Changes in inventories of finished goods, traded goods and work-in-progress	130.70	(75.14)	111.93	(148.25)	30.07	105.06
	Employee benefit expenses	164.17	383.44	346.44	236.78	203.34	166.85
	Finance costs	164.20	278.16	259.49	320.97	255.25	253.11
	Depreciation and amortisation expense	39.91	97.34	108.36	117.50	120.90	82.28
	Other Expenses	272.59	595.40	489.53	390.34	350.91	437.09
	Total Expenses (B)	7,025.13	12,321.60	14,725.19	14,334.66	10,988.75	9,805.07
C	Profit before exceptional, extraordinary items and tax	371.12	550.14	424.17	387.12	340.49	250.18
	Exceptional items	-	-	-	-	0.09	-
D	Profit before extraordinary items and tax	371.12	550.14	424.17	387.12	340.40	250.18
	Extraordinary Expenses (CSR)	2.40					
F	Profit before tax	368.72	550.14	424.17	387.12	340.40	250.18
	Tax expense :						
	(i) Current tax	123.87	186.08	144.02	124.05	105.40	69.87
	(ii) Deferred tax	(1.96)	(2.49)	(7.30)	3.01	(4.01)	13.53
	(iii) Short/(Excess) provision of earlier years	-	-	-	-	-	-
G	Total Tax Expense	121.91	183.59	136.72	127.06	101.39	83.40
H	Profit for the year (D-E)	246.81	366.55	287.45	260.06	239.01	166.78

STATEMENT OF CASH FLOW AS RESTATED				ANNEXURE - III		
	(Rs. In Lakhs)					
Particulars	Period ended September 30, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
<b>Cash flow from operating activities:</b>						
Net Profit before tax as per Profit And Loss A/c	368.72	550.14	424.16	387.12	340.40	250.18
<b>Adjusted for:</b>						
Depreciation & Amortisation	39.91	97.34	108.36	117.50	120.90	82.28
Interest & Finance Cost	164.20	278.16	259.49	320.97	255.25	253.11
Interest Income	(12.45)	(10.69)	(12.43)	(20.87)	(4.37)	-
Foreign Exchange Loss/(Gain)	(22.48)	(20.01)	-	-	-	-
Profit on Sale of Fixed Assets	(0.67)	-	(1.88)	(0.65)	-	-
Profit on Sale of Land	-	-	-	-	(29.11)	-
<b>Operating Profit Before Working Capital Changes</b>	537.23	894.94	777.70	804.07	683.07	585.57
Adjusted for (Increase)/ Decrease:						
Inventories	(27.22)	7.62	(26.84)	(383.94)	(167.52)	31.00
Trade Receivables	(414.87)	(5.24)	(458.11)	4.04	(727.92)	215.41
Loans and advances and other assets	(289.22)	(290.07)	(138.96)	48.35	(1.56)	(11.42)
Trade Payables	72.77	(143.65)	1.89	110.66	10.84	14.41
Liabilities & Provisions	111.28	4.42	4.94	22.42	(75.27)	(78.20)
<b>Cash Generated From Operations</b>	(10.03)	468.02	160.62	605.60	(278.36)	756.77
Direct Tax Paid	-	-	-	-	-	-
<b>Net Cash Flow from/(used in) Operating Activities: (A)</b>	<b>-10.03</b>	<b>468.02</b>	<b>160.62</b>	<b>605.60</b>	<b>(278.36)</b>	<b>756.77</b>
<b>Cash Flow From Investing Activities:</b>						
Purchase of Fixed Assets	-	(141.16)	(310.10)	(177.06)	(94.57)	(311.30)
Sale of Fixed Assets	-	-	4.06	2.75	62.00	-
Interest Income	-	10.69	12.43	20.87	4.37	-
(Purchase)/Sale of Investments	-	-	(30.00)	(45.00)	-	-
<b>Net Cash Flow from/(used in) Investing Activities: (B)</b>	<b>-</b>	<b>(130.47)</b>	<b>(323.61)</b>	<b>(198.44)</b>	<b>(28.20)</b>	<b>(311.30)</b>
<b>Cash Flow from Financing Activities:</b>						
Proceeds From Share Capital & Share Premium	-	-	-	6.00	13.50	103.95
Proceeds / (Repayment) from Long Term Borrowing (Net)	17.09	(29.16)	(47.76)	7.45	(37.31)	69.28
Proceeds / (Repayment) from Short-term borrowings	156.92	(11.70)	451.39	(54.86)	452.70	(231.44)
Effect of Other Long term Liabilities	(0.55)	(2.94)	9.10	0.96	4.72	18.38
Interest & Finance Cost	(164.20)	(278.16)	(259.49)	(320.97)	(255.25)	(253.11)
<b>Net Cash Flow from/(used in) Financing Activities ( C)</b>	<b>9.26</b>	<b>(321.96)</b>	<b>153.24</b>	<b>(361.42)</b>	<b>178.36</b>	<b>(292.94)</b>
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(0.77)	15.59	(9.75)	45.74	(128.20)	152.53
Cash & Cash Equivalents As At Beginning of the Year	151.18	135.59	145.35	99.62	227.82	75.29
Cash & Cash Equivalents As At End of the Year	<b>150.41</b>	<b>151.18</b>	<b>135.60</b>	<b>145.36</b>	<b>99.62</b>	<b>227.82</b>

## THE OFFER

### Present Offer in terms of this Draft Prospectus

<b>Equity Shares Offered:</b>	36,36,000 Equity Shares of Rs. 10 each (the “Equity Shares”) for cash at a price of Rs. 30 per Equity Share (including a Share premium of Rs. 20 per Equity Share) aggregating to Rs. 1090.80 lacs.
<b>Public Offer of Equity Shares by our Company consisting:</b>	
<b>Of which:</b>	
<b>*Fresh Offer</b>	16,00,000 Equity Shares of Rs. 10 each at a price of Rs. 30 per Equity Share aggregating Rs. 480.00 Lacs
<b>**Offer for Sale</b>	20,36,000 Equity Shares of Rs. 10 each at a price of Rs. 30 per Equity Share aggregating Rs. 610.80 Lacs
<b>Of which:</b>	
<b>Offer Reserved for the Market Maker</b>	1,96,000 Equity Shares of Rs. 10/- each at a price of Rs. 30 per Equity Share aggregating Rs. 58.80 Lacs
<b>Net Offer to the Public</b>	34,40,000 Equity Shares of Rs. 10 each at a price of Rs. 30 per Equity Share aggregating Rs. 1032.00 Lacs
<b>Equity Shares outstanding prior to the Offer</b>	1,20,89,750 Equity Shares of face value of Rs. 10 each
<b>Equity Shares outstanding after the Offer</b>	1,36,89,750 Equity Shares of face value of Rs. 10 each
<b>Objects of the Offer</b>	Please refer section titled “ <i>Objects of the Offer</i> ” on page 66 of this Draft Prospectus

*This Offer 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 “Offer Related Information” beginning on page 204 of this Draft Prospectus.*

*\*Our Board of Directors have, pursuant to Section 62(1) (c) of the Companies Act 2013, by a resolution passed at its meeting held on August 24, 2016, authorized the Fresh Offer of Shares. The Shareholders of Sarthak Metals Limited approved the Fresh Offer by a special resolution in accordance with Section 62(1) (c) of the Companies Act, 2013 passed at the Extra Ordinary General Meeting of our Company held on August 26, 2016.*

*\*\*The Offer for Sale has been authorised by Corporate Selling Shareholder Sarthak Energy Private Limited pursuant to its board resolution dated August 27, 2016 and Individual Selling shareholders by way of their consent letters dated August 27, 2016.*

*The details of the shares offered by the selling shareholders are set forth below:*

<b>Sr. No.</b>	<b>Name of the Selling Shareholders</b>	<b>No. of Equity Shares Offered</b>
1	Sarthak Energy Private Limited	16,12,000
2	Prashant Kumar Srivastava	2,25,000
3	Saroj Grover	1,54,000
4	R. S. N. Murthy	45,000
	<b>Total</b>	<b>20,36,000</b>

*The Selling Shareholders have not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights. The Selling Shareholders have also severally confirmed that they are the legal and beneficial owners of the Equity Shares being offered by them under the Offer for Sale.*

## **GENERAL INFORMATION**

Our Company was originally incorporated on July 28, 1995, as Sarthak Metals Marketing Private Limited under the provisions of the Companies Act, 1956 with the Registrar of Companies, Madhya Pradesh, Gwalior. The name of our Company was changed to “Sarthak Metals Private Limited” pursuant to shareholders resolution passed at the Extra Ordinary General Meeting of the Company held on August 13, 2016 and a fresh Certificate of Incorporation pursuant to change of name dated August 22, 2016 was issued by the Registrar of Companies, Chhattisgarh. Subsequently our Company was converted into a Public Limited Company pursuant to shareholders resolution passed at the Extra Ordinary General Meeting held on August 13, 2016 and the name of our Company was changed to “Sarthak Metals Limited” vide a fresh Certificate of Incorporation dated August 23, 2016, issued by the Registrar of Companies, Chhattisgarh.

For further details please refer to chapter titled “*History and Certain Other Corporate Matters*” beginning on page 108 of this Draft Prospectus.

<b>Registered Office</b>	B.B.C Colony, G.E. Road, Khursipar, Bhilai - 490 011, Chhattisgarh, India. Tel: +91-788-3290584/2296495 Fax: +91-788-2225874 Email: <a href="mailto:cs@sarthakmetals.com">cs@sarthakmetals.com</a> Website: <a href="http://www.sarthakmetals.com">www.sarthakmetals.com</a>
<b>Registration Number</b>	009772
<b>Company Identification Number</b>	U51102CT1995PLC009772
<b>Address of Registrar of Companies</b>	Registrar of Companies, Chhattisgarh 1 <sup>st</sup> Floor, Ashok Pingley Bhawan, Municipal Corporation, Nehru Chowk, Bilaspur- 495001, Chhattisgarh, India Phone: (07752)-250092(D),250094 Fax: (07752)- 250093 Email: <a href="mailto:roc.bilaspur@mca.gov.in">roc.bilaspur@mca.gov.in</a>
<b>Designated Stock Exchange</b>	BSE Limited
<b>Listing of Shares offered in this Offer</b>	SME Platform of BSE
<b>Contact Person:</b>	Ms. Brinda Sethi B.B.C Colony, G.E. Road, Khursipar, Bhilai - 490 011, Chhattisgarh, India. Tel: +91-788-3290584/2296495 Fax: +91-788-2225874 Email: <a href="mailto:cs@sarthakmetals.com">cs@sarthakmetals.com</a> Website: <a href="http://www.sarthakmetals.com">www.sarthakmetals.com</a>

For details in relation to the changes to the name of our Company, please refer to the section titled “*History and Certain Other Corporate Matters*” beginning on page 108 of this Draft Prospectus.

### **Board of Directors:**

The details of our Board of Directors are set forth in the table below:

<b>Name</b>	<b>Designation</b>	<b>DIN</b>	<b>Address</b>
Anoop Kumar Bansal	Chairman and Managing Director	01661844	House No. 40, Sunder Nagar, Bhilai - 490023, Chhattisgarh, India
Sanjay Shah	Whole Time Director	00350967	M-21, Nandanwan Colony, Nagpur- 440009, Maharashtra, India
Mayur Bhatt	Whole Time Director	07586457	15/2, Priyadarshani Parisar (E), Supela, Bhilai – 490023, Chhattisgarh, India
Kishore Kumar Bansal	Non Executive Director	03067387	House No. 40, Sunder Nagar, Near Goal Market, Vaishali Nagar, Bhilai - 490023, Chhattisgarh, India
Rama Kohli	Non-Executive and Independent Director	01835824	Contractors Colony, Supela, Bhilai – 490023, Chhattisgarh, India
Chetan Kumar	Non-Executive and	00327687	B-2/17, Safdarjung Enclave, Delhi - 110029,

Name	Designation	DIN	Address
	Independent Director		India

For further details of Management of our Company, please refer to section titled "Our Management" on page 113 of this Draft Prospectus.

#### Details of Company Secretary & Compliance officer and Chief Financial Officer:

Company Secretary & Compliance Officer	Chief Financial Officer
<b>Ms. Brinda Sethi</b> B. B. C Colony, G. E. Road, Khursipar, Bhilai - 490 011, Chhattisgarh, India. Tel: +91-788-3290584/2296495 Fax: +91-788-2225874 Email: <a href="mailto:cs@sarthakmetals.com">cs@sarthakmetals.com</a> Website: <a href="http://www.sarthakmetals.com">www.sarthakmetals.com</a>	<b>Mr. Anirudh Singhal</b> B. B. C Colony, G. E. Road, Khursipar, Bhilai - 490 011, Chhattisgarh, India Tel: +91-788-3290584/2296495 Fax: +91-788-2225874 E-Mail: <a href="mailto:cfo@sarthakmetals.com">cfo@sarthakmetals.com</a> Website: <a href="http://www.sarthakmetals.com">www.sarthakmetals.com</a>

**Note:** Investors can contact our Compliance Officer in case of any pre-Offer or post-Offer related matters such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders etc.

#### Details of Selling Shareholders

Name of Selling Shareholders	No. of shares offered in OFS	Address
Sarthak Energy Private Limited	16,12,000	Registered Office: 1304 Pragati Tower, 26 Rajendra Place, New Delhi – 110008, India
Prashant Kumar Shrivastava	2,25,000	Flat No. 323, New Borsi Colony, Durg – 491001
Saroj Grover	1,54,000	Plot No 43, Swami Vivekanand Road, Priyanka Nagar, Near Shiv Mandir, Risali, Bhilai, CG - 490006
R.S.N. Murthy	45,000	Plot No Q3, Adarsh Nagar, Near Jugnu Dera Kasaridih, Durg, CG - 491001

#### Details of Key Intermediaries pertaining to this Offer and our Company:

Lead Manager of the Offer	Registrar to the Offer
<b>Guiness Corporate Advisors Private Limited</b> 18, Deshapriya Park Road, Kolkata - 700 026, West Bengal, India <b>Tel:</b> +91-33-30015555 <b>Fax:</b> +91-33- 3001 5531 <b>Email:</b> <a href="mailto:gcapl@guinessgroup.net">gcapl@guinessgroup.net</a> <b>Website:</b> <a href="http://www.guinessonline.net">www.guinessonline.net</a> <b>Contact Person:</b> Ms. Alka Mishra /Mr. Gaurav Khandelwal <b>SEBI Registration No.:</b> INM 000011930	<b>Big Share Services Private Limited</b> E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri(E), Mumbai-400 072 Maharashtra, India <b>Tel:</b> 91-22-40430200 <b>Fax:</b> 91-22-28475207 <b>Email:</b> <a href="mailto:ipo@bigshareonline.com">ipo@bigshareonline.com</a> <b>Website:</b> <a href="http://www.bigshareonline.com">www.bigshareonline.com</a> <b>Contact Person:</b> Mr. Ashok Shetty <b>SEBI Registration No.:</b> INR0000001385
Banker to the Company	Banker to the Offer
<b>State Bank of India</b> SME Branch, Sector 1, Bhilai - 490001 Chhattisgarh, India <b>Tel No:</b> +91- 788-2227719 <b>Fax No:</b> +91- 788-2224199 <b>Email:</b> <a href="mailto:mk.rahman@sbi.co.in">mk.rahman@sbi.co.in</a> <b>Website:</b> <a href="http://www.sbi.co.in">www.sbi.co.in</a> <b>Contact Person:</b> Mr. M.K. Rahman	<b>[●] To be appointed prior to filing of Prospectus with RoC</b>
Statutory Auditor of the Company	Peer Review Auditor
<b>B. Vishwanath &amp; Co.</b> (Chartered Accountants) Block No-7, 1 <sup>st</sup> Floor, Himalaya Complex, G. E. Road, Supela, Bhilai - 490023,	<b>Jain Ambavat &amp; Associates</b> (Chartered Accountants) Office # 10, 3 <sup>rd</sup> floor, Chemox House, 7 Barrack Lane, Opp. Bombay Hospital,

Chhattisgarh, India <b>Tel No:</b> +91-788-4039084, 3295182 <b>Fax:</b> +91- 788-4039136 <b>Email:</b> <a href="mailto:bvishwan@yahoo.com">bvishwan@yahoo.com</a> <b>Contact Person:</b> Mr. B Vishwanath Firm Registration No.: 007875C	Mumbai – 400020, Maharashtra, India <b>Tel :</b> +91-22 22036260 - 66 <b>E-mail:</b> <a href="mailto:nirajpjin@mumbaica.com">nirajpjin@mumbaica.com</a> <b>Contact Person:</b> Mr. Niraj Jain Firm Registration No.-103887W
<b>Legal Advisor to the Offer</b>	
<b>Mishra &amp; Mishra Advocates,</b> <b>(Advocates &amp; Solicitors)</b> 4 <sup>th</sup> Floor Room No. 89, Temple Chambers, 6 Old Post Office Street, Kolkata - 700001 <b>Tel No.:</b> +91 – 33-22315126 <b>Fax No.:</b> +91 – 33-22315126 <b>Email:</b> <a href="mailto:mishraadv@gmail.com">mishraadv@gmail.com</a> <b>Website:</b> <a href="http://www.mishraandmishra.com">www.mishraandmishra.com</a> <b>Contact Person:</b> Mr. Shailesh Mishra	

### Self Certified Syndicate Banks

The lists of banks that have been notified by SEBI to act as SCSB for the Applications Supported by Blocked Amount (“ASBA”) process are provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>

The details on designated branches of SCSBs collecting the ASBA Application Form, are provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>

### Registered Brokers/ Registrar and Share Transfer Agents/ CDPs

The list of the Registered Brokers, Registrar and Share Transfer Agents, CDPs, eligible to accept ASBA Forms at the respective designated locations, including details such as postal address, telephone number and email address, are provided on the websites of BSE at [http://www.bseindia.com/Markets/PublicIssues/brokercentres\\_new.aspx?expandable=3](http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3) for Registered Brokers and <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and for Registrar and Share Transfer Agents and CDPs, as updated from time to time. For further details, please see “Offer Procedure” on page 211 of this Draft Prospectus.

### Credit Rating

As the Offer is of Equity Shares, credit rating is not mandatory.

### Trustees

As the Offer is of Equity Shares, the appointment of Trustees is not mandatory.

### IPO Grading

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

### Brokers to the Offer

All members of the recognized stock exchange would be eligible to act as Brokers to the Offer.

### Monitoring Agency

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the Offer size is below Rs. 500.00 Crores. Since the Offer size is below Rs. 500.00 Crores, our Company has not appointed any monitoring agency for this Offer. However, audit committee of our Company, would be monitoring the utilization of the proceeds of the Offer.



## Debenture Trustees

As the Offer is of Equity Shares, the appointment of Debenture trustees is not required.

## Details of the Appraising Authority

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

## Inter-Se Allocation of Responsibilities

Since Guinness Corporate Advisors Private Limited is the sole Lead Manager to this Offer, a statement of inter se allocation responsibilities among Lead Manager's is not required.

## Expert Opinion

Except as stated below, our Company has not obtained any expert opinions:

1. Report of the Peer Reviewed Auditor on Statement of Possible Special Tax Benefits.
2. Report on Re-stated Financial Statement

## Details of Underwriter & Underwriting Agreement

This Offer is 100% Underwritten. The Underwriting Agreement is dated August 24, 2016. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are several and are subject to certain conditions specified therein. The Underwriter have indicated their intention to underwrite the following number of specified securities being offered through this Offer:

Name and Address of the Underwriter	Number of Equity Shares Underwritten*	Amount Underwritten (Rs. in Lacs)
<b>Guinness Corporate Advisors Private Limited</b> <b>Registered Office:</b> 18, Deshapriya Park Road, Kolkata-700 026, West Bengal, India <b>Tel :</b> +91-33-3001 5555 <b>Fax:</b> +91-33-3001 5531 <b>Email:</b> <a href="mailto:gcapl@guinnessgroup.net">gcapl@guinnessgroup.net</a> <b>Website:</b> <a href="http://www.guinnessonline.net">www.guinnessonline.net</a> <b>Contact Person:</b> Ms. Alka Mishra /Mr. Gaurav Khandelwal <b>SEBI Regn. No:</b> INM 000011930	36,36,000	1090.80
<b>Total</b>	<b>36,36,000</b>	<b>1090.80</b>

*\*Includes 1,96,000 Equity shares of the Market Maker Reservation Portion which are to be subscribed by the Market Maker in order to claim compliance with the requirements of Regulation 106 V(4) of the SEBI (ICDR) Regulations, 2009, as amended.*

In the opinion of the Board of Directors of the Company, considering the resources of the above mentioned underwriter and the potential investment lined up by it for the Offer, underwriter is in a position to discharge its underwriting obligation.

## Details of the Market Making Arrangement for this Offer

Our Company has entered into an agreement dated August 24, 2016 with the Lead Manager and Market Maker to fulfill the obligations of Market Making.

## Details of the Market Making Arrangement for this Offer:

<b>Name</b>	<b>Guinness Securities Limited</b>
<b>Corporate Office Address</b>	Guinness House, 18, Deshapriya Park Road, Kolkata-700 026
<b>Tel</b>	+91-33-3001 5555
<b>Fax</b>	+91-33-2464 6969
<b>Email</b>	<a href="mailto:kmohanty@guinnessgroup.net">kmohanty@guinnessgroup.net</a>

<b>Website</b>	<a href="http://www.guinessonline.net">www.guinessonline.net</a>
<b>Contact Person</b>	Mr. Kuldeep Mohanty
<b>SEBI Regn. No.</b>	INB 011146033

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

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

1. The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
2. The minimum depth of the quote shall be Rs. 1,00,000/-. However, the investors with holdings of value less than Rs. 1,00,000/- shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker. Based on the IPO Price of Rs. 30/-, the minimum lot size 6,000 Equity Shares, thus the minimum depth of the quote shall be Rs. 1,80,000 until the same, would be revised by BSE Ltd.
3. After a period of three (3) months from the market making period, the market maker would be exempted to provide quote if the Shares of market maker in our Company reaches to 25 %. (Including the 5 % of Equity Shares of the Offer.) Any Equity Shares allotted to Market Maker under this Offer over and above 5% of Offer Size would not be taken in to consideration of computing the threshold of 25%. As soon as the Shares of market maker in our Company reduce to 24%, the market maker will resume providing 2-way quotes.
4. There shall be no exemption/threshold on downside. However, in the event the market maker exhausts his inventory through market making process, the concerned stock exchange may intimate the same to SEBI after due verification.
5. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
6. 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. At this stage Guinness Securities Limited is acting as the sole Market Maker.
7. The Shares of the Company will be traded in continuous trading session from the time and day the Company gets listed on SME Platform of BSE and Market Maker will remain present as per the guidelines mentioned under BSE and SEBI Circulars.
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(s) shall have the right to terminate said arrangement by giving a six months notice or on mutually acceptable terms to the Merchant Banker, who shall then be responsible to appoint a replacement Market Maker(s).

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

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

10. **Risk containment measures and monitoring for Market Makers:** BSE SME Exchange will have all margins, which are applicable on the BSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.
11. **Punitive Action in case of default by Market Makers:** BSE SME Exchange will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership. The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties / fines / suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.
12. Pursuant to SEBI circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for Market Makers during market making process has been made applicable, based on the Offer size and as follows:

Offer size	Buy quote threshold (including mandatory initial inventory of 5% of the Offer Size)	Re-entry threshold for buy quote(including mandatory initial inventory of 5% of the Offer Size)
UptoRs. 20 crores	25%	24%
Rs. 20 to Rs. 50 crores	20%	19%
Rs. 50 to Rs. 80 crores	15%	14%
Above Rs. 80 crores	12%	11%

The Market Making arrangement, trading and other related aspects including all those specified above shall be subject to the applicable provisions of law and/or norms issued by SEBI/BSE from time to time

## CAPITAL STRUCTURE

The share capital of the Company as at the date of this Draft Prospectus, before and after the Offer, is set forth below.

(Rs. in Lacs, except share data)

Sr. No.	Particulars	Aggregate Value a face value	Aggregate Value a Offer Price
<b>A.</b>	<b>Authorised Share Capital</b>		
	1,50,00,000 Equity Shares of face value of Rs. 10 each	1500.00	--
<b>B.</b>	<b>Offered, subscribed and paid-up Equity Share Capital before the Offer</b>		
	1,20,89,750 Equity Shares of face value of Rs. 10 each	1208.98	--
<b>C.</b>	<b>Present Offer in terms of this Draft Prospectus</b>		
	Offer of 36,36,000 Equity Shares of Rs. 10 each at a price of Rs. 30 per Equity Shares consisting of:	363.60	1090.80
	*Fresh Offer of 16,00,000 Equity Shares of Rs. 10 each at a price of Rs. 30 per Equity Share	160.00	480.00
	**Offer for Sale of 20,36,000 Equity Shares of Rs. 10 each at a price of Rs. 30 per Equity Share	203.60	610.80
	<b>Which comprises</b>		
	1,96,000 Equity Shares of Rs. 10/- each at a price of Rs. 30 per Equity Share reserved as Market Maker Portion	19.60	58.80
	Net Offer to Public of 34,40,000 Equity Shares of Rs. 10/- each at a price of Rs. 30 per Equity Share to the Public	344.00	1032.00
	<b>Of which</b>		
	17,20,000 Equity Shares of Rs.10/- each at a price of Rs. 30 per Equity Share will be available for allocation to Retail Individual Investors up to Rs. 2.00 Lacs	172.00	516.00
	17,20,000 Equity Shares of Rs.10/- each at a price of Rs. 30 per Equity Share will be available for allocation to Other than Retail Individual Investors of above Rs. 2.00 Lacs	172.00	516.00
<b>D.</b>	<b>Equity Capital after the Offer</b>		
	1,36,89,750 Equity Shares of Rs. 10 each	1368.98	---
<b>E.</b>	<b>Securities Premium Account</b>		
	Before the Offer	113.91	
	After the Offer	433.91	

*\*This Present Offer has been authorized by the Board of Directors pursuant to a board resolution August 24, 2016 and by the shareholders of our Company pursuant to a special resolution dated August 26, 2016 passed at the EGM of shareholders on shorter notice under section 62 (1) (c) of the Companies Act, 2013.*

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

*\*\*The Offer for Sale has been authorized by the Selling Shareholders by way of their consent letters and board resolution as provided in the table set forth below:*

Sr. No.	Name of the Selling Shareholders	No. of Equity Shares Offered for Offer for sale	Total number of Equity Shares Currently held	Date of the consent letter / Board Resolution
1	Sarthak Energy Private Limited	16,12,000	16,13,250	August 27, 2016
2	Prashant Kumar Srivastava	2,25,000	2,25,000	August 27, 2016
3	Saroj Grover	1,54,000	1,55,250	August 27, 2016
4	R. S. N. Murthy	45,000	45,000	August 27, 2016
	<b>Total</b>	<b>20,36,000</b>		

### Classes of Shares

Our Company has only one class of share capital i.e. Equity Shares of Rs. 10.00 each only.

## CHANGES IN THE AUTHORIZED SHARE CAPITAL OF OUR COMPANY:

Sr. No.	Particulars of Change		Date of Shareholder's Meeting	Meeting AGM/EGM
	From	To		
1	2,00,000 Equity Shares of Rs. 10 each		-	Incorporation
2	2,00,000 Equity Shares of Rs. 10 each	6,00,000 Equity Shares of Rs. 10 each	18-04-1996 <sup>(i)</sup>	EGM
3	6,00,000 Equity Shares of Rs. 10 each	10,00,000 Equity Shares of Rs. 10 each	03-01-2003 <sup>(i)</sup>	EGM
4	10,00,000 Equity Shares of Rs. 10 each	20,00,000 Equity Shares of Rs. 10 each	05-03-2007	EGM
5	20,00,000 Equity Shares of Rs. 10 each	50,00,000 Equity Shares of Rs. 10 each	24-02-2012	EGM
6	50,00,000 Equity Shares of Rs. 10 each	1,00,00,000 Equity Shares of Rs. 10 each	28-02-2013	EGM
7	1,00,00,000 Equity Shares of Rs. 10 each	1,50,00,000 Equity Shares of Rs. 10 each	28-02-2014	EGM

- i. Increase in Authorised capital related details viz. copies of Form 5 filed dated April 18, 1996 and March 03, 2003 is not available in the records of Company. However, our Company has relied on the limited information available in the Minute Book and Register of Members maintained by the Company, from where we have ascertained the same. The relevant documents are also not available at the office of the RoC Chhattisgarh as certified by Shanky Santani & Associates, Company Secretaries, dated September 02, 2016. Please refer risk factor no. 11 in the section titled "Risk Factors" beginning on page 13 of this Draft Prospectus.

## NOTES FORMING PART OF CAPITAL STRUCTURE

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

- a) The history of the Equity Share capital of our Company is provided in the following table:

Date of allotment of Shares	No. of Equity Shares issued	Face value (Rs.)	Offer price (Rs.)	Consideration (cash, bonus, consideration other than cash)	Nature of allotment (Bonus, swap etc)	Cumulative no. of Equity Shares	Cumulative paid up Share Capital	Cumulative Share Premium (Rs.)
Subscription to MOA	3	10	10	Cash	Subscription to MOA <sup>(i)</sup>	3	30	-
24-01-96 <sup>(a)</sup>	85,897	10	10	Cash	Further Allotment <sup>(ii)</sup>	85,900	8,59,000	-
31-03-96	80,400	10	10	Cash	Further Allotment <sup>(iii)</sup>	1,66,300	16,63,000	-
14-03-97	2,86,500	10	10	Cash	Further Allotment <sup>(iv)</sup>	4,52,800	45,28,000	-
25-01-99	54,000	10	10	Cash	Further Allotment <sup>(v)</sup>	5,06,800	50,68,000	-
31-01-00 <sup>(b)</sup>	32,500	10	10	Cash	Further Allotment <sup>(vi)</sup>	5,39,300	53,93,000	-
05-01-01	12,500	10	10	Cash	Further Allotment <sup>(vii)</sup>	5,51,800	55,18,000	-
03-01-03	32,000	10	10	Cash	Further Allotment <sup>(viii)</sup>	5,83,800	58,38,000	-
31-03-03 <sup>(c)</sup>	2,44,400	10	20	Cash	Further Allotment <sup>(ix)</sup>	8,28,200	82,82,000	24,44,000
29-01-08	49,800	10	50	Cash	Further	8,78,000	87,80,000	4,436,000

					Allotment <sup>(x)</sup>			
29-01-08 <sup>(c)</sup>	50,000	10	20	Cash	Further Allotment <sup>(xi)</sup>	9,28,000	92,80,000	4,936,000
24-03-08	57,200	10	50	Cash	Further Allotment <sup>(xii)</sup>	9,85,200	98,52,000	7,224,000
03-02-09	10,800	10	50	Cash	Further Allotment <sup>(xiii)</sup>	9,96,000	99,60,000	7,656,000
30-05-09	10,000	10	60	Cash	Further Allotment <sup>(xiii)</sup>	10,06,000	1,00,60,000	8,156,000
29-03-11	18,000	10	50	Cash	Further Allotment <sup>(xv)</sup>	10,24,000	1,02,40,000	8,876,000
16-03-12	20,48,000	10	Nil	Other than Cash	Bonus of two equity shares for one equity shares held (2:1) <sup>(xvi)</sup>	30,72,000	3,07,20,000	8,876,000
30-03-12	9,39,500	10	10	Cash	Further Allotment <sup>(xvii)</sup>	40,11,500	4,01,15,000	8,876,000
15-03-13	40,11,500	10	Nil	Other than Cash	Bonus of one equity share for one equity share held (1:1) <sup>(xviii)</sup>	80,23,000	8,02,30,000	8,876,000
30-03-13	23,500	10	100	Cash	Further Allotment <sup>(xix)</sup>	80,46,500	8,04,65,000	10,991,000
22-03-14	40,23,250	10	Nil	Other than Cash	Bonus of one equity share for two equity shares held (1:2) <sup>(xx)</sup>	1,20,69,750	12,06,97,500	10,991,000
29-03-14	20,000	10	30	Cash	Further Allotment <sup>(xxi)</sup>	1,20,89,750	12,08,97,500	11,391,000

Note: All the allotments of Equity Shares of our Company were made as fully paid-up equity shares of face value of Rs.10/- each.

- (a) Form 2 dated January 24, 1996 for allotment of 85,900 Equity Shares, filed with ROC was incorrect, this form wrongly includes allotment of 3 shares of initial subscriptions to Promoters, there is no corrected form filed with ROC. In this regard our Company has relied on the limited information available in the Minute Book and Register of Members maintained by the Company, from where we have ascertained the same.
- (b) Form 2 dated January 31, 2000 for allotment of 32,500 Equity Shares, filed with ROC was incorrect to extent of name of one of the allottees. In the list of allottees attached to the said form, allotment of 7,500 equity shares made in the name of Mr. Anoop Kumar Bansal (HUF) was wrongly mentioned as Mr. Anoop Kumar Bansal, however there is no corrected form filed with ROC. In the same matter our Company has relied on the limited information available in the Minute Book and Register of Members maintained by the Company, from where we have ascertained the same.
- (c) Allotment related details viz. copy of Form 2 filed dated March 31, 2003 for allotment of 2,44,400 Equity Shares is not available in the records of our Company. However, our Company has relied on the limited information available in the Minute Book, Register of Members maintained by the Company and Auditors Report for the year ended March 31, 2003 of the Company, from where we have ascertained the same. The relevant documents are also not available at the office of the RoC Chhattisgarh as certified by Shanky Santani & Associates, Company Secretaries, dated September 02, 2016.



**List of Allottees as per allotment details mentioned above:**

**(i) The Subscribers to the Memorandum of Association of our Company are:**

<b>Sr. No.</b>	<b>Name of Allottees</b>	<b>No. of Equity Shares</b>
1	Anoop Kumar Bansal	1
2	Kishore Kumar Bansal	1
3	Manoj Kumar Bansal	1
	<b>Total</b>	<b>3</b>

**(ii) Further Allotment of 85,897 Equity Shares:**

<b>Sr. No.</b>	<b>Name of Allottees</b>	<b>No. of Equity Shares</b>
1	Manoj Kumar Bansal	68,999
2	Anoop Kumar Bansal	15,399
3	Kishore Kumar Bansal	1,499
	<b>Total</b>	<b>85,897</b>

**(iii) Further Allotment of 80,400 Equity Shares:**

<b>Sr. No.</b>	<b>Name of Allottees</b>	<b>No. of Equity Shares</b>
1	Anoop Kumar Bansal	47,100
2	Kishore Kumar Bansal	10,000
3	Shalini Shah	7,500
4	Saroj Grover	6,000
5	Manoj Kumar Bansal	5,000
6	Champa Ben Shah	4,800
	<b>Total</b>	<b>80,400</b>

**(iv) Further Allotment of 2,86,500 Equity Shares:**

<b>Sr. No.</b>	<b>Name of Allottees</b>	<b>No. of Equity Shares</b>
1	Kishore Kumar Bansal	63,500
2	Minar Resources and Exim Private Limited	60,000
3	Deshraj Bansal (HUF)	45,000
4	Anoop Kumar Bansal	23,000
5	Chamanlal Khushal Shah (HUF)	21,000
6	Neelam Rani Bansal	14,500
7	Champa Ben Shah	9,000
8	Shalini Shah	9,000
9	Anoop Kumar Bansal(HUF)	7,500
10	Prashant Kumar Shrivastav	5,000
11	Manoj Kumar Bansal(HUF)	7,500
12	Sanjay Shah	5,000
13	Achyut Joshi	5,000
14	B. Ushashree	4,500
15	Balram Dewangan	4,000
16	Amlendu Talukdar	3,000
	<b>Total</b>	<b>2,86,500</b>

**(v) Further Allotment of 54,000 Equity Shares:**

<b>Sr. No.</b>	<b>Name of Allottees</b>	<b>No. of Equity Shares</b>
1	Anoop Kumar Bansal	20,000
2	Kishore Kumar Bansal	10,000
3	Saroj Grover	9,000
4	Sanjay Shah	5,000
5	Shalini Shah	5,000
6	Champa Ben Shah	5,000
	<b>Total</b>	<b>54,000</b>

**(vi) Further Allotment of 32,500 Equity Shares:**

<b>Sr. No.</b>	<b>Name of Allottees</b>	<b>No. of Equity Shares</b>
1	Kishore Kumar Bansal	10,000
2	Manoj Kumar Bansal (HUF)	10,000
3	Anoop Kumar Bansal (HUF)	7,500
4	Manoj Kumar Bansal	5,000
	<b>Total</b>	<b>32,500</b>

**(vii) Further Allotment of 12,500 Equity Shares:**

<b>Sr. No.</b>	<b>Name of Allottees</b>	<b>No. of Equity Shares</b>
1	Anoop Kumar Bansal	5,500
2	Kishore Kumar Bansal	2,000
3	Manoj Kumar Bansal	5,000
	<b>Total</b>	<b>12,500</b>

**(viii) Further Allotment of 32,000 Equity Shares:**

<b>Sr. No.</b>	<b>Name of Allottees</b>	<b>No. of Equity Shares</b>
1	Manoj Kumar Bansal	15,000
2	Sanjay Shah	6,000
3	Champa Ben Shah	6,000
4	Shalini Shah	5,000
	<b>Total</b>	<b>32,000</b>

**(ix) Further Allotment of 2,44,400 Equity Shares:**

<b>Sr. No.</b>	<b>Name of Allottees</b>	<b>No. of Equity Shares</b>
1	Sanjay Shah	28,750
2	Niti Housing Development & Finance Corporation Limited	27,500
3	Landmark Communications Private Limited	22,500
4	Rubycon Associates Private Limited	22,500
5	Bhawani Engineering Private Limited	12,500
6	Prashant Kumar Shrivastava	10,000
7	R.M. Electricals Private Limited	10,000
8	B. P. Buildtech Private Limited	10,000
9	A. K. Fabrics Private Limited	10,000
10	S.J. Hosiery Private Limited	10,000
11	Sanju Bansal	7,500
12	Kirti Bansal	7,450
13	Chamanlal Khushal Shah (HUF)	6,500
14	Anoop Kumar Bansal	5,000
15	Kishore Kumar Bansal	5,000
16	Manoj Kumar Bansal	5,000
17	Deshraj Bansal (HUF)	5,000
18	Shri Kripal	5,000
19	Simi Bansal	5,000
20	Pradeep Dey	4,500
21	B. Ushashree	3,750
22	Champa Ben Shah	2,500
23	Ajay Choudhary	2,500
24	Saroj Grover	2,250
25	Achyut Joshi	2,250
26	Amlendu Talukdar	2,250
27	Surendra Kumar	2,250
28	Subrata Ganguly	2,250
29	Anthoni Hari	2,250
30	V. D. Bhatt	2,250

31	Sampatlal Prakashchand Bothara	100
32	Dinesh Kumar Gulani	100
	<b>Total</b>	<b>244,400</b>

**(x) Further Allotment of 49,800 Equity Shares:**

Sr. No.	Name of Allottees	No. of Equity Shares
1	Pushpalata Arora	10,000
2	T. K. Datta	10,000
3	B.P. Buildtech Private Limited	5,000
4	Samarandera Leather Private Limited	5,000
5	B.P. Entertainment Private Limited	5,000
6	Rubycon Associates Private Limited	5,000
7	R. S. N. Murthy	5,000
8	Manoj Kumar Bansal (HUF)	3,000
9	Anoop Kumar Bansal(HUF)	1,000
10	Manoj Kumar Bansal	400
11	Shibani Nandi	200
12	Surabhi Chakraborty	200
	<b>Total</b>	<b>49,800</b>

**(xi) Further Allotment of 50,000 Equity Shares:**

Sr. No.	Name of Allottees	No. of Equity Shares
1	Dhan Prakash Gupta	30,000
2	Zigma Telecom Private Limited	20,000
	<b>Total</b>	<b>50,000</b>

**(xii) Further Allotment of 57,200 Equity Shares:**

Sr. No.	Name of Allottees	No. of Equity Shares
1	Manoj Kumar Bansal	14,000
2	Prashant Kumar Shrivastava	10,000
3	Mayur Bhatt	10,000
4	Jaya Bhatt	10,000
6	Sanjay Shah	4,000
7	Champ Ben Shah	3,500
8	Manoj Kumar Bansal (HUF)	3,200
9	Shalini Shah	2,500
	<b>Total</b>	<b>57,200</b>

**(xiii) Further Allotment of 10,800 Equity Shares:**

Sr. No.	Name of Allottees	No. of Equity Shares
1	Sanjay Shah	2,800
2	Mayur Bhatt	5,000
3	Jaya Bhatt	3,000
	<b>Total</b>	<b>10,800</b>

**(xiv) Further Allotment of 10,000 Equity Shares:**

Sr. No.	Name of Allottees	No. of Equity Shares
1	Sanjay Shah	10,000
	<b>Total</b>	<b>10,000</b>

**(xv) Further Allotment of 18,000 Equity Shares:**

Sr. No.	Name of Allottees	No. of Equity Shares
1	Asha Verma	10,000

2	Sanjay Shah	8,000
	<b>Total</b>	<b>18,000</b>

(xvi) **Bonus Issue of 20,48,000 Equity Shares in the ratio of (2:1) Two equity shares for every one equity share held:-**

Sr. No.	Name of Allottees	No. of Equity Shares
1	Manoj Kumar Bansal	4,61,800
2	Comet Technologies Private Limited	3,58,500
3	Anoop Kumar Bansal	1,94,500
4	Kishore Kumar Bansal	1,56,500
5	Sanjay Shah	1,19,100
6	Mayur Bhatt	1,00,900
7	Desh Raj Bansal (HUF)	1,00,000
8	Champa Ben Shah	61,600
9	Shalini Shah	58,000
10	Chamanlal Khushal Shah (HUF)	55,000
11	Sanju Bansal	50,000
12	Prashant Kumar Shrivastava	50,000
13	Kirti Bansal	49,900
14	Manoj Kumar Bansal (HUF)	47,400
15	Simmi Bansal	45,000
16	Saroj Grover	34,500
17	Anoop Kumar Bansal (HUF)	32,000
18	Jaya Bhatt	26,000
19	Asha Verma	20,000
20	B. Ushashree	16,500
21	R. S. N. Murthy	10,000
22	Shibani Nandi	400
23	Surabhi Chakraborty	400
	<b>Total</b>	<b>20,48,000</b>

(xvii) **Further Allotment of 9,39,500 Equity Shares:**

Sr. No.	Name of Allottees	No. of Equity Shares
1	Manoj Kumar Bansal	5,64,500
2	Metal-Grace Injection Alloys Private Limited	3,00,000
3	Anoop Kumar Bansal	75,000
	<b>Total</b>	<b>9,39,500</b>

(xviii) **Bonus Issue of 40,11,500 Equity Shares in the ratio of (1:1) One equity shares for every One equity share held:-**

Sr. No.	Name of Allottees	No. of Equity Shares
1	Manoj Kumar Bansal	12,57,200
2	Comet Technologies Private Ltd.	5,37,750
3	Anoop Kumar Bansal	3,66,750
4	Metal Grace Injection Alloys Private Ltd.	3,00,000
5	Kishore Kumar Bansal	2,34,750
6	Sanjay Shah	1,78,650
7	Mayur Bhatt	1,51,350
8	Desh Raj Bansal (HUF)	1,50,000
9	Champa Ben Shah	92,400
10	Shalini Shah	87,000
11	Chamanlal Khushal Shah (HUF)	82,500
12	Sanju Bansal	75,000
13	Prashant Kumar Shrivastava	75,000
14	Kirti Bansal	74,850
15	Manoj Kumar Bansal (HUF)	71,100

16	Simmi Bansal	67,500
17	Saroj Grover	51,750
18	Anoop Kumar Bansal (HUF)	48,000
19	Jaya Bhatt	39,000
20	Asha Verma	30,000
21	B Ushashree	24,750
22	R S N Murthy	15,000
23	Shibani Nandi	600
24	Surabhi Chakraborty	600
	<b>Total</b>	<b>40,11,500</b>

(xix) **Further Allotment of 23,500 Equity Shares:**

Sr. No.	Name of Allottees	No. of Equity Shares
1	Karan Naraine Verma	8,000
2	Toor Finance Company Ltd.	5,000
3	Vamari Finvest Private Limited	5,000
4	Krishan Kumar	4,500
5	Jaya Bhatt	1,000
	<b>Total</b>	<b>23,500</b>

(xx) **Bonus Issue of 40,23,250 Equity Shares in the ratio of (1:1) One equity shares for every One equity share held:-**

Sr. No.	Name of Allottees	No. of Equity Shares
1	Manoj Kumar Bansal	12,57,200
2	Comet Technologies Private Limited	5,37,750
3	Anoop Kumar Bansal	3,79,250
4	Metal-Grace Injection Alloys Private Limited	3,00,000
5	Kishore Kumar Bansal	2,47,000
6	Sanjay Shah	1,78,650
7	Mayur Bhatt	1,51,350
8	Desh Raj Bansal (HUF)	1,50,000
9	Champa Ben Shah	92,400
10	Shalini Shah	87,000
11	C. K. Shah (HUF)	82,500
12	Sanju Bansal	75,000
13	Prashant Kumar Shrivastava	75,000
14	Kirti Bansal	74,850
15	Manoj Kumar Bansal (HUF)	71,100
16	Simmi Bansal	67,500
17	Saroj Grover	51,750
18	Anoop Kumar Bansal (HUF)	48,000
19	Jaya Bhatt	39,500
20	Asha Verma	30,000
21	R. S. N. Murthy	15,000
22	Karam Naraine Verma	4,000
23	Toor Finance Company Ltd	2,500
24	Vamari Finvest Private Limited	2,500
25	Krishan Kumar	2,250
26	Shibani Nandi	600
27	Surabhi Chakraborty	600
	<b>Total</b>	<b>40,23,250</b>

(xxi) **Further Allotment of 20,000 Equity Shares:**

Sr. No.	Name of Allottees	No. of Equity Shares
1	Ankur Jain	20,000
	<b>Total</b>	<b>20,000</b>

- b) Our Company has not issued any Equity Shares for consideration other than cash except for the Equity Shares as mentioned under:

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Nature of Allotment	Benefits Accrued to the Company
16-03-12	20,48,000	10	Nil	Other than Cash	Bonus of two equity shares for one equity shares held (2:1)	Nil
15-03-13	40,11,500	10	Nil	Other than Cash	Bonus of two equity shares for one equity shares held (1:1)	Nil
22-03-14	40,23,250	10	Nil	Other than Cash	Bonus of two equity shares for one equity shares held (1:2)	Nil

- As on the date of this Draft Prospectus, our Company does not have any Preference Share Capital.
- We have not revalued our assets since inception and have not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.
- We have not issued any equity shares at a price below issue price within last one (1) year from the date of this Draft Prospectus.
- Our Company has not issued any Equity Shares pursuant to any scheme approved under Sections 391-394 of the Companies Act, 1956 or Section 230 -223 of the Companies Act, 2013.
- Subject to the SEBI ICDR Regulations, there will be no further issue of Equity Shares whether by way of preferential issue or bonus issue or rights issue or in any other manner during the period commencing from the date of Draft Prospectus until the Equity Shares offered through the Prospectus have been listed on the Stock Exchange.
- We have not issued any equity shares within last two years from the date of this Draft Prospectus.
- Mr. Prashant Kumar Shrivastava has provided consent to offer 2,25,000 equity shares, Ms. Saroj Grover has provided consent to offer 1,54,000 equity shares, Mr. R. S. N. Murthy has provided consent to offer 45,000 equity shares in the offer for sale pursuant to their letter dated August 27, 2016 and Sarthak Energy Private Limited authorised to offer upto 16,12,000 equity shares in the offer for sale pursuant to the board resolution dated August 27, 2016.

#### 9. Capital Build up of our Promoters:

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

Date of Allotment of Fully Paid-up Shares	Consideration	Nature of Issue	No of Equity Shares*	Sources of funds (Owned/Borrowed)	Issue Price/Acquisition Price/Transfer Prices	% Pre-Offer paid up capital	% Post Offer paid up capital
<b>Mr. Anoop Kumar Bansal</b>							
Incorporation	Cash	Subscription to MOA	1	Owned	10	0.00	0.00
24-01-96	Cash	Further Allotment	15,399	Owned	10	0.13	0.11
31-03-96	Cash	Further Allotment	47,100	Owned	10	0.39	0.34
14-03-97	Cash	Further Allotment	23,000	Owned	10	0.19	0.17
25-01-99	Cash	Further Allotment	20,000	Owned	10	0.17	0.15
21-10-99	Cash	Transfer received from Neelam Rani Bansal	7,500	Owned	10	0.06	0.05
20-10-00	Cash	Transfer to Sanju Bansal	(17,500)	Owned	10	(0.14)	(0.13)



	Cash	Transfer to Simmi Bansal	(8,750)	Owned	10	(0.07)	(0.06)
05-01-01	Cash	Further Allotment	5,500	Owned	10	0.05	0.04
31-03-03	Cash	Further Allotment	5,000	Owned	10	0.04	0.04
16-03-12	Other than Cash	Bonus Issue	1,94,500	-	Nil	1.61	1.42
30-03-12	Cash	Further Allotment	75,000	Owned	10	0.62	0.55
15-03-13	Other than Cash	Bonus Issue	3,66,750	-	Nil	3.03	2.68
22-03-14	Cash	Transfer received from B. Ushashree	25,000	Owned	10	0.21	0.18
22-03-14	Other than Cash	Bonus Issue	3,79,250	-	Nil	3.14	2.77
21-03-16	Cash	Transfer received from Vamari Finest Pvt. Ltd	7,500	Owned	10	0.06	0.05
<b>Total (A)</b>			<b>11,45,250</b>			<b>9.47</b>	<b>8.37</b>
<b>Mr. Kishore Kumar Bansal</b>							
Incorporation	Cash	Subscription to MOA	1	Owned	10	0.00	0.00
24-01-96	Cash	Further Allotment	1,499	Owned	10	0.01	0.01
31-03-96	Cash	Further Allotment	10,000	Owned	10	0.08	0.07
14-03-97	Cash	Further Allotment	63,500	Owned	10	0.53	0.46
25-01-99	Cash	Further Allotment	10,000	Owned	10	0.08	0.07
21-10-99	Cash	Transfer received from Neelam Rani Bansal	2,500	Owned	10	0.02	0.02
31-01-00	Cash	Further Allotment	10,000	Owned	10	0.08	0.07
20-10-00	Cash	Transfer to Simmi Bansal	(17,500)	Owned	10	(0.14)	(0.13)
	Cash	Transfer to Simmi Bansal	(8,750)	Owned	10	(0.07)	(0.06)
05-01-01	Cash	Further Allotment	2,000	Owned	10	0.02	0.01
31-03-03	Cash	Further Allotment	5,000	Owned	10	0.04	0.04
16-03-12	Other than Cash	Bonus Issue	1,56,500	-	Nil	1.29	1.14
15-03-13	Other than Cash	Bonus Issue	2,34,750	-	Nil	1.94	1.71
22-03-14	Cash	Transfer of shares from B. Ushashree	24,500	Owned	10	0.20	0.18
22-03-14	Other than Cash	Bonus Issue	2,47,000	-	Nil	2.04	1.80
<b>Total (B)</b>			<b>741,000</b>			<b>6.13</b>	<b>5.41</b>
<b>Mr. Manoj Kumar Bansal</b>							
Incorporation	Cash	Subscription to MOA	1	Owned	10	0.00	0.00
24-01-96	Cash	Further Allotment	68,999	Owned	10	0.57	0.50
31-03-96	Cash	Further Allotment	5,000	Owned	10	0.04	0.04
31-01-00	Cash	Further Allotment	5,000	Owned	10	0.04	0.04
05-01-01	Cash	Further Allotment	5,000	Owned	10	0.04	0.04
03-01-03	Cash	Further Allotment	15,000	Owned	10	0.12	0.11
31-03-03	Cash	Further Allotment	5,000	Owned	10	0.04	0.04
29-01-08	Cash	Further Allotment	400	Owned	50	0.00	0.00
24-03-08	Cash	Further Allotment	14,000	Owned	50	0.12	0.10
06-09-08	Cash	Transfer of shares from R.M. Electicals Pvt. Ltd.	10,000	Owned	10	0.08	0.07
	Cash	Transfer of shares from A.K.	10,000	Owned	10	0.08	0.07

		Fabricks Pvt. Ltd.					
	Cash	Transfer of shares from Landmark Communication Pvt. Ltd.	22,500	Owned	10	0.19	0.16
	Cash	Transfer of shares from S. J. Hosier Pvt. Ltd.	10,000	Owned	10	0.08	0.07
	Cash	Transfer of shares from Bhawani Engineering Pvt. Ltd.	12,500	Owned	10	0.10	0.09
	Cash	Transfer of shares from Niti Housing Development & Finance Pvt. Ltd.	27,500	Owned	10	0.23	0.20
21-09-09	Cash	Transfer of shares from Pushpalata Arora	10,000	Owned	10	0.08	0.07
	Cash	Transfer of shares from T. K. Datta	10,000	Owned	10	0.08	0.07
16-03-12	Other than Cash	Bonus Issue	4,61,800	-	Nil	3.82	3.37
30-03-12	Cash	Further Allotment	5,64,500	Owned	10	4.67	4.12
15-03-13	Other than Cash	Bonus Issue	12,57,200	-	Nil	10.40	9.18
22-03-14	Other than Cash	Bonus Issue	12,57,200	-	Nil	10.40	9.18
21-03-16	Cash	Transfer received from Toor Finance Company Ltd,	7,500	Owned	10	0.06	0.05
04-08-16	Cash	Transfer received from Shibani Nandi and Surabhi Chakraborty	3,600	Owned	10	0.03	0.03
<b>Total (C)</b>			<b>37,82,700</b>			<b>31.29</b>	<b>27.63</b>
<b>Mr. Sanjay Shah</b>							
14-03-97	Cash	Further Allotment	5,000	Owned	10	0.04	0.04
25-01-99	Cash	Further Allotment	5,000	Owned	10	0.04	0.04
03-01-03	Cash	Further Allotment	6,000	Owned	10	0.05	0.04
31-03-03	Cash	Further Allotment	28,750	Owned	10	0.24	0.21
24-03-08	Cash	Further Allotment	4,000	Owned	50	0.03	0.03
03-02-09	Cash	Further Allotment	2,800	Owned	50	0.02	0.02
30-05-09	Cash	Further Allotment	10,000	Owned	60	0.08	0.07
21-09-09	Cash	Transfer to Comet Technology pvt. Ltd	(10,000)	Owned	10	(0.08)	(0.07)
29-03-11	Cash	Further Allotment	8,000	Owned	50	0.07	0.06
16-03-12	Other than Cash	Bonus Issue	1,19,100	-	Nil	0.99	0.87
15-03-13	Other than Cash	Bonus Issue	1,78,650	-	Nil	1.48	1.30
22-03-14	Other than Cash	Bonus Issue	1,78,650	-	Nil	1.48	1.30
<b>Total (D)</b>			<b>5,35,950</b>			<b>4.43</b>	<b>3.91</b>
<b>TOTAL (A+B+C+D)</b>			<b>62,04,900</b>			<b>51.32</b>	<b>45.33</b>

### 3. Details of Promoters' contribution locked in for three years:

Pursuant to Regulation 32 and 36 of SEBI (ICDR) Regulations aggregate of 20% of the post-Offer 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.

Our Promoters have granted consent to include such number of Equity Shares held by them as may constitute 22.38% of the post-Offer Equity Share capital of our Company as Promoters Contribution and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoters Contribution from the date of filing of this Draft Prospectus until the commencement of the lock-in period specified above.

Date of Allotment of Fully Paid-up Shares	Consideration	Nature of Offer	No of Equity Shares*	Sources of funds (Owned/ Borrowed)	Offer Price/Acquisition Price/ Transfer Prices	% Pre- Offer paid up capital	% Post Offer paid up capital
<b>Mr. Anoop Kumar Bansal</b>							
15-03-13	Other than Cash	Bonus Issue	3,66,750	-	Nil	3.03	2.68
<b>Total (A)</b>			<b>3,66,750</b>			<b>3.03</b>	<b>2.68</b>
<b>Mr. Kishore Kumar Bansal</b>							
15-03-13	Other than Cash	Bonus Issue	2,34,750	-	Nil	1.94	1.71
<b>Total (B)</b>			<b>2,34,750</b>			<b>1.94</b>	<b>1.71</b>
<b>Mr. Manoj Kumar Bansal</b>							
16-03-12	Other than Cash	Bonus Issue	4,61,800	-	Nil	3.82	3.37
30-03-12	Cash	Further Allotment	5,64,500	Owned	10	4.67	4.12
15-03-13	Other than Cash	Bonus Issue	12,57,200	-	Nil	10.40	9.18
<b>Total (C)</b>			<b>22,83,500</b>			<b>18.89</b>	<b>16.68</b>
<b>Mr. Sanjay Shah</b>							
15-03-13	Other than Cash	Bonus Issue	1,78,650	-	Nil	1.48	1.30
<b>Total (D)</b>			<b>1,78,650</b>			<b>1.48</b>	<b>1.30</b>
<b>TOTAL (A+B+C+D)</b>			<b>30,63,650</b>			<b>25.34</b>	<b>22.38</b>

We further confirm that the minimum Promoter Contribution of 20% which is subject to lock-in for three years does not consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and 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 Offer.
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- The Equity Shares held by the Promoters and offered for minimum 20% Promoters' Contribution are not subject to any pledge.
- Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum Promoters' Contribution subject to lock-in.
- Equity shares issued to our Promoters on conversion of partnership firms into limited companies.

Specific written consent has been obtained from the Promoters for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post -Issue paid-up Equity Share Capital from the date of allotment in the proposed public offer. Promoters' Contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

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 Offer.

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

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

The Promoters' Contribution can be pledged only with a scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or financial institutions, in the event the pledge of the Equity Shares is one of the terms of the sanction of the loan. The Promoters' Contribution may be pledged only if in addition to the above stated, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of this Issue.

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

#### **10. Details of Share Capital locked in for one year:**

Except for (a) the Promoter's Contribution which shall be locked in as above in accordance with regulation 36 of SEBI (ICDR) Regulations, 2009, (b) Equity Shares which are proposed to be transferred as part of the Offer for Sale, the entire pre issue share capital of our Company (including the Equity Shares held by our Promoters) shall be locked in for a period of one year from the date of Allotment in this Offer.

The Equity Shares held by persons other than our Promoters and locked-in for a period of one year from the date of Allotment, in accordance with regulation 37 of SEBI (ICDR) Regulations, 2009, in the Offer may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Code.

#### **11. Shareholding pattern of our Company:**

Pursuant to Regulation 31 of the Listing Regulations, the holding of specified securities is divided into the following three categories:

- (a) Promoter and Promoter Group;
- (b) Public ; and
- (c) Non-Promoter - Non Public.

The following are the statements representing the shareholding pattern of our Company:

Summary Statement Holding of Equity Shareholders

Category code	Category of shareholders	No. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Share holding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as % assuming full conversion of convertible securities (as a % of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form*
(I)	(II)	(III)	(IV)	(V)	(VI)	VII)=(IV)+(V)+(VI)	(VIII)	(IX)			(X)	(XI)=(VII)+(X)	(XII)		(XIII)		(XIV)
							As a % of (A+B+C2)	No of Voting Rights		Total as a % of (A+B+C)		As a % of (A+B+C2)	No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Equity	Preference	Total							
(A)	Promoter & Promoter Group	15	11091950	-	-	11091950	91.75	11091950	-	11091950	91.75	-	91.75	-	-	-	-
(B)	Public	5	997800	-	-	997800	8.25	997800	-	997800	8.25	-	8.25	-	-	-	-

(C)	Non Promoter -Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>20</b>	<b>12089750</b>	<b>-</b>	<b>-</b>	<b>12089750</b>	<b>100.00</b>	<b>12089850</b>	<b>-</b>	<b>12089750</b>	<b>100</b>	<b>-</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*The Equity Shares of Promoter and Promoter Group Members are in process of dematerialization.

**Statement showing shareholding pattern of the Promoter and Promoter Group**

Sr. No.	Name of the Shareholders	Pre-Issue		Post-Issue		Shares pledged or otherwise encumbered		
		No. of Equity Shares	As a % of Issued Share Capital	No. of Equity Shares	As a % of Issued Share Capital	Number	As a percentage	As a % of grand total (a)+(b)+(c) of Sub-clause (i)(a)
<b>A</b>	<b>Promoters</b>							
1	Anoop Kumar Bansal	11,45,250	9.47	11,45,250	8.37	-	-	-
2	Kishore Kumar Bansal	7,41,000	6.13	7,41,000	5.41	-	-	-
3	Sanjay Shah	5,35,950	4.43	5,35,950	3.91	-	-	-
4	Manoj Kumar Bansal	37,82,700	31.29	37,82,700	27.63	-	-	-
	<b>Total (A)</b>	<b>62,04,900</b>	<b>51.32</b>	<b>62,04,900</b>	<b>45.33</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B</b>	<b>Promoter Group, Relatives and other Associates</b>							
1	Shalini Shah	2,61,000	2.16	2,61,000	1.91	-	-	-
2	Champa Ben Shah	2,77,200	2.29	2,77,200	2.02	-	-	-
3	Manoj Kumar Bansal ( (HUF))	2,13,300	1.76	2,13,300	1.56	-	-	-
4	Desh Raj Bansal (HUF)	5,40,000	4.47	5,40,000	3.94	-	-	-
5	C. K. Shah (HUF)	2,47,500	2.05	2,47,500	1.81	-	-	-
6	Anoop Kumar Bansal (HUF)	1,44,000	1.19	1,44,000	1.05	-	-	-
7	Sanju Bansal	2,37,000	1.96	2,37,000	1.73	-	-	-
8	Kirti Bansal	2,31,300	1.91	2,31,300	1.69	-	-	-
9	Simmi Bansal	2,22,500	1.84	2,22,500	1.63	-	-	-
10	Sarthak Energy Private Limited	16,13,250	13.34	1,250	0.01	-	-	-
11	Metal-Grace Injection Alloys Pvt. Ltd.	9,00,000	7.44	9,00,000	6.57	-	-	-
	<b>Total (B)</b>	<b>48,87,050</b>	<b>40.42</b>	<b>32,75,050</b>	<b>23.92</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>TOTAL (A+B)</b>	<b>1,10,91,950</b>	<b>91.75</b>	<b>94,79,950</b>	<b>69.25</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Sarthak Energy Private Limited has offered to sale 16,12,000 Equity Shares in the present Issue.

**[B] Shareholding of persons belonging to the category 'Public' and holding more than 1% of the pre-Issue paid up capital of our Company.**

Sr. No.	Name of Shareholder	Pre-Issue	
		No. of Shares	Shares as % of total no. of shares
1	Mayur Bhatt	4,54,050	3.76
2	Prashant Kumar Shrivastava	2,25,000	1.86
3	Saroj Grover	1,55,250	1.28
	<b>Total</b>	<b>8,34,300</b>	<b>6.90</b>

\* Prashant Kumar Shrivastava has offered to sale of 2,25,000 Equity Shares and Saroj Grover has offered to sale of 1,54,000 Equity Shares in the present Issue.

**[C] Shareholding of Non Promoter and Non Public:**

Category Code	Category of Shareholder	No. of shareholders	No. of fully paid up equity shares held (pre-Offer)	Shareholding as a % of total no. of shares (calculate as per SCRR,1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of equity shares held in dematerialized form	No. of equity shares to be held post offer	% of equity shares held post offer
(i)	(ii)	(III)	(IV)	(V)	(VI)			(VII)	(VIII)	(IX)	(X)	(XI)
				As a % of (A+B+C2)	No of Voting Rights			Total as a % of Total Voting rights	As a % of (A+B+C2)			
					Equity	Preference	Total					
(1)	Custodian/DR Holder	-	-	-	-	-	-	-	-	-	-	-



(a)	Name of DR Holder (if available)	-	-	-	-	-	-	-	-	-	-	-	-
(2)	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-	-	-	-
	Total Non-Promoter-Non Public Shareholding (C)= (C)(1)+(C)(2)	-	-	-	-	-	-	-	-	-	-	-	-

12. The average cost of acquisition of or subscription to Equity Shares by our Promoter is set forth in the table below:

Name of the Promoter	No. of Shares held	Average Cost of Acquisition (in Rs.)
Anoop Kumar Bansal	11,45,250	1.88
Kishor Kumar Bansal	7,41,000	1.45
Sanjay Shah	5,35,950	2.88
Manoj Kumar Bansal	37,82,700	2.25

13. None of our Directors or Key Managerial Personnel hold Equity Shares in our Company, other than as follows:

Name of the Director	No. of Equity Shares	% age of Pre-Issue Capital
Anoop Kumar Bansal	11,45,250	9.47
Kishor Kumar Bansal	7,41,000	6.13
Sanjay Shah	5,35,950	4.43
Mayur Bhatt	4,54,050	3.76

14. The shareholding pattern of our Company before and after the Offer is set forth below:

Sr. No.	Particulars	Pre Issue		Post Issue	
		No. of Shares	% of Holding	No. of Shares	% of Holding
a).	Promoters	62,04,900	51.32	62,04,900	45.33
b).	Promoter Group	48,87,050	40.42	32,75,050	23.92
c).	Public	9,97,800	8.25	42,09,800	30.75
	<b>Total</b>	<b>1,20,89,750</b>	<b>100.00</b>	<b>1,36,89,750</b>	<b>100.00</b>

15. Equity Shares held by top ten shareholders:

(a) Our top ten shareholders and the number of Equity Shares held by them as on date of this Draft Prospectus are as under:

Sr. No.	Name of shareholder	No. of Shares	% age of Pre-Issue Capital
1	Manoj Kumar Bansal	37,82,700	31.26
2	Sarthak Energy Pvt. Ltd.	16,13,250	13.34
3	Anoop Kumar Bansal	11,45,250	9.47
4	Metal-Grace Injection Alloys Pvt. Ltd.	9,00,000	7.44
5	Kishore Kumar Bansal	7,41,000	6.13
6	Desh Raj Bansal (HUF)	5,40,000	4.47
7	Sanjay Shah	5,35,950	4.43
8	Mayur Bhatt	4,54,050	3.76
9	Champa Ben Shah	2,77,200	2.29
10	Shalini Shah	2,61,000	2.16
	<b>Total</b>	<b>1,02,50,400</b>	<b>84.76</b>

\* Sarthak Energy Pvt. Ltd. has offered to sale 16,12,000 Equity Shares in the present Issue.

(b) Our top ten shareholders and the number of Equity Shares held by them ten days prior to the date of this Draft Prospectus are as under:

Sr. No.	Name of shareholder	No. of Shares	% age of Pre-Issue Capital
1	Manoj Kumar Bansal	37,82,700	31.26
2	Sarthak Energy Pvt. Ltd.*	16,13,250	13.34
3	Anoop Kumar Bansal	11,45,250	9.47
4	Metal -Grace Injection Alloys Pvt. Ltd.	9,00,000	7.44
5	Kishor Kumar Bansal	7,41,000	6.13
6	Desh Raj Bansal (HUF)	5,40,000	4.47
7	Sanjay Shah	5,35,950	4.43
8	Mayur Bhatt	4,54,050	3.76
9	Champa Ben Shah	2,77,200	2.29
10	Shalini Shah	2,61,000	2.16
	<b>Total</b>	<b>1,02,50,400</b>	<b>84.76</b>

\* Sarthak Energy Pvt. Ltd. has offered to sale 16,12,000 Equity Shares in the present Issue.

(c) Our top ten shareholders and the number of Equity Shares held by them two years prior to date of this Draft Prospectus are as under:

Sr. No.	Name of shareholder	No. of Shares	% age of pre-Issue capital
1	Manoj Kumar Bansal	3,771,600	31.20
2	Comet Technologies Pvt. Ltd.(now known as Sarthak Energy Pvt. Ltd.) *	1,613,250	13.34
3	Anoop Kumar Bansal	1,137,750	9.41
4	Metal Grace Injection Alloys Pvt. Ltd.	900,000	7.44
5	Kishore Kumar Bansal	741,000	6.13
6	Sanjay Shah	535,950	4.43
7	Mayur Bhatt	454,050	3.76
8	Desh Raj Bansa(l (HUF))	450,000	3.72
9	Champa Ben Shah	277,200	2.29
10	Shalini Shah	261,000	2.16
<b>Total</b>		<b>10,141,800</b>	<b>83.88</b>

\* Sarthak Energy Private Limited has offered to sale 16,12,000 Equity Shares in the present Issue.

16. Except as provided below, there has been no subscription to or sale or purchase of the securities of our Company within three years preceding the date of filing of this Draft Prospectus by our Promoters or Directors or Promoter Group which in aggregate equals to or is greater than 1% of the pre-Issue share capital of our Company.

S. No.	Name of Shareholder	Promoter/Promoter Group/Director	Number of Equity Shares	Subscribed / Acquired / Transferred
1.	Anoop Kumar Bansal	Promoter	32,500	Acquired (Transfer)
			3,79,250	Subscribed(Bonus)
2.	Kishore Kumar Bansal	Promoter	24,500	Acquired (Transfer)
			2,47,000	Subscribed(Bonus)
3.	Manoj Kumar Bansal	Promoter	11,100	Acquired (Transfer)
			12,57,200	Subscribed(Bonus)
4.	Sanjay Shah	Promoter	1,78,650	Subscribed(Bonus)
5.	Desh Raj Bansal (HUF)	Promoter Group	1,50,000	Subscribed(Bonus)
			90,000	Acquired (Transfer)
6.	Sarthak Energy Private Limited	Promoter Group Company	5,37,750	Subscribed(Bonus)
7.	Metal-Grace Injection Alloys Private Limited	Promoter Group Company	3,00,000	Subscribed(Bonus)
8.	Mayur Bhatt	Director	1,51,350	Subscribed(Bonus)

17. There are no Equity Shares purchased/acquired or sold by our Promoters, Promoter Group / Directors of the Company which is our Promoter and/or by our Directors and their immediate relatives within six months immediately preceding the date of filing of this Draft Prospectus are.
18. No financing arrangements have been entered into by the members of the Promoter Group, the Directors, or their relatives for the purchase by any other person of the Equity Shares other than in the normal course of business of the financing entity during a period of six months preceding the date of this Draft Prospectus.
19. Our Company has not raised any bridge loans against the proceeds of this Offer.
20. There is no "Buyback", "Standby", or similar arrangement for the purchase of Equity Shares by our Company/Promoters/Directors/Lead Manager for purchase of Equity Shares offered through this Draft Prospectus.
21. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in paragraph on "Basis of Allotment" on page 221 of this Draft Prospectus.
22. There are no partly paid-up Equity Shares as on the date of this Draft Prospectus and the Equity Shares to be allotted pursuant to this Issue shall be fully paid-up.

23. An over-subscription to the extent of 10% of the Offer can be retained for the purpose of rounding off while finalizing the basis of allotment to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in the offer. Consequently, the actual allotment may go up by a maximum of 10% of the Offer, as a result of which, the post issue paid up capital after the Offer 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 to ensure that 20% of the post issue paid-up capital is locked-in.
24. 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 Manager and Designated Stock Exchange. Such inter-se spill over, if any, would be affected in accordance with applicable laws, rules, regulations and guidelines.
25. As on date of filing of this Draft Prospectus, the entire issued share capital of our Company is fully paid-up.
26. On the date of filing this Draft 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 Offer.
27. Neither the Lead Manager viz. Guinness Corporate Advisors Private Limited, nor their associates hold any Equity Shares of our Company as on the date of this Draft Prospectus.
28. Our Company has not issued any Equity Shares out of revaluation reserves and neither have any bonus shares been issued out of capitalisation of revaluation reserves or no shares have been issued for consideration other than cash except issue of issue of bonus shares, for further details please refer section titled "*Capital Structure*" on page 46 of this Draft Prospectus;
29. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.
30. Except as disclosed in this Draft Prospectus, our Company presently does not have any intention or proposal to alter its capital structure for a period of six (6) months from the date of opening of the Offer, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise. However, during such period or a later date, it may issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.
31. There will be only one denomination of Equity Shares of our Company unless otherwise permitted by law, our Company shall comply with such disclosure, and accounting norms as may be specified by SEBI from time to time.
32. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed Issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.
33. 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.
34. 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.
35. Our Company has 20 (Twenty) members as on the date of filing of this Draft Prospectus.
36. Neither the Promoters, nor members of the Promoter Group, nor Directors or their relatives have financed the purchase of Equity Shares by any other person, other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of this Draft Prospectus.

## OBJECTS OF THE OFFER

The offer consists of a Fresh Offer of 16,00,000 Equity Shares by our Company aggregating to Rs. 480.00 Lacs and an Offer for Sale of 20,36,000 Equity Shares aggregating to Rs. 610.80 Lacs by the Selling Shareholders.

### **Offer for Sale**

Our Company will not receive any proceeds from the Offer for Sale.

### **The Objects of the Fresh Offer**

1. To repay existing working capital facilities of our Company;
2. To meet the part of General Corporate Purpose
3. To meet the expenses of the Offer

We believe that listing will enhance our Company's corporate image, brand name and create a public market for our Equity Shares in India.

The main objects of our Memorandum of Association permits us to undertake our existing activities and the activities for which the funds are being raised by us, through the present Offer. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

The details of the proceeds of the Offer are summarized in the table below:

(Rs. in Lacs)		
Sr. No.	Particulars	Amount
(A)	Gross Proceeds of the Offer	1090.80
(B)	Less: Proceeds of the Offer for Sale (including Offer Expenses to the extent borne by the Selling Shareholders)	610.80
	<b>Proceeds of the Fresh Offer (" Offer Proceeds")</b>	<b>480.00</b>

The details of the proceeds of the Fresh Issue are summarized in the table below: -

(Rs. in Lacs)		
Sr. No.	Particulars	Amount
1	To part repayment of existing working capital facility of our Company	400.00
2	General Corporate Purpose	59.40
3	Offer Expenses*	20.60
	<b>Total</b>	<b>480.00</b>

*\*The Total Issue Expense of Rs.42.38 lacs which will be borne by the Selling Shareholders and Company in proportionate basis of the Share offered, except the Regulatory Fees which will be borne by the Company. Any payments by our Company in relation to the Offer on behalf of the Selling Shareholders shall be reimbursed by the Selling Shareholders to our Company in proportion to the Equity Shares being offered for sale by each of the Selling Shareholders in the Offer. The Selling shareholders will be entitled to the proceeds of the offer for sale after deducting their proportion of Issue related expenses.*

### **Means of Finance**

(Rs. in Lacs)	
Particulars	Amount
Proceeds from the Fresh Issue	480.00
Internal Accruals	-
<b>Total</b>	<b>480.00</b>

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

In the event of a shortfall in raising the requisite capital from the proceeds of the Offer, towards meeting the Objects of the Offer, the extent of the shortfall will be met by internal accruals and/or from fresh debt.

The fund requirements, the deployment of funds and the intended use of the Issue Proceeds as described herein are based on our current business plan, management estimates and have not been appraised by any bank, financial institution. Our Company operates in competitive environment, in view of the same, our Company may have to revise our business plan from time to time and the expenditure, fund requirements and deployment schedule may also change as a result of variations in cost estimates on account of a variety of factors such as economic and business conditions, increased competition and other external factors which may not be within the control of our management. This may entail rescheduling and/or revising the planned expenditure and funding requirements and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of our management. Our Company's historical capital expenditure may not be reflective of our future capital expenditure plans.

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 Loans (Bridge Financing) and in such case the funds raised shall be utilized towards repayment of such 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.

## DETAILS OF THE OBJECTS OF THE OFFER

### I. To part repayment of existing working capital facility of our Company

The Company's business is working capital intensive and we are meeting majority of working capital in the ordinary course of business from banks and internal accruals. Our Company's working capital facility consisted of aggregate fund based limits of Rs. 1600.00 Lakhs (particularly the Cash credit facilities against Hypothecation of Book debts and other current assets) as on March 31, 2016 sanctioned vide letter dated March 31, 2016 by State Bank of India SME Branch, Bhilai. For further details of the working capital facility currently availed by the Company, please refer "*Statement of Financial Indebtedness*" on page 165 of this Draft Prospectus.

Our Company proposes to reduce the Cash Credit facilities limit to the tune of Rs. 400.00 Lakhs from the proceeds of the Offer. In order to achieve better profit margins, we intend to reduce the cash credit facilities to this extent and utilize the same through the internal accruals in Fiscal year 2016-17 onwards.

### II. General Corporate Purpose

We intend to deploy the Offer proceeds of the fresh offer aggregating to Rs. 59.40 lacs, towards the General Corporate Purposes for normal capital expenditure, strategic initiatives, expanding into new geographies, funding routine working capital and strengthening our marketing capabilities to drive our business growth. However, our management, in accordance with the policies of our Company, may have flexibility in utilizing the proceeds earmarked for General Corporate Purposes.

We confirm that the amount for General Corporate Purpose, as mentioned in this Draft Prospectus shall not exceed 25% of the amount raised by the Company through this Offer.

### III. Offer Expenses

The total estimated offer expenses are Rs. 42.38 Lacs which is 3.88 % of Offer Size. The details of Offer expenses are tabulated below:

Sr. No.	Particulars	Rs. In Lacs	% of Total expenses	% of Total Offer Size
1.	Offer management fees including fees and reimbursement of underwriting fees, selling commissions, brokerages, and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	34.38	81.12%	3.15%
2.	Printing & Stationery, Distribution, Postage, etc	2.00	4.72%	0.18%
3.	Advertisement & Marketing Expenses	2.50	5.90%	0.23%
4.	Regulatory & other expenses	3.50	8.26%	0.32%

Sr. No.	Particulars	Rs. In Lacs	% of Total expenses	% of Total Offer Size
	<b>Total Issue Expenses*</b>	<b>42.38</b>	<b>100.00</b>	<b>3.88%</b>

*\*The Total Issue Expense of Rs.42.38 lacs which will be borne by the Selling Shareholders and Company in proportionate basis of the Shares offered, except the Regulatory Fees which will be borne by the Company. Any payments by our Company in relation to the Offer on behalf of the Selling Shareholders shall be reimbursed by the Selling Shareholders to our Company in proportion to the Equity Shares being offered for sale by each of the Selling Shareholders in the Offer. The Selling shareholders will be entitled to the proceeds of the offer for sale after deducting their proportion of Issue related expenses.*

#### Proposed year-wise deployment of funds:

The overall cost of the proposed Project and the proposed year wise break up of deployment of funds are as under:  
(Rs. in Lacs)

Particulars	Already Incurred	FY 2016 – 17	Total
To repay existing working capital facilities of our Company	-	416.00	416.00
General Corporate Purpose	-	59.40	59.40
Offer Expenses	11.45	9.15	20.60
<b>Total</b>	<b>11.45</b>	<b>468.55</b>	<b>480.00</b>

#### Details of funds already deployed till date and sources of funds deployed

The funds deployed up to January 31, 2017 pursuant to the object of this Offer as certified by the Auditors of our Company, viz. M/s B.Vishwanath & Co., Chartered Accountants pursuant to their certificate dated February 09, 2017 is given below:

(Rs. in Lacs)	
Deployment of Funds	Amount
Offer Expenses	11.45
<b>Total</b>	<b>11.45</b>

(Rs. in Lacs)	
Sources of Funds	Amount
Internal Accruals	11.45
<b>Total</b>	<b>11.45</b>

*Note: The amount deployed so far towards “Objects of the Offer” out of internal accruals will be recouped from the proceeds of the Offer.*

#### Appraisal by appraising agency

None of the Objects have been appraised by any bank or financial institution or any other independent third party organization. The funding requirements of our Company and the deployment of the proceeds of the Offer are currently based on quotations received by us and management estimates. The funding requirements of our Company are dependent on a number of factors which may not be in the control of our management, including variations in interest rate structures, changes in our financial condition and current commercial conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy.

#### Bridge financing facilities

We have currently not raised any bridge loans against the proceeds of the Offer. However, depending on our requirement, we might consider raising bridge financing facilities, pending receipt of the proceeds of the Offer.

#### Shortfall of funds

Any shortfall in meeting the Objects of the Offer will be met by way of internal accruals.



**Interim use of funds**

Our Company, in accordance with the policies established by the Board from time to time, will have flexibility to deploy the Offer proceeds. The proceeds of the Offer pending utilization for the purposes stated in this section, shall be deposited only in scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the proceeds of the Offer for any investment in the equity markets.

**Monitoring of utilization of funds**

As the proceeds of the Offer will be less than Rs. 50,000 Lacs, under the SEBI Regulations it is not mandatory for us to appoint a monitoring agency.

The management of the Company will monitor the utilization of funds raised through this public Offer. Pursuant to Regulation 32(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, our Company shall on half-yearly basis disclose to the Audit Committee the applications of the proceeds of the Offer. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Draft Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Offer have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

No part of the proceeds of the Offer will be paid by the Company as consideration to the Promoters, members of the Promoter Group, Directors or key management personnel of the Company.

**Variation in Objects**

In accordance with Section 27 of the Companies Act 2013, our Company shall not vary object of the Offer without our Company being authorized to do so by our shareholders in relation to the passing of such special resolution shall specify the prescribed details as required under the Companies Act and shall be published in accordance with the Companies Act and the rules thereunder. As per the current provisions of the Companies Act, our Promoters or controlling shareholders would be required to provide an exit opportunity to such shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner as may be prescribed by SEBI in this regard.

**Other confirmations**

There is no material existing or anticipated transactions with our Promoter, our Directors, our Company's key Managerial personnel and Group Entities, in relation to the utilisation of the proceeds of the Offer. No part of the proceeds of the Offer will be paid by us as consideration to our Promoter, our Directors or key managerial personnel or our Group Entities, except in the normal course of business and in compliance with the applicable laws.

## **BASIC TERMS OF OFFER**

The Equity Shares, now being offered, are subject to the terms and conditions of this Draft Prospectus, Prospectus, Application form, Confirmation of Allocation Note (“CAN”), 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, Stock Exchange, RBI, ROC and/or other authorities as in force on the date of the Offer 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 Offer 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.

Our Board of Directors have, pursuant to Section 62(1) (c) of the Companies Act 2013, by a resolution passed at its meeting held on August 24, 2016, authorized the Offer.

The Shareholders of Sarthak Metals Limited approved the present Issue by a special resolution in accordance with Section 62(1) (c) of the Companies Act, 2013 passed at the Extra Ordinary General Meeting of our Company held on August 26, 2016.

The Offer for Sale has been authorized by the Selling Shareholders by way of their consent letters and board resolution as provided in the table set forth below:

<b>Sr. No.</b>	<b>Name of the Selling Shareholders</b>	<b>No. of Equity Shares Offered</b>	<b>Date of the consent letter / Board Resolution</b>
1	Sarthak Energy Private Limited	16,12,000	August 27, 2016
2	Prashant Kumar Srivastava	2,25,000	August 27, 2016
3	Saroj Grover	1,54,000	August 27, 2016
4	R. S. N. Murthy	45,000	August 27, 2016
	<b>Total</b>	<b>20,36,000</b>	

<b>Face Value</b>	Each Equity Share shall have the face value of Rs. 10.00 each.
<b>Issue Price</b>	Each Equity Share is being offered at a price of Rs. 30.00 each.
<b>Market Lot and Trading Lot</b>	The Market lot and Trading lot for the Equity Share is 4,000 (Four Thousand) and the multiple of 4,000; subject to a minimum allotment of 4,000 Equity Shares to the successful applicants.
<b>Terms of Payment</b>	100% of the Offer price of Rs. 30.00 shall be payable on Application. For more details please refer to page 222 of this Draft Prospectus.
<b>Ranking of the Equity Shares</b>	The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividends with the existing Equity Shares of the Company.

## **MINIMUM SUBSCRIPTION**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten and the details of have been disclosed on page 206 of this Draft Prospectus.

If the issuer does not receive the subscription of 100% of the Offer through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Offer, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond fifteen days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under Section 39 of the Companies Act, 2013.

## **BASIS FOR OFFER PRICE**

*Investors should read the following basis with the “Risk Factors” beginning on page 13 and the details about the “Our Business” and its “Financial Information” included in this Draft Prospectus on page 88 & 139 respectively to get a more informed view before making any investment decisions.*

The Offer Price has been determined by our Company in consultation with the Lead Manager on the basis of the key business strengths. The face value of the Equity Shares is Rs. 10/- and Issue Price is Rs. 30/- per Equity Shares and is 3.00 times the face value.

Investors should read the following summary with the “Risk factors” beginning from page 13 of this Draft Prospectus, section titled “About Our Company” beginning from page 75 and “Financial Information” beginning from page 139 of this Draft Prospectus. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

### **QUALITATIVE FACTORS**

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

- Quality Assurance and Standards
- Existing Customer Relationship
- Existing Relationship with Suppliers
- Experience of our Promoters

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to sections titled “Our Business” beginning on page 88 of this Draft Prospectus.

### **QUANTITATIVE FACTORS**

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

#### **1. Basic & Diluted Earnings per share (EPS) (on Face value of Rs. 10 per share) :**

<b>Period</b>	<b>Basic &amp; Diluted EPS (Rs.)</b>	<b>Weight</b>
FY 2013-14	2.15	1
FY 2014-15	2.38	2
FY 2015-16	3.03	3
<b>Weighted Average</b>	2.67	
<b>For the period ended September 30, 2016*</b>	2.04	

*\*Not annualised*

#### *Notes:*

- *The figures disclosed above are based on the restated summary statements of the Company.*
- *Earnings Per Share has been calculated in accordance with Accounting Standard 20 - Earnings Per Share issued by the Institute of Chartered Accountants of India.*
- *Basic earnings per share are calculated by dividing the net profit after tax by the weighted average number of Equity Shares outstanding during the period. Weighted Average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.*
- *The weighted average number of Equity Shares outstanding during the period is adjusted for events of bonus issue.*
- *For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive.*

## 2. Price Earning (P/E) Ratio in relation to the Offer Price of Rs. 30/-

Sr. No.	Particulars	P/E Ratio
1.	P/E ratio based on the Basic & Diluted EPS for FY 2015-16	9.90
2.	P/E ratio based on the Weighted Average EPS for FY 2015-16	11.25

### Peer Group P/ E\*

Sr. No.	Particulars	P/E Ratio
	<b>Industry PE*</b>	
1.	Lowest	N.A
2.	Highest	N.A
	<b>Average</b>	N.A

\* We believe that there are no listed Companies engaged solely in our business segment

## 3. Return on Net Worth (RoNW)\* -

Financial Period	RoNW (%)#	Weight
FY 2013-14	14.66	1
FY 2014-15	13.98	2
FY 2015-16	15.13	3
<b>Weighted Average</b>	<b>14.67</b>	
<b>For the period ended September 30, 2016*</b>	9.24	

\*Not annualised

# Note: The RONW has been computed by dividing net profit after tax (as restated), by Networth (as restated) as at the end of the year.

## 4. Minimum Return on Post Issue Net Worth to maintain the Pre-issue EPS for the year ended March 31, 2016 - 13.17%.

## 5. Net Asset Value per Equity Share :

Sr. No.	Period	NAV (in Rs.)
a.	As on March 31, 2016	20.04
b.	<b>As on September 30, 2016*</b>	22.08
c.	After the Offer	23.01
	<b>Issue Price</b>	<b>30.00</b>

Note: Net Worth/outstanding no. of shares at the end of the year, as restated

\*Not Annualised

## 6. Peer Group Comparison of Accounting Ratios

We are currently engaged in the manufacturing of Cored wires, Aluminium Flipping coil, Industrial Oxygen gas, wire feeder machine and also engaged in the trading of carbondioxide gas and iron and steel related products. We believe that currently there are no listed Companies engaged solely in our business segments, hence comparison is not possible.

- The face value of our shares is Rs.10/- per share and the Offer Price is of Rs. 30.00 per share is 3 (three) times of the face value.
- The Company in consultation with the Lead Manager believes that the Offer Price of Rs. 30.00 per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the risk factors and financials of the Company including important profitability and return ratios, as set out in the Auditors' Report in the offer Document to have more informed view about the investment proposition.

## **STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS**

To  
The Board of Directors  
Sarthak Metals Limited,  
B.B.C Colony, G.E. Road,  
Khursipar, Bhilai - 490 011,  
Chhattisgarh, India

Dear Sirs,

**Sub: Statement of possible special tax benefits (“the Statement”) available to Sarthak Metals Limited (“the Company”) and its shareholders prepared in accordance with the requirements in Schedule VIII-Clause (VII) (L) of the Securities Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations 2009, as amended (“the Regulations”)**

We hereby report that the enclosed annexure, prepared by the Management of the Company, states the possible special tax benefits available to the Company and the shareholders of the Company under the Income - Tax Act, 1961 (‘Act’) as amended by the Finance Act, 2016 (i.e applicable to Financial Year 2016-17 relevant to Assessment Year (AY) 2017-18), presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the Act. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed annexure cover only special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company or its shareholders. 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/ its own tax consultant with respect to the tax implications arising out of his/her/its participation in the proposed issue, particularly in view of ever changing tax laws in India.

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

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

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 tax laws.

\*No assurance is given that the revenue authorities / courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We would not assume responsibility to update the view, consequence to such change.

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

The enclosed annexure is intended for your information and for inclusion in the Draft Prospectus / Prospectus in connection with the proposed issue of equity shares and is not to be used, referred to or distributed for any other purpose without our written consent.

**For Jain Ambavat & Associates**  
**Chartered Accountants**  
**Firm Reg. No. 103887W**

**(CA Niraj P Jain)**  
**Partner**  
**Membership No. - 109896**  
**Mumbai, January 30, 2017**

**ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS**

Outlined below are the possible benefits available to the Company and its shareholders under the current direct tax laws in India for the Financial Year 2016-17.

**A. SPECIAL TAX BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 (THE “ACT”)**

The Company is not entitled to any special tax benefits under the Act.

**B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 (THE “ACT”)**

The Shareholders of the Company are not entitled to any special tax benefits under the Act.

## **SECTION IV - ABOUT OUR COMPANY**

### **INDUSTRY OVERVIEW**

*(The information in this chapter has been extracted from publicly available documents prepared by various sources etc. This data has not been prepared or independently verified by us or the Lead Manager or any of their or our respective affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled “Risk Factors” on page 13 of this Draft Prospectus. Accordingly, investment decisions should not be based on such information)*

#### **Global Economic Overview**

Output growth in the first quarter of 2016 was somewhat better than expected in emerging market and developing economies and roughly in line with projections for advanced economies, with better-than-expected euro area growth counterbalancing weaker U.S. growth. Productivity growth in most advanced economies remained sluggish, and inflation was below target owing to slack and the effect of past declines in commodity prices. Indicators of real activity were somewhat stronger than expected in China, reflecting policy stimulus, as well as in Brazil and Russia, with some tentative signs of moderation in Brazil’s deep downturn and stabilization in Russia following the rebound in oil prices. While global industrial activity and trade have been lackluster amid China’s rebalancing and generally weak investment in commodity exporters, recent months have seen some pick-up due to stronger infrastructure investment in China and higher oil prices.

These data, together with financial market developments in the months before the referendum, indicated a global economic outlook broadly in line with the April 2016 WEO forecast, with some improvement of the outlook for a few large emerging markets even pointing to a modest upward revision to global growth for 2017 (0.1 percentage point).

The result of the U.K. referendum caught financial markets by surprise. In its immediate aftermath, equity prices declined worldwide. These prices have since rebounded, although as of mid-July bank equity valuations for U.K. and European banks remain substantially lower than before the referendum, and domestically focused U.K. equities are slightly weaker. Yields on safe assets have declined further, reflecting both higher global risk aversion and expectations of easier monetary policy going forward, particularly in the main advanced economies. The pound depreciated sharply—by around 10 percent in nominal effective terms between June 23 and July 15—with more limited changes for other major currencies. The prices of oil and other commodities declined moderately, but have remained well above those underpinning the assumptions for the April 2016 WEO.<sup>4</sup> Post-referendum asset price and exchange rate movements in emerging markets have been generally contained.

From a macroeconomic perspective, the Brexit vote implies a substantial increase in economic, political, and institutional uncertainty, which is projected to have negative macroeconomic consequences, especially in advanced European economies. But with the event still unfolding, it is very difficult to quantify its potential repercussions. In this scenario, arrangements between the European Union and the United Kingdom settle so as to avoid a large increase in economic barriers (as outlined in the “limited scenario” in the IMF’s 2016 United Kingdom Staff Report); no major financial market disruption occurs; and political fallout from the referendum is limited.

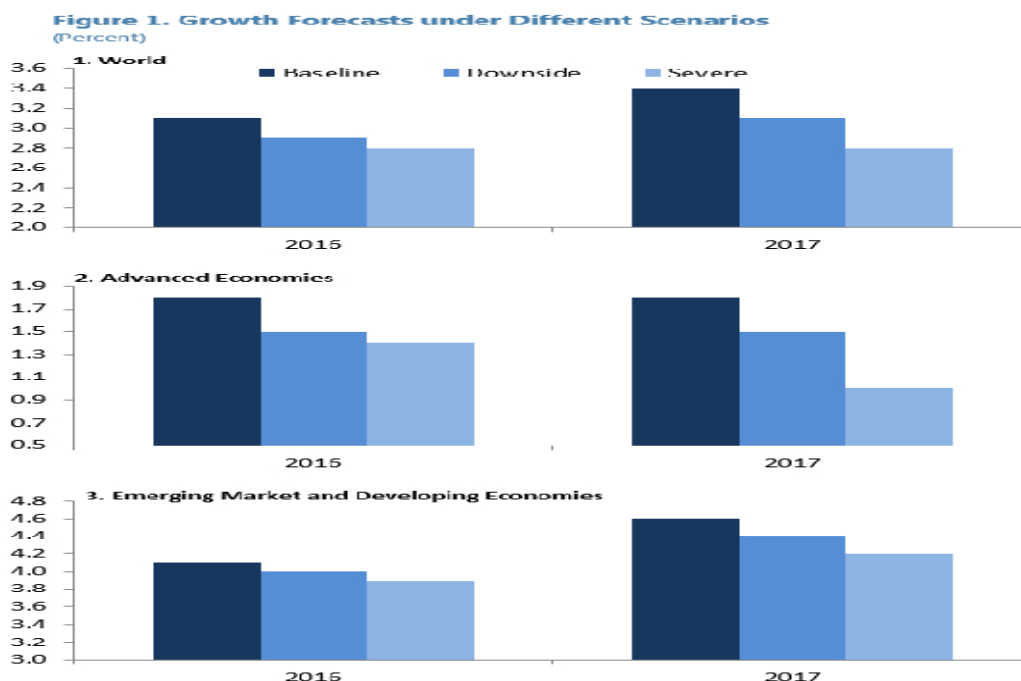
Taking into account the better-than-expected economic activity so far in 2016 and the likely impact of Brexit under the assumptions just described, the global growth forecasts for 2016 and 2017 were both marked down by 0.1 percentage points relative to the April 2016 WEO, to 3.1 percent and 3.4 percent, respectively. The outlook worsens for advanced economies (down by 0.1 percentage points in 2016 and 0.2 percentage points in 2017) while it remains broadly unchanged for emerging market and developing economies.

- Among advanced economies, the United Kingdom experienced the largest downward revision in forecasted growth. While growth in the first part of 2016 appears to have been slightly stronger than expected in April, the increase in uncertainty following the referendum is projected to significantly weaken domestic demand relative to previous forecasts, with growth revised down by about 0.2 percentage points for 2016 and by close to 1 percentage point in 2017.
- In the United States, first-quarter growth was weaker than expected, triggering a downward revision of 0.2 percentage points to the 2016 growth forecast. High-frequency indicators point to a pick up in the second quarter and for the remainder of the year, consistent with fading headwinds from a strong U.S. dollar and lower energy sector investment. The impact of Brexit is projected to be muted for the United States, as lower long-term interest



rates and a more gradual path of monetary policy normalization are expected to broadly offset larger corporate spreads, a stronger U.S. dollar, and some decline in confidence.

- In China, the near-term outlook has improved due to recent policy support. Benchmark lending rates were cut five times in 2015, fiscal policy turned expansionary in the second half of the year, infrastructure spending picked up, and credit growth accelerated. The direct impact of the U.K. referendum will likely be limited, in light of China's low trade and financial exposure to the United Kingdom as well as the authorities' readiness to respond to achieve their growth target range. Hence, China's growth outlook is broadly unchanged relative to April (with a slight upward revision for 2016). However, should growth in the European Union be affected significantly, the adverse effect on China could be material.
- The outlook in other large emerging markets has changed slightly. Consumer and business confidence appears to have bottomed out in Brazil, and the GDP contraction in the first quarter was milder than anticipated. Consequently, the 2016 recession is now projected to be slightly less severe, with a return to positive growth in 2017. Political and policy uncertainties remain, however, and cloud the outlook. Higher oil prices are providing some relief to the Russian economy, where the decline in GDP this year is now projected to be milder, but prospects of a strong recovery are subdued given long-standing structural bottlenecks and the impact of sanctions on productivity and investment. In India, economic activity remains buoyant, but the growth forecast for 2016-17 was trimmed slightly, reflecting a more sluggish investment recovery.
- The outlook for other emerging market and developing economies remains diverse. Growth projections were revised down substantially in sub-Saharan Africa, reflecting challenging macroeconomic conditions in its largest economies, which are adjusting to lower commodity revenues. In Nigeria, economic activity is now projected to contract in 2016, as the economy adjusts to foreign currency shortages as a result of lower oil receipts, low power generation, and weak investor confidence. These revisions for the largest low-income country are the main reason for the downgrade in growth prospects for the low-income developing countries group.<sup>2</sup> In South Africa, GDP is projected to remain flat in 2016, with only a modest recovery next year. In the Middle East, oil exporters are benefiting from the recent modest recovery in oil prices while continuing fiscal consolidation in response to structurally lower oil revenues, but many countries in the region are still plagued by strife and conflict.



Source: IMF staff estimates.

Note: The baseline forecasts are constructed by aggregating individual countries' forecasts produced by area departments. The downside scenarios are simulated using a suite of models, including the IMF's Global Projection Model and Flexible System of Global Models.

Table 1. Overview of the *World Economic Outlook* Projections  
(Percent change unless noted otherwise)

	YEAR OVER YEAR								
					Difference from		Q4 OVER Q4		
		Estimates	Projections		April 2016 WEO Projections <sup>1/</sup>		Estim ates	Projections	
	2014	2015	2016	2017	2016	2017	2015	2016	2017
World Output <sup>2/</sup>	3.4	3.1	3.1	3.4	-0.1	-0.1	3.0	3.2	3.5
Advanced Economies	1.9	1.9	1.8	1.8	-0.1	-0.2	1.8	1.8	1.9
United States	2.4	2.4	2.2	2.5	-0.2	0.0	2.0	2.5	2.3
Euro Area	0.9	1.7	1.6	1.4	0.1	-0.2	1.7	1.4	1.5
Germany	1.6	1.5	1.6	1.2	0.1	-0.4	1.3	1.5	1.3
France	0.6	1.3	1.5	1.2	0.4	-0.1	1.4	1.3	1.4
Italy	-0.3	0.8	0.9	1.0	-0.1	-0.1	1.1	1.0	1.0
Spain	1.4	3.2	2.6	2.1	0.0	-0.2	3.5	1.8	2.5
Japan	0.0	0.5	0.3	0.1	-0.2	0.2	0.8	0.6	0.2
United Kingdom	3.1	2.2	1.7	1.3	-0.2	-0.9	1.8	1.2	1.5
Canada	2.5	1.1	1.4	2.1	-0.1	0.2	0.3	1.8	2.2
Other Advanced Economies <sup>3/</sup>	2.8	2.0	2.0	2.3	-0.1	-0.1	2.2	2.0	2.6
Emerging Market and Developing Economies	4.6	4.0	4.1	4.6	0.0	0.0	4.1	4.4	4.9
Commonwealth of Independent States	1.0	-2.8	-0.6	1.5	0.5	0.2	-3.4	-0.3	1.8
Russia	0.7	-3.7	-1.2	1.0	0.6	0.2	-4.0	-0.3	1.8
Excluding Russia	1.9	-0.6	1.0	2.5	0.1	0.2	...	...	...
Emerging and Developing Asia	6.8	6.6	6.4	6.3	0.0	0.0	6.8	6.3	6.3
China	7.3	6.9	6.6	6.2	0.1	0.0	6.8	6.5	6.1
India <sup>4/</sup>	7.2	7.6	7.4	7.4	-0.1	-0.1	8.1	7.4	7.4
ASEAN-5 <sup>5/</sup>	4.6	4.8	4.8	5.1	0.0	0.0	4.8	4.5	5.3
Emerging and Developing Europe	2.8	3.6	3.5	3.2	0.0	-0.1	4.1	3.3	3.0
Latin America and the Caribbean	1.3	0.0	-0.4	1.6	0.1	0.1	-1.4	0.0	2.1
Brazil	0.1	-3.8	-3.3	0.5	0.5	0.5	-5.9	-1.2	1.1
Mexico	2.2	2.5	2.5	2.6	0.1	0.0	2.4	2.4	2.8
Middle East, North Africa, Afghanistan, and Pakistan	2.7	2.3	3.4	3.3	0.3	-0.2	...	...	...
Saudi Arabia	3.6	3.5	1.2	2.0	0.0	0.1	1.8	1.0	2.4
Sub-Saharan Africa	5.1	3.3	1.6	3.3	-1.4	-0.7	...	...	...
Nigeria	6.3	2.7	-1.8	1.1	-4.1	-2.4	...	...	...
South Africa	1.6	1.3	0.1	1.0	-0.5	-0.2	0.2	0.4	1.1
Memorandum									
Low-Income Developing Countries	6.0	4.5	3.8	5.1	-0.9	-0.4	...	...	...
World Growth Based on Market Exchange Rates	2.7	2.5	2.5	2.8	0.0	-0.1	2.3	2.6	2.8
World Trade Volume (goods and services) <sup>6/</sup>	3.7	2.6	2.7	3.9	-0.4	0.1	...	...	...
Advanced Economies	3.6	3.8	2.6	3.9	-0.4	0.1	...	...	...
Emerging Market and Developing Economies	3.9	0.6	2.9	3.9	-0.5	0.1	...	...	...
Commodity Prices (U.S. dollars)									
Oil <sup>7/</sup>	-7.5	-47.2	-15.5	16.4	16.1	-1.5	-43.4	13.7	5.2
Nonfuel (average based on world	-4.0	-17.5	-3.8	-0.6	5.6	0.1	-19.1	5.0	-2.7

commodity export weights)									
<b>Consumer Prices</b>									
Advanced Economies	1.4	0.3	0.7	1.6	0.0	0.1	0.4	1.0	1.7
Emerging Market and Developing Economies <a href="#">8/</a>	4.7	4.7	4.6	4.4	0.1	0.2	4.6	4.3	4.0
<b>London Interbank Offered Rate (percent)</b>									
On U.S. Dollar Deposits (six month)	0.3	0.5	0.9	1.2	0.0	-0.3	...	...	...
On Euro Deposits (three month)	0.2	0.0	-0.3	-0.4	0.0	0.0	...	...	...
On Japanese Yen Deposits (six month)	0.2	0.1	0.0	-0.2	0.1	0.1	...	...	..

## Emerging Markets and Developing Economies

Growth in emerging market and developing economies is projected to slow from 4.6 percent in 2014 to 4.2 percent in 2015, broadly as expected. The slowdown reflects the dampening impact of lower commodity prices and tighter external financial conditions—particularly in Latin America and oil exporters, the rebalancing in China, and structural bottlenecks, as well as economic distress related to geopolitical factors—particularly in the Commonwealth of Independent States and some countries in the Middle East and North Africa. In 2016, growth in emerging market and developing economies is expected to pick up to 4.7 percent, largely on account of the projected improvement in economic conditions in a number of distressed economies, including Russia and some economies in the Middle East and North Africa. As noted in earlier WEO reports, in many other emerging market and developing economies, much of the growth slowdown in recent years has amounted to a moderation from above trend growth.

## Risks to the Outlook

As noted earlier, with Brexit still very much unfolding, the extent of economic and political uncertainty has risen, and the likelihood of outcomes more negative than the one in the baseline has increased. Box 1 sketches the potential ramifications on the global outlook of two alternative scenarios, which envisage a more acute tightening of global financial conditions and larger confidence effects as a result of Brexit than those assumed in the WEO baseline.

Other risks have become more salient. The Brexit shock occurs amid unresolved legacy issues in the European banking system, in particular in Italian and Portuguese banks, as identified in the *Global Financial Stability Report*. Protracted financial market turbulence and rising global risk aversion could have severe macroeconomic repercussions, including through the intensification of bank distress, particularly in vulnerable economies. Continued reliance on credit as a growth driver is heightening the risk of an eventual disruptive adjustment in China. Many commodity exporters still confront the need for sizable fiscal adjustments, and emerging market economies more broadly need to be alert to financial stability risks. Risks of noneconomic origin also remain salient. Political divisions within advanced economies may hamper efforts to tackle long-standing structural challenges and the refugee problem; and a shift toward protectionist policies is a distinct threat. Geopolitical tensions, domestic armed strife, and terrorism are also taking a heavy toll on the outlook in several economies, especially in the Middle East, with further cross-border ramifications. Other ongoing concerns include climate-related factors—e.g., the drought in East and Southern Africa—and diseases such as the Zika virus afflicting the Latin America and Caribbean region.

## Policy Implications

Central banks were prepared for possible effects from the referendum and responded quickly to its outcome. In particular, major central banks stood ready to provide domestic currency liquidity and also to alleviate shortages of foreign exchange liquidity through swap lines. Their preparedness has supported confidence in market resilience. Going forward, policy makers in the United Kingdom and the European Union have a key role to play in helping to reduce uncertainty. Of primary importance is a smooth and predictable transition to a new set of post-exit trading and financial relationships that as much as possible preserves gains from trade between the United Kingdom and the European Union.

Most advanced economies continue to confront significant economic slack and a weak inflation outlook, with further downside risks in this more uncertain environment. To address these challenges, a combination of near-term demand support and structural reforms to reinvigorate medium term growth remains essential under the baseline—all the more so given the increasingly fragile and uncertain environment. The effectiveness of policy support would be enhanced by exploiting synergies among a range of policy tools, without leaving the entire stabilization burden on the shoulders of central banks. And greater reliance on measures to support domestic demand, especially in creditor countries with policy space, would help reduce global imbalances while contributing to stronger world growth. As discussed in Chapter 3 of the April 2016 WEO the effectiveness of structural reforms can be enhanced by careful sequencing and appropriate macroeconomic support, including from more growth-friendly fiscal policy. Remaining financial sector vulnerabilities, especially those in Europe's banking sector—legacies of the global financial crisis and its aftermath—must be tackled quickly and decisively to ensure a financial system resilient to the protracted periods of uncertainty and turbulence that may lie ahead.

And policymakers need to stand ready to act more aggressively and cooperatively should the impact of financial market turbulence and higher uncertainty threaten to materially weaken the global outlook.

## **INDIAN ECONOMIC OVERVIEW**

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). According to the Economic Survey 2015-16, the Indian economy will continue to grow more than 7 per cent in 2016-17. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices. India was ranked the highest globally in terms of consumer confidence during October- December quarter of 2015, continuing its earlier trend of being ranked the highest during first three quarters of 2015, as per the global consumer confidence index created by Nielsen.

According to IMF World Economic Outlook Update (January 2016), Indian economy is expected to grow at 77.75 per cent during FY 2016-17, despite the uncertainties in the global market. The Economic Survey 2015-16 had forecasted that the Indian economy will growing by more than seven per cent for the third successive year 2016-17 and can start growing at eight per cent or more in next two years. Foreign direct investment (FDI) in India have increased by 29 per cent during October 2014-December 2015 period post the launch of Make in India campaign, compared to the 15month period before the launch.

According to a report released in September 2015, India could grow at a potential 8 per cent on average during from fiscal 2016 to 2020 powered by greater access to banking, technology adoption, urbanisation and other structural eforms.

### **Recent Developments**

With the improvement in the economic scenario, there have been various investments leading to increased M&A activity. Some of them are as follows:

India has emerged as one of the strongest performers with respect to deals across the world in terms of Mergers and Acquisitions (M&A). The total transaction value of M&A involving Indian companies stood at US\$ 26.3 billion with 930 deals in 2015 as against US\$ 29.4 billion involving 870 deals in 2014. In the M&A space, Telecom was the dominant sector, amounting to 40 per cent of the total transaction value. Also, Private equity (PE) investments increased 86 per cent YOY to US\$ 1.43 billion. Total private equity (PE) investments in India for 2015 reached a record high of US\$ 19.5 billion through 159 deals, according to the PwC Money Tree India report.

### **Government Initiatives**

Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, has launched the Make in India initiative with an aim to boost the manufacturing sector of Indian economy. This initiative is expected to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence spur development, in addition to benefiting investors. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy. Finance Minister Mr. Arun Jaitley stated that the government is looking at a number of reforms and resolution of pending tax disputes to attract investments. Currently, the manufacturing sector in India contributes over 15 per cent of the GDP. The Government of India, under the Make in India initiative, is

trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 per cent of the GDP.

**Following the government's initiatives several plans for investment have been undertaken which are as follows:**

- The Union Cabinet has approved the introduction of several short term (within one year) and medium term measures (within two years) to be implemented by government ministries, departments and organisations for promotion of payments through cards and digital means, and to reduce cash transactions.
- Prime Minister Mr. Narendra Modi announced at the International Monetary Fund (IMF) conference on 'Advancing Asia: Investing for the Future' in New Delhi that the government will continue to bring in new reforms for transforming economy without resorting to undervaluing its exchange rate to boost trade.
- Government of India plans to create a National Investment Grid to map business opportunities across the country, which will make it easier for investors, especially domestic investors, to access and explore investment opportunities.
- Prime Minister, Mr. Narendra Modi, launched the Startup India initiative and unveiled the Startup Action Plan which includes creation of a dedicated Startup fund worth Rs 10,000 crore (US\$ 1.47 billion) apart from other incentives like no tax on profits for first three years and relaxed labour laws.
- British telecom giant Vodafone, India's second largest telecom operator, plans to invest over Rs 13,000 crore (US\$ 1.91 billion) in India, to upgrade and expand its network and also for its payments bank operations.
- Foxconn Technology group, Taiwan's electronics manufacturer, is planning to manufacture Apple iPhones in India. Besides, Foxconn aims to establish 1012 facilities in India including data centers and factories by 2020.
- US based First Solar Inc and China's Trina Solar have plans to set up manufacturing facilities in India. Clean energy investments in India increased to US\$ 7.9 billion in 2014, helping the country maintain its position as the seventh largest clean energy investor in the world.
- Hyderabad is set to become the mobile phone manufacturing hub in India and is expected to create 150,000 – 200,000 jobs. Besides, the Telangana Government aims to double IT exports to Rs 1.2 trillion (US\$ 17.61 billion) by 2019.
- General Motors plans to invest US\$1 billion in India by 2020, mainly to increase the capacity at the Talegaon plant in Maharashtra from 130,000 units a year to 220,000 by 2025.
- Hyundai Heavy Industries (HHI) and Hindustan Shipyard Ltd have joined hands to build warships in India. Besides, Samsung Heavy Industries and Kochi Shipyard will be making Liquefied Natural Gas (LNG) tankers.

**Under the Digital India initiative numerous steps have been taken by the Government of India. Some of them are as follows:**

- The Government of India has launched a digital employment exchange which will allow the industrial enterprises to find suitable workers and the jobseekers to find employment. The core purpose of the initiative is to strengthen the communication between the stakeholders and to improve the efficiencies in service delivery in the MSME ministry. According to officials at the MSME ministry over 200,000 people have so far registered on the website.
- The Ministry of Human Resource Development recently launched Kendriya Vidyalaya Sangathan's (KVS) e-initiative 'KV Shaala Darpan' aimed at providing information about students electronically on a single platform. The program is a step towards realising Digital India and will depict good governance.
- The Government of India announced that all the major tourist spots like Sarnath, Bodhgaya and Taj Mahal will have a WiFi facility as part of digital India initiative. Besides, the Government has started providing free WiFi service at Varanasi ghats.

Based on the recommendations of the Foreign Investment Promotion Board (FIPB), FDI inflows have increased 40 per cent during April-December 2015 to reach US\$ 29.44 billion.

The Government of India has launched an initiative to create 100 smart cities as well as Atal Mission for Rejuvenation and Urban Transformation (AMRUT) for 500 cities with an outlay of Rs 48,000 crore (US\$ 7.47 billion) and Rs 50,000 crore (US\$ 7.34 billion) crore respectively. Smart cities are satellite towns of larger cities which will consist of modern infrastructure and will be digitally connected. The program was formally launched on June 25, 2015. The Phase I for Smart City Kochi (SCK) will be built on a total area of 650,000 sq. ft., having a floor space greater than 100,000 sq. ft. Besides, it will also generate a total of 6,000 direct jobs in the IT sector.

## Road Ahead

The International Monetary Fund (IMF) and the Moody's Investors Service have forecasted that India will witness a GDP growth rate of 7.5 per cent in 2016, due to improved investor confidence, lower food prices and better policy reforms. Besides, according to midyear update of United Nations World Economic Situation and Prospects, India is expected to grow at 7.6 per cent in 2015 and at 7.7 per cent in 2016.

As per the latest Global Economic Prospects (GEP) report by World Bank, India is leading The World Bank's growth chart for major economies. The Bank believes India to become the fastest growing major economy by 2015, growing at 7.5 per cent.

Indian economy would continue to grow at 7 to 9 per cent and would double in size to US\$ 4–5 trillion in a decade, becoming the third largest economy in absolute terms.

Furthermore, initiatives like Make in India and Digital India will play a vital role in driving the Indian economy.

Exchange Rate Used: INR 1 = US\$ 0.0147 as on March 01, 2016.

## OVERVIEW OF METALS AND MINING SECTOR

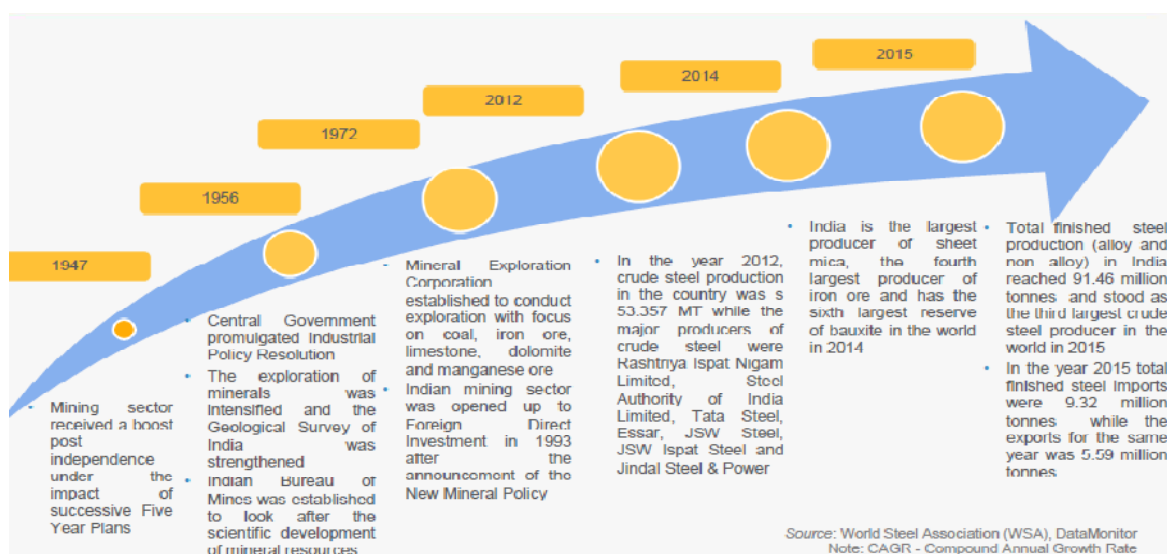
India is the third largest producer of coal. It has the fifth largest coal reserves in the world at 301.6 billion tonnes (BT). The country is expected to become the second largest steel producer.

The metal and mining industry of India has recorded a strong 19.8 per cent expansion in 2011 to touch US\$ 141.9 billion and is expected to reach 305.5 billion by 2016. Production volumes have also been growing steadily over the years, it registered a CAGR of 5.2 per cent.

India's iron and steel exports increased at a CAGR of 4.2 per cent. It's strategic location enables convenient exports to developed as well as the fast developing Asian markets.

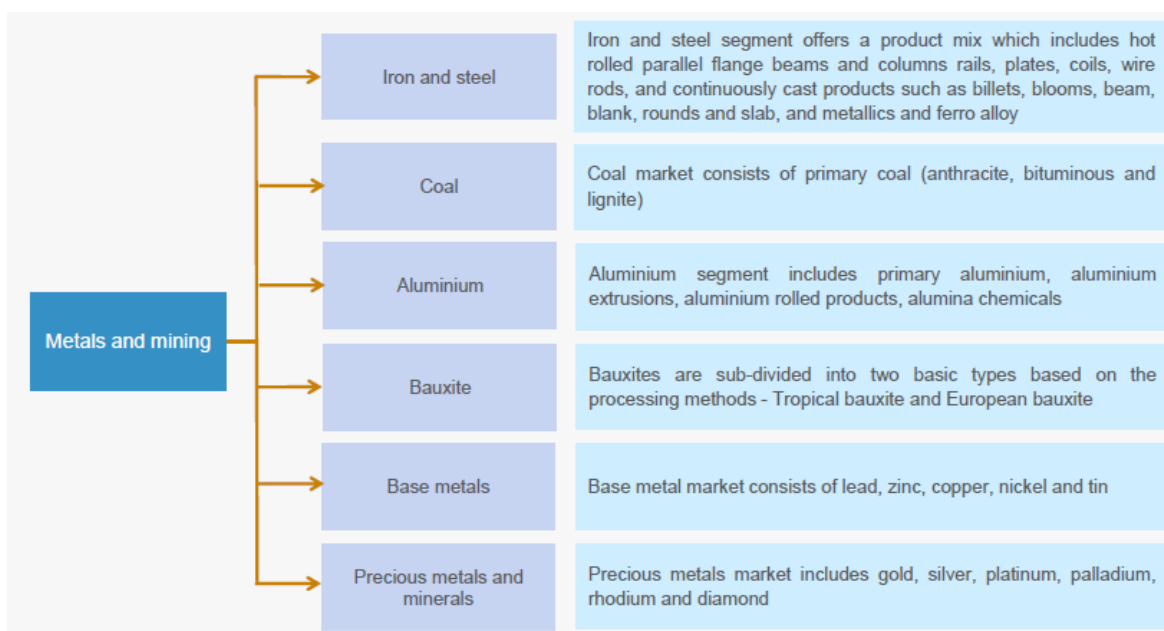
The Government of India has allowed 100 per cent foreign direct investment (FDI) in the mining sector under the automatic route. Mining lease has been granted for a long duration of minimum 20 years and up to 30 years. It has also approved MMDR Bill (2011) to provide better legislative environment for investment and technology.

There is significant scope for new mining capacities in iron ore, bauxite, and coal. Untapped metal reserves in India are to the tune of 82 BT. Strong long term demand from the steel industry is expected to further boost the iron ore industry.



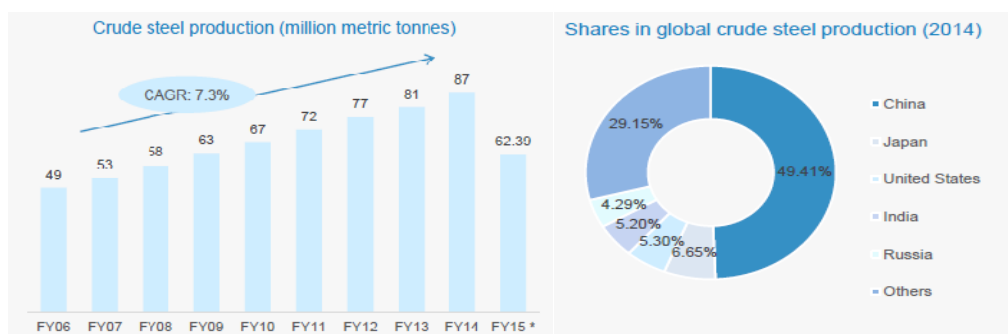


## SEGMENTS OF METALS AND MINING INDUSTRY



## RISING STEEL DEMAND DRIVING GROWTH

- Iron ore is a key ingredient in steel production. In spite of decline in iron ore production in India, steel production expanded at a faster pace. In the year 2014 India became the net exporter of finished steel with the total exports exceeding the imports by 5.98MT.
- With the Indian economy expected to grow by approximately 7 percent in the years to come, sectors such as infrastructure and automobiles will receive a renewed thrust, which would further generate demand for steel in the country.
- Crude steel production has reached 87 million metric tonnes in 2014, expanding at a CAGR of 7.3 percent over 2006–14 making it world's third-largest producer of crude steel (2014), with a global share of 5.20 percent.



## OVERVIEW OF STEEL INDUSTRY

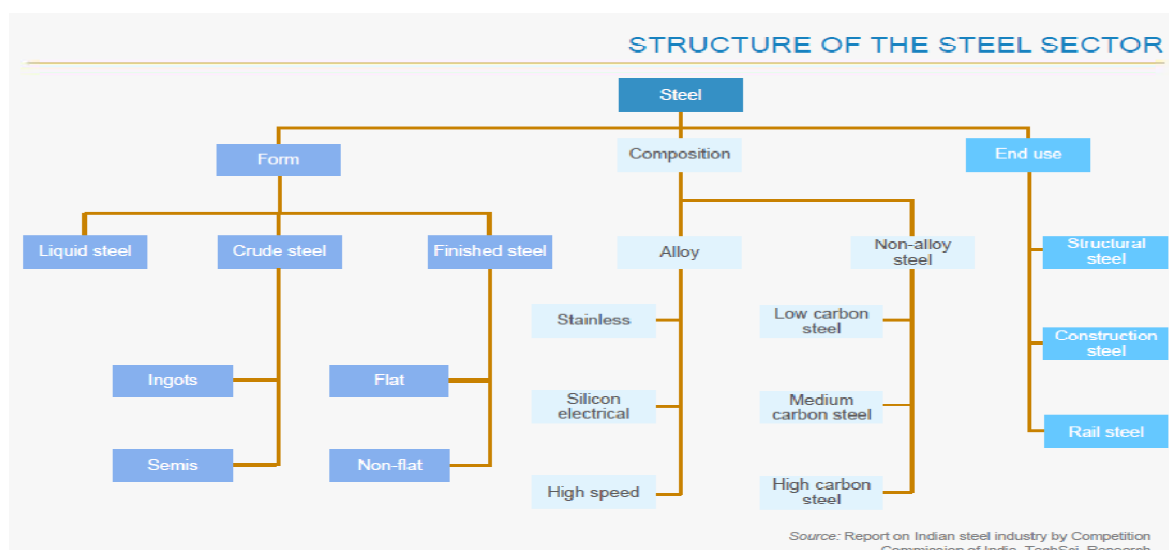
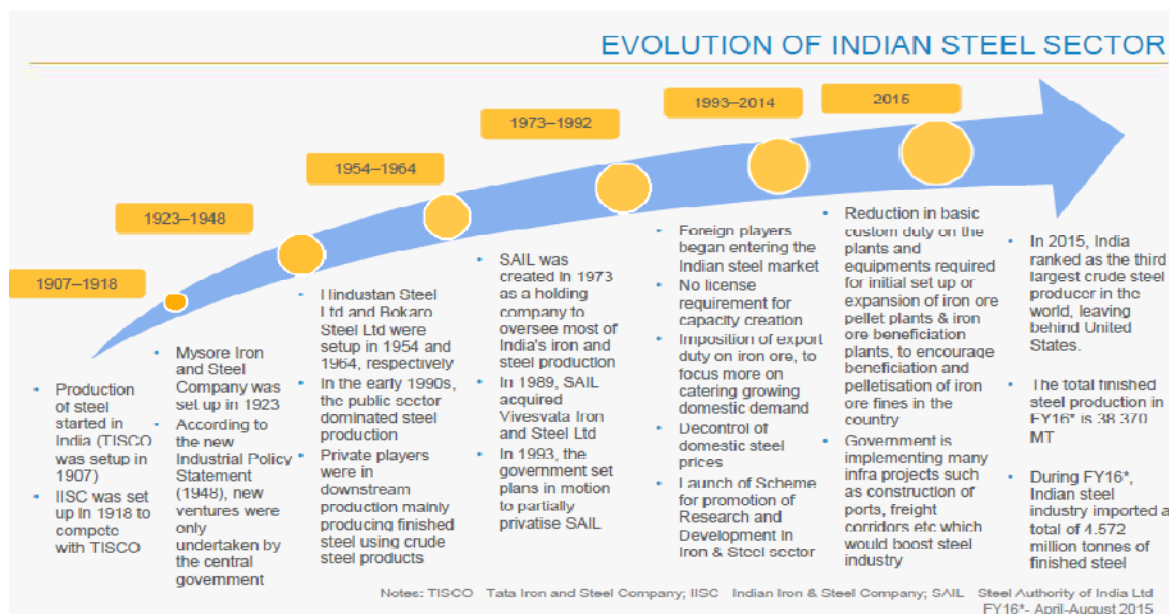
### Introduction

India is the world's third largest producer of crude steel (up from eighth in 2003) and is expected to become the second largest producer by 2016. The growth in the Indian steel sector has been driven by domestic availability of



raw materials such as iron ore and cost effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output.

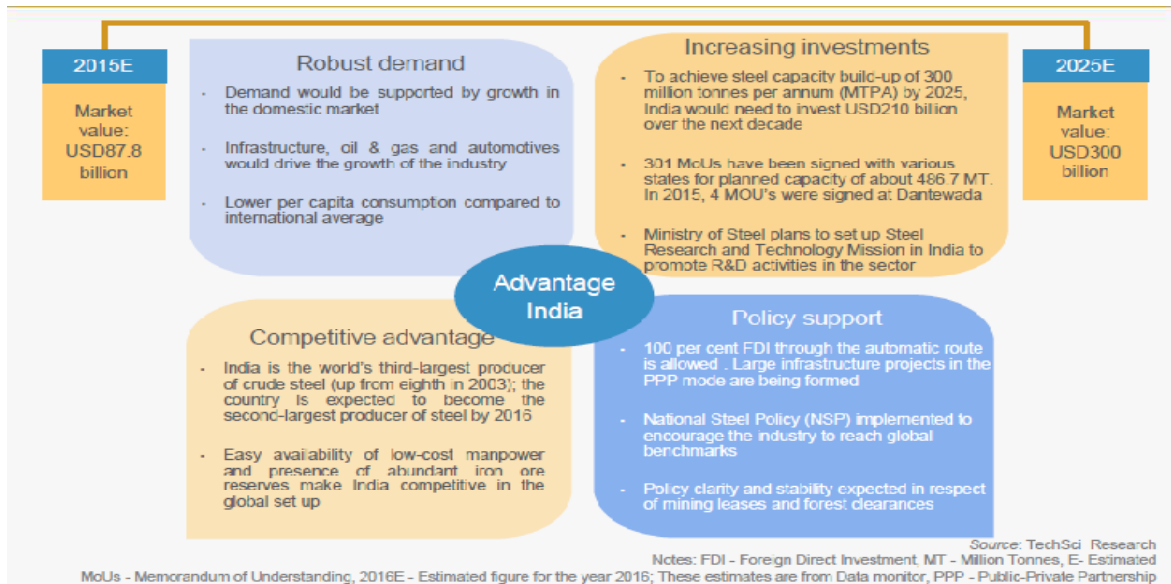
The Indian steel industry is very modern with state of the art steel mills. It has always strived for continuous modernisation and upgradation of older plants and higher energy efficiency levels.



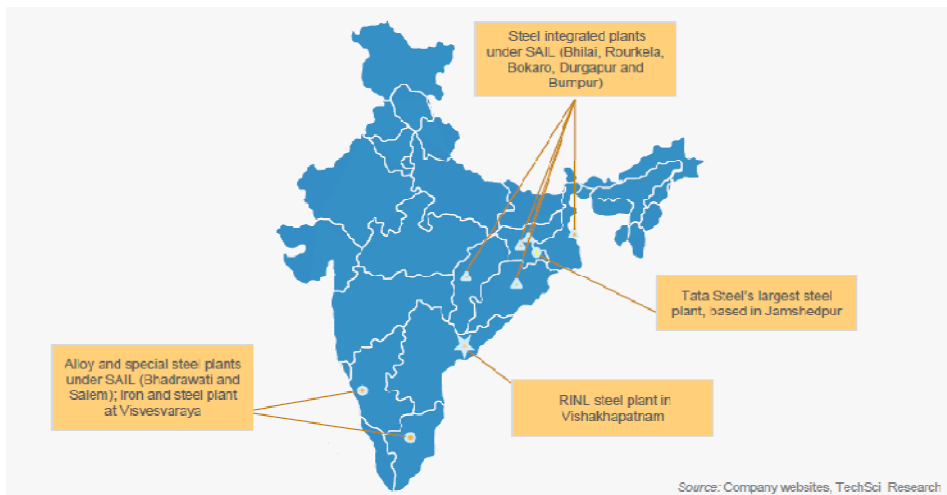
## Market Size

India's crude steel production grew by 4.9 per cent year on year to 8 Million Tonnes (MT) in May 2016. Total steel production in the country is expected to increase by 7 per cent in 2016. During FY 2015-16, hot metal production increased at a rate of 1.3 per cent year on year to 57.13 MT, whereas the production for sale of total finished steel stood at 90.39 MT. India's consumption of total finished steel increased by 4.5 per cent to 80.45 MT during FY 2015-16. Total finished steel exports during FY 2015-16 stood at 4.08 MT, whereas total finished steel imports stood at 11.71 MT for the same period. India's crude steel capacity has increased 7.6 per cent to 118.2 MT.

The steel sector in India contributes nearly two per cent of the country's Gross Domestic Product (GDP) and employs over 600,000 people. The per capita consumption of total finished steel in the country has risen from 51 Kg in 2009-10 to about 61.9 Kg in 2015-16.



## KEY STEEL PLANTS IN INDIA



## Opportunities available for Steel companies in other related Areas & Sectors:

1. Automotive Sector
2. Capital Goods
3. Infrastructure sector
4. Airports Setup and development
5. Railways
6. Oil and Gas
7. Power

## Investments

Steel industry and its associated mining and metallurgy sectors have seen a number of major investments and developments in the recent past.

According to the data released by Department of Industrial Policy and Promotion (DIPP), the Indian metallurgical industries attracted Foreign Direct Investments (FDI) to the tune of US\$ 8.89 billion, respectively, in the period April 2000– March 2016.

**Some of the major investments in the Indian steel industry are as follows:**

- JSW Group plans to invest around Rs 10,000 crore (US\$ 1.48 billion) at Salboni in West Bengal to set up 1,320 Megawatt (MW) coal based power plant, 4.8 million tonne cement plant and paints factory over a period of next five to seven years.
- National Mineral Development Corporation (NMDC) has planned to invest Rs 40,000 crore (US\$ 5.93 billion) in the next eight years to achieve mining capacity of 75 Million Tonnes Per Annum (MTPA) by FY2018-19 and 100 MTPA by FY2021-22, compared to 48 MTPA current capacity.
- Posco Korea, the multinational Korean steel company, has signed an agreement with Shree Uttam Steel and Power (part of Uttam Galva Group) to set up a steel plant at Satarda in Maharashtra.
- Iron ore output in India is expected to increase by 25 per cent to 153 Million Tonnes in FY 2016, which in turn will help reduce iron ore imports by two thirds to five Million Tonnes, SAIL plans to invest US\$23.8 billion to increase the steel production to 50 MTPA by 2025.
- Arcelor Mittal, world's leading steel maker, has agreed a joint venture with Steel Authority of India Ltd (SAIL) to set up an automotive steel manufacturing facility in India.
- Iran has evinced interest in strengthening ties with India in the steel and mines sector, said ambassador of the Islamic Republic of Iran, Mr Gholamreza Ansari in his conversation with Minister of Steel and Mines, Mr Narendra Singh Tomar.
- Public sector mining giant NMDC Ltd will set up a green field 3million tonne per annum steel mill in Karnataka jointly with the state government at an estimated investment of Rs 18,000 crore (US\$ 2.67 billion).
- JSW Steel has announced to add capacity to make its plant in Karnataka the largest at 20 MT by 2022.

**Government Initiatives**

The Government of India is aiming to scale up steel production in the country to 300 MT by 2025 from about 90 MT in 2015-16.

The government has launched the National Mineral Exploration Policy (NMEP), which will help to adopt comprehensive exploration of non-fuel and non-coal mineral resources that would give a major boost to the economy.

Metal Scrap Trade Corporation (MSTC) Limited and the Ministry of Steel have jointly launched an e-platform called 'MSTC Metal Mandi' under the 'Digital India' initiative, which will facilitate sale of finished and semi-finished steel products.

The Parliament of India has cleared amendments to the Mines and Minerals Development and Regulation (MMDR) Act, which will enable companies to transfer captive mines leases similar to mines won through an auction, and which is expected to lead to increased Mergers and Acquisitions (M&A) of steel and cement companies.

The Ministry of Steel has announced to invest in modernisation and expansion of steel plants of Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL) in various states to enhance the crude steel production capacity in the current phase from 12.8 MTPA to 21.4 MTPA and from 3.0 MTPA to 6.3 MTPA respectively.

The total outlay for infrastructure in Budget 2016-17 stands at Rs 221,246 crore (US\$ 32.8 billion), which is expected to generate much needed demand for steel industry.

The Minister of Steel & Mines, Mr Narendra Singh Tomar, has reiterated commitment of Central Government to support the steel industry to reach a production target of 300 Million Tonne Per Annum (MTPA) in 2025.

The Ministry of Steel is facilitating setting up of an industry driven Steel Research and Technology Mission of India (SRTMI) in association with the public and private sector steel companies to spearhead research and development activities in the iron and steel industry at an initial corpus of Rs 200 crore (US\$ 29.65 million).

State run company Steel Authority of India (SAIL) has received an order for supplying steel for seven warships to be constructed for the Indian Navy. This would be the first time Navy's warships will be built using Indian steel.

**Some of the other recent government initiatives in this sector are as follows:**

- The Government of India plans to enact a law that will allow the companies which, received mining licenses without having gone through the auction process, to transfer these leases, in a move that is expected to make Mergers and Acquisitions (M&As) easier in the steel, cement, and metals sectors.
- The Central Board of Excise and Customs (CBEC) has issued a notification announcing zero export duty on iron ore pellets, which will help the domestic industry to become more competitive in the international market.
- Steel Research and Technology Mission of India (SRTMI) was established with an initial capital of Rs 200 crore (US\$ 29.65) by the government to spearhead Research & Development (R&D) activities of national importance in collaboration with the steel industry.
- Government of Chhattisgarh and Jharkhand plan to set up Greenfield steel plants with initial capacity of 3 Million Tonnes Per Annum (MTPA), which will be later enhanced to 6 MTPA.
- Ministry of Steel has signed a Memorandum of Understanding (MoU) with Ministry of Skill Development and Entrepreneurship to facilitate skill development through Central Public Sector Enterprises (CPSE) of the Ministry.
- Government has introduced the National Mineral Exploration Trust (NMET) to enhance mineral exploration in the country.
- Government of India plans to auction eight coal blocks with reserves of 1,143 million tonnes to steel and cement firms in January 2016, as per coal secretary Mr Anil Swarup.
- Government has planned Special Purpose Vehicles (SPVs) with four iron ore rich states i.e., Karnataka, Jharkhand, Orissa, and Chhattisgarh to set up plants having capacity between 3 to 6 MTPA.
- SAIL plans to invest US\$ 23.8 billion for increasing its production to 50 MTPA by 2025. SAIL is currently expanding its capacity from 13 MTPA to 23 MTPA, at an investment of US\$ 9.6 billion.
- A Project Monitoring Group (PMG) has been constituted under the Cabinet Secretariat to fast track various clearances/resolution of issues related to investments of Rs 1,000 crore (US\$ 148.24 million) or more.
- To increase domestic value addition and improve iron ore availability for domestic steel industry, duty on export of iron ore has been increased to 30 per cent.

**Road ahead**

India is expected to become the world's second largest producer of crude steel in the next 10 years, moving up from the third position, as its capacity is projected to increase to about 300 MT by 2025. Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.

**OVERVIEW ON INDUSTRIAL GAS**

Industrial gas is a group of gases that are commercially manufactured and sold for uses in other applications. The most common industrial gases are: air gases - oxygen (O<sub>2</sub>), nitrogen (N<sub>2</sub>) and argon (Ar) rare gases - such as helium (He), krypton (Kr), xenon (Xe) and neon (Ne) and other gases like hydrogen (H<sub>2</sub>), carbon monoxide (CO), carbon dioxide (CO<sub>2</sub>) and nitrous oxide (N<sub>2</sub>O), chlorine (Cl<sub>2</sub>), hydrogen chloride (HCl) and sulphur dioxide (SO<sub>2</sub>), acetylene (C<sub>2</sub>H<sub>2</sub>), methane (CH<sub>4</sub>) and propane (C<sub>3</sub>H<sub>8</sub>).

In addition, there are many different mixtures of these and other gases to meet the needs of specific applications. The industrial and medical gases industry serves a very large number of customers in the whole community. Industrial gases are essential for almost all manufacturing. Large quantities of oxygen, nitrogen and argon are used in the steel and metal industry. Shipyards and the automotive industry use acetylene, propane, mixtures of fuel gases and oxygen for cutting and welding. Liquid nitrogen is vital in recycling plastics, packaging and scrap tyres. The chemical industry employs all major industrial gases as a raw material or for inserting. The other smaller market segment consists of cylinder gas and mixtures.

According to the Freedonia group, inc., a Cleveland-based industry research firm, world demand for industrial gases is forecast to increase 6.9% annually to \$36.8 billion in 2011, with volume exceeding 300-bcm (billion cubic meters). Asia/pacific is the largest consuming region because of rapid growth in developing industrial markets, especially those of china and India.

Coming back to India, there are presently over 300 small & medium size plants and approximately 25 large tonnage plants all over the country. These gases are supplied through pipelines to captive customers in adjacent factories; in cryogenic transport tanks for bulk deliveries to long distance customers; or filled in cylinders.

The present annual turnover of the gas industry, excluding captive production is about Rs. 3,000 crores (\$650 million). With increased industrialization, the demand pattern of industrial gases is also changing fast. Modern application in the food processing industry, agro industries, healthcare and technology are growing at a tremendous pace. This has driven the industry to adopt stringent quality control systems and an efficient distribution network.

The Indian gas industry is growing at an average rate of 12 per cent per annum during the last couple of years, with the industrial oxygen growing consistently at 15-17 per cent per annum. The growth of industrial gas industry can be easily forecast on the basis of projections of the steel and other metallurgical industry. Steel demand is seen rising by 10% in the fiscal year to march 2011, helped by higher spending on infrastructure will continue to drive growth of the gas industry. Natural gas comprises 9 % of India's primary energy consumption and it will be 14% of energy mix by 2010.

Demand for natural gas is also likely to increase at an average annual growth rate of 7.3%. Metals production and fabrication will continue to be the largest market for industrial gases, accounting for 31% of total demand in value terms in coming years. The second largest market will be the chemical processing/petroleum refining segment. The medical/healthcare market, though smaller in size, will be the fastest growing and record gains from the expansion of healthcare services in developing nations and rapidly increasing use of home healthcare respiratory therapies in advanced economics. Hydrogen is gaining prominence and most companies are striving to develop technologies that can efficiently exploit the potential of hydrogen. Increased use of natural gas will create an opportunity for higher production of argon and carbon dioxide. The Industrial gas industry has a very bright future in the coming years.

Exchange Rate Used: INR 1 = US\$ 0.0148 as on July 11, 2016

References: Ministry of Finance, Press Information Bureau (PIB), Media Reports and Publications, Department of Industrial Policy and Promotion (DIPP), CREDAI

[www.indiabudget.nic.in](http://www.indiabudget.nic.in)

<http://www.cci.in/pdfs/surveys-reports/Real-Estate-Sector-in-India.pdf>

<https://www.imf.org/external/pubs/ft/weo/2016/01/pdf/text.pdf>

Source: IMF, World Economic Outlook Update, July 2016

References: Media reports, Press releases, Press Information Bureau (PIB), Joint Plant Committee (JPC)

Note: According to data released by the Brussels based World Steel Association

## **OUR BUSINESS**

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Prospectus, including the information contained in “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial information” on page 13, 168 and 139 respectively. The financial figures used in this section, unless otherwise stated, have been derived from our Company’s restated audited financial statements. Further, all references to “Sarthak Metals Limited”, ‘the Company’, ‘our Company’ and ‘the Issuer’ and the terms ‘we’, ‘us’ and ‘our’, are to Sarthak Metals Limited.*

Our Company was originally incorporated on July 28, 1995, as Sarthak Metals Marketing Private Limited under the provisions of the Companies Act, 1956 with the Registrar of Companies, Madhya Pradesh, Gwalior. The name of our Company was changed to “Sarthak Metals Private Limited” pursuant to shareholders resolution passed at the Extra Ordinary General Meeting of the Company held on August 13, 2016 and a fresh Certificate of Incorporation pursuant to change of name dated August 22, 2016 was issued by the Registrar of Companies, Chhattisgarh. Subsequently our Company was converted into a Public Limited Company pursuant to shareholders resolution passed at the Extra Ordinary General Meeting held on August 13, 2016 and the name of our Company was changed to “Sarthak Metals Limited” vide a fresh Certificate of Incorporation dated August 23, 2016, issued by the Registrar of Companies, Chhattisgarh.

We are engaged into manufacturing of wide variety of Cored wires, Aluminum Flipping coils, and Industrial Oxygen gas having wide application in various industries including Steel plants, Fabrication units, and foundries. We are also manufacturers and suppliers of wire feeder machines that are known for drawing wires of 9 mm to 15 mm diameter. We are also engaged in the business of trading of iron & steel and carbon dioxide gas.

Our Company forms the part of Desh Raj Bansal Group, Bhilai and commenced its operations in the year 1997 to manufacture industrial oxygen. Later in the year 2002, our Company diversified its product base by manufacturing cored wires and aluminum flipping coils. We also diversified our business by venturing into manufacturing of wire feeder machines since 2012.

The current promoters of our Company are Mr. Anoop Kumar Bansal, Mr. Manoj Kumar Bansal, Mr. Kishore Kumar Bansal and Mr. Sanjay Shah with their experience in the business and industry, innovative insight, business acumen and farsightedness has taken the business to a new level.

We are headquartered at Bhilai, Chhattisgarh. We currently have two manufacturing units located at Bhilai and Raipur, spread over an area of 1,23,560 sq.ft and 22,000 sq. ft (approximately) respectively, giving us competitive edge in the industry. Please refer page 99 under section titled “Our Properties” of this Draft Prospectus.

We are ISO 9001: 2008 certified Company in compliance with quality management system. Over the years we have developed a wide range of our products to cater to the needs and specific requirements of a large number of industries which seek products of assured quality and safety standards. We accomplish through our consistent high quality products and dependable services, and have achieved referred supplier status in several steel companies ensuring a long-term relationship with our key customers.

We have cultivated a large number of reliable suppliers that deliver high quality raw materials, and accordingly, are not dependent upon any one supplier. Our major suppliers include Bharat Aluminium Co. Ltd, Bhushan Power & Steel Limited, Sino Metal International Limited etc.

Our Total income for the fiscal year ended March 31, 2016 was Rs. 12871.74 Lacs whereas in the fiscal year ended March 31, 2015 the same was Rs. 15149.36 Lacs. Our Profit after tax for the fiscal year ended March 31, 2016 was Rs. 357.03 Lacs whereas in the fiscal year ended March 31, 2015 the same was Rs. 283.48 Lacs. Our export turn over for Fiscal year ended March 31, 2016 and 2015 was Rs. 572.00 Lacs and Rs. 1329.77 Lacs respectively.

### ***Our Location:***

<b>Registered Office of our Company</b>	B. B. C Colony, G. E. Road, P. O. Khursipar, Bhilai - 490 011, Chhattisgarh, India
<b>Branch Office of our Company</b>	S. K. Tower, 2 <sup>nd</sup> Floor, Near Nelson Square, Chindwara Road, Nagpur-440 013, Maharashtra, India
<b>Manufacturing Unit at Bhilai (Unit-I)</b>	17-N, Heavy Industrial Area, Hathkhoj, Bhilai - 490 026,



	Chhattisgarh, India
<b>Manufacturing Unit at Raipur (Unit-II)</b>	9B, Gondwara, Urla Industrial Area, Raipur- 493221, Chhattisgarh, India

## OUR COMPETITIVE STRENGTHS:

The following are the key strengths of our Company:

**Customized Product Development:** Our Company offers customization facilities to all the customers as per their particular requirements and specifications. Our manufacturing teams focus on the precise demand of the customer and design the products accordingly. This provides complete satisfaction to our customers and enables us to expand our business from existing customers and also address a larger base of potential new customers.

**Quality Management System:** We have established and maintained a quality management system to manufacture quality products. To ensure continuing suitability, adequacy and effectiveness and also for improvement of the established quality management system our senior official reviews it on half yearly basis. We ensure that appropriate processes are implemented to fully satisfy customer needs and expectations and expand our customer base. Our senior officials provide the training and an appropriate motivating environment to foster teamwork both within and across organizational units for employees to improve processes, product quality and standard.

**Customer Centric Approach:** Our Company focuses on attaining highest level of customer satisfaction. The progress achieved by us is largely due to our ability to address and exceed customer satisfaction. We believe that a customer centric culture in business provides a positive customer experience before and after the sale in order to drive repeat business, customer loyalty and profits. We believe that our strong business practices and reputation in the industry has not only enabled us to meet the expectations of our customers but also helped us to sustain in the competitive business environment.

**ISO Certification:** Our Company adheres to high quality standards and our processing facilities are ISO 9001:2008 certified. Since our Company is dedicated towards quality products, processes and inputs, we get repetitive orders from our various customers thereby enabling us to maintain our brand image and quality of our products in the market.

**Experienced Management Team:** Our Company is led by a strong management team, sound experienced and expertise in the business and industry in which we operate and has been in many ways responsible for the growth of our operations. Our experienced directors have in-depth knowledge of the products and industry. The key managerial personnel consist of persons qualified in their respective fields and provide complementary support to the successful implementation of management strategies. Our promoters are well experienced in the business and industry and are actively involved in the day to day management of our business operations. Besides the promoters our company is ably assisted by senior professionals in areas of Production, Marketing, Administration and Finance.

For further details on the experience of our management, please refer to the chapter “Our Management” on page 113 of this Draft Prospectus.

**Strong Customer Base:** Our Company exports its products to various geographies such as Turkey, Brazil, South Africa, Bulgaria and Australia etc. to various companies of several industries mainly pertaining to steel production. We have a strong customer base in India as well as internationally which includes international Companies like Iskenderun Demir Ve Celik A.S, Gerdau Acominas, GFE-Mir Alloys & Minerals SA (Pty) Ltd, Shadeed Iron & Steel Co. LLC, Commercial Metals Pty Ltd and YH Trading Co. Ltd. etc and domestic companies like Bhushan Steel & Power Ltd, Jindal Steel & Power Ltd, Tata Steels Limited, Usha Martin Ltd, etc. These customers have been a part of the growth story of our Company which we believe is essentially due to the product quality and customer centric approach of our Company.

**Cordial relationship with suppliers:** We believe that our strong relationships with our suppliers will enable us to continue to grow our business. We acquire raw materials from several suppliers. Due to our relationships with our suppliers, we get quality and timely supplies of raw materials. This enables us to manage our inventories and supply quality products on timely basis to our customers. This in turn has enabled us to generate repeat business.



**Locational Advantages:** The location of our manufacturing units at Bhilai and Raipur are well connected by road and rail. This facilitates efficient movement of raw materials and finished products. Our location also helps us to service wide array of customers.

#### **Our Business Strategy:**

**Diversifying and increasing penetration in markets:** Our Company's products are sold in domestic market and global market. The domestic market also offers opportunities in term of sub-geographic penetration and product/market diversification. Our Company will seek to grow its marketing reach domestically to explore hither to untapped markets and segments as part of its strategy to mitigate market risk and widen growth prospects. Our Company will continue to explore opportunities in various countries where it can supply value added products to enhance its geographical reach.

**Enhancing production and product quality:-** We believe quality is an important factor when it comes to any product or service. With the high market competition, quality product at an affordable price has become the market differentiator for almost all products and services. We constantly work to enhance the existing quality of our products by optimizing the existing production processes and introducing new processes. We train our employees to consistently design and deliver client focused solutions.

**Strengthening of Brand:** We intend to invest in developing and enhancing our brand image, through brand building efforts, communication and promotional initiatives such as advertisements in print media, hoardings, organizing events, and participation in industry events, etc. This is a continuous exercise, which would increase the brand image resulting in an increase of sales and profitability.

**Optimal Utilization of Resources:-** Our Company constantly endeavors to improve our production process, skill up-gradation of workers, modernization of machineries to optimize the utilization of resources. We regularly analyze our existing raw material procurement policy and manufacturing processes to identify the areas of bottlenecks and correct the same. This helps us in improving efficiency and putting resources to optimal use.

**Human Resources Development:** We place particular emphasis on attracting and retaining the best talents in the industry. We have implemented various human resource programs at every level in the organization, which has helped in developing and retaining our talent pool. We believe it is imperative that we have a well trained and experienced pool of resources in order to manage the substantial business and capacity growth that is expected.

#### **Our Products:-**

- **Cored Wire**

Cored Wire is a product of wire injection technology of steel plants in which a continuous steel tube filled with various alloys is injected directly with the help of wire feeding machine into the molten metal for performing various functions like steel refining, alloy addition, deoxidation, desulphurisation, de-nitrification etc.

The descriptions of some of the cored wires products are as under:-

Description	Application of Cored wire
Calcium Silicide (CaSi)	Calcium Silicide cored wire is used by steel industries for De-oxidation and De-sulphurization. These basically function as eminent fillers in the steel manufacturing process.
Calcium Iron (CaFe)	Calcium is used as a De-oxidizer and De-sulphurizer in the manufacturing of high grade steel. Calcium not only has an affinity for oxygen, but also for Sulphur and Nitrogen.
Calcium Aluminium Iron (CaAlFe)	CaAlFe cored wire is used by steel industries for De-oxidation and De-sulphurization. These basically function as eminent fillers in the steel manufacturing process.
Calcium Solid Wire (Ca Solid)	<p>Calcium is a powerful De-sulfurizer and De-oxidizer and is often added to the ladle as a cored wire. Calcium modifies the shape of sulfide inclusions at low sulphur levels, making them more globular and hence, reducing the detrimental effect of sulfur on ductility and toughness.</p> <p>Calcium is rarely used as a de-oxidizer in its own right as it is more expensive than other de-oxidizers but is used to modify alumina inclusions to a molten</p>

	calcium aluminate phase, which prevents nozzle blockage by alumina.
Lead Cored Wire(Pb)	We manufacture Lead core wire to cater to varied industrial use. Lead is used in steel making to improve machinability
Ferro Titanium(FeTi)	Ferro Titanium is used in steel making as a cleansing agent for iron and steel. The titanium is highly reactive with sulfur, carbon, oxygen, and nitrogen, forming insoluble compounds and sequestering them in slag, and is therefore used for De-oxidizing, and sometimes for De-sulphurization, and De-nitrification.
Carbon (C)	Carbon is an important alloying element to increase the hardness of steel. This wire is applicable in varied metallurgical processes.
Ferro Boron(FeB)	Ferro Boron is typically added to steel to form a very strong, highly durable and specialist steel for use across a variety of applications.
Magnesium Ferrosilicon (FeSiMg)	Magnesium Ferrosilicon is instrumental in the formation of nodules, which give ductile iron its flexible property. It is widely used in the industry
Nitrided Manganese (NMn)	Manganese is added to steel to improve hot working properties and increase strength, toughness and hardenability. Nitrided manganese is used in the manufacture of low alloy high strength steel.
Ferro Niobium (FeNb)	Ferro Niobium imparts a doubling of strength and toughness as well as weight reduction due to its grain refining attributes in carbon and HSLA steels.

- **Industrial Oxygen Gas**

Industrial Oxygen and Carbon Di Oxide are used in welding and cutting of Metals especially Mild Steel along with LPG. Therefore, it is extensively used by Steel Fabricators. Chhattisgarh being a steel state, with Bhilai & Raipur being the hub we find a lot of demand for industrial oxygen and carbon di oxide.

- **Aluminium Flipping Coil**

The Aluminium flipping coils are used by the steel manufacturing plant for de-oxidising of molten steel as alloying element for manufacturing special steel.

**Applications of Aluminum Flipping coil**

Aluminum is one of the very strong and commonly used deoxidizer in steel making. It also finds use as a deoxidizer, grain refiner, nitride former and alloying agent in steels. Its ability to scavenge nitrogen and promote the formation of "pancake" ferrite grains led to its widespread use in drawing quality steels, especially for automotive applications. Also aluminum improves strength in low-carbon steels by fixing the interstitial nitrogen.

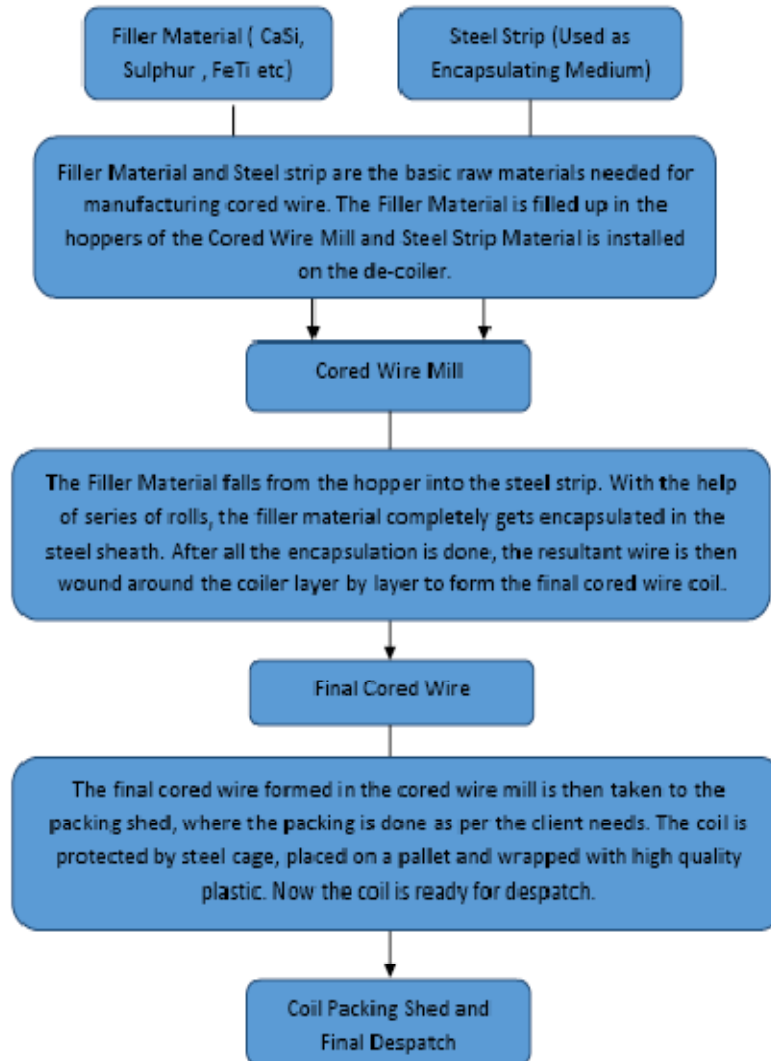
**Users** – Steel Industries and Foundries are the final users of Aluminium Flipping Coil.

- **Wire Feeder Machine:**

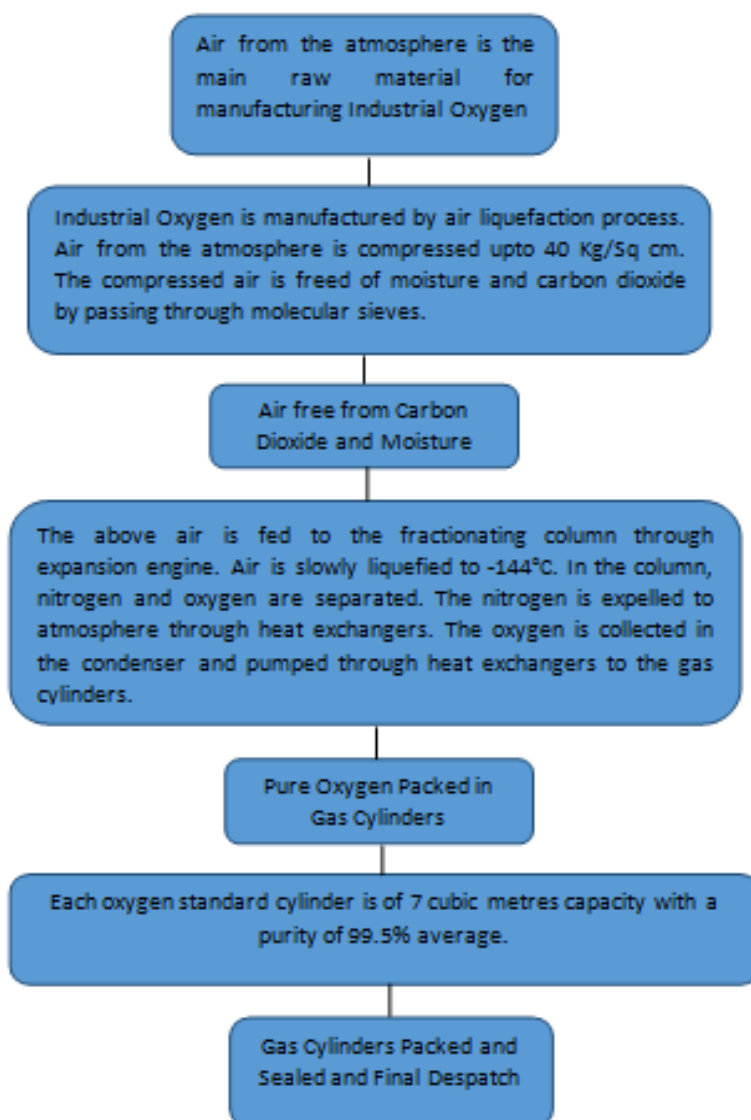
Wire Feeder machine is designed to inject Cored Wires to add deoxidant, modifiers and alloying elements into molten steel for metallurgical process control. We supply customized wire feeder machine with all required accessories. We offer two strand and four strand machines that are known for drawing wires of 5 to 15 mm diameter at a speed from 0 to 300 meters per minute. The wire feeder machines are basically used to control the speed at which the cored wire coil is uncoiled inside the molten to maintain its homogeneity and consistency.

- **Carbon di oxide** - We are engaged in the business of trading of Carbon dioxide gas, we used to purchase the gas tankers and fill them at our plant in the gas cyclinders and sold them as per the requirements of our clients.
- **Iron & Steel** – We are also engaged in the business of trading of iron & steel and also the scrap of steel and iron etc.

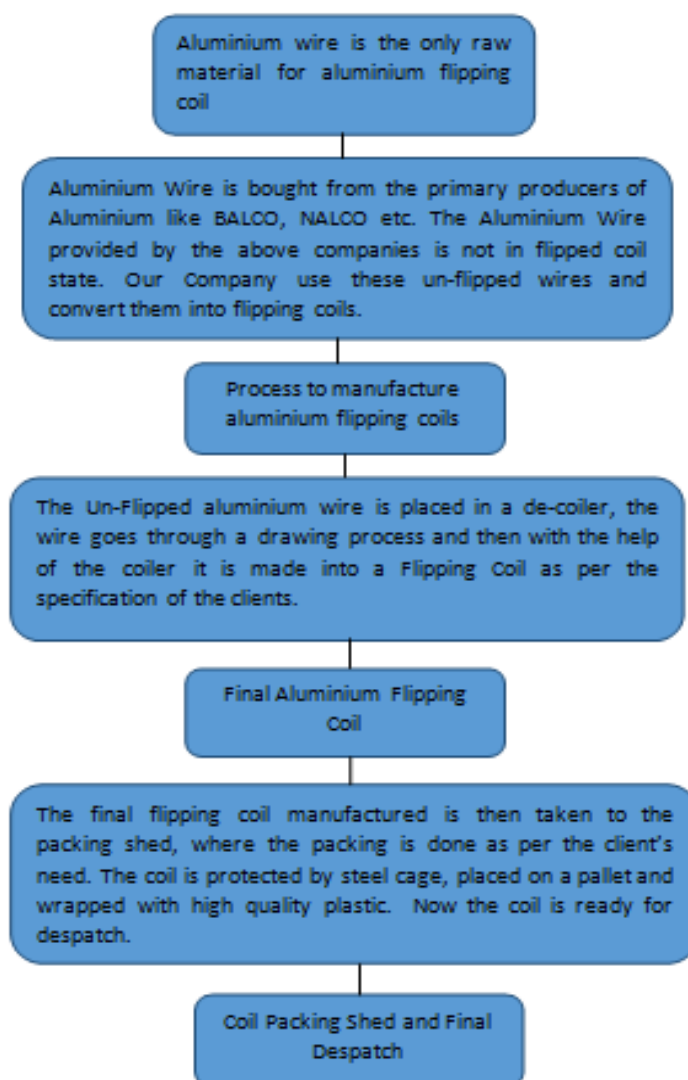
### Flow chart for manufacturing process of cored wire



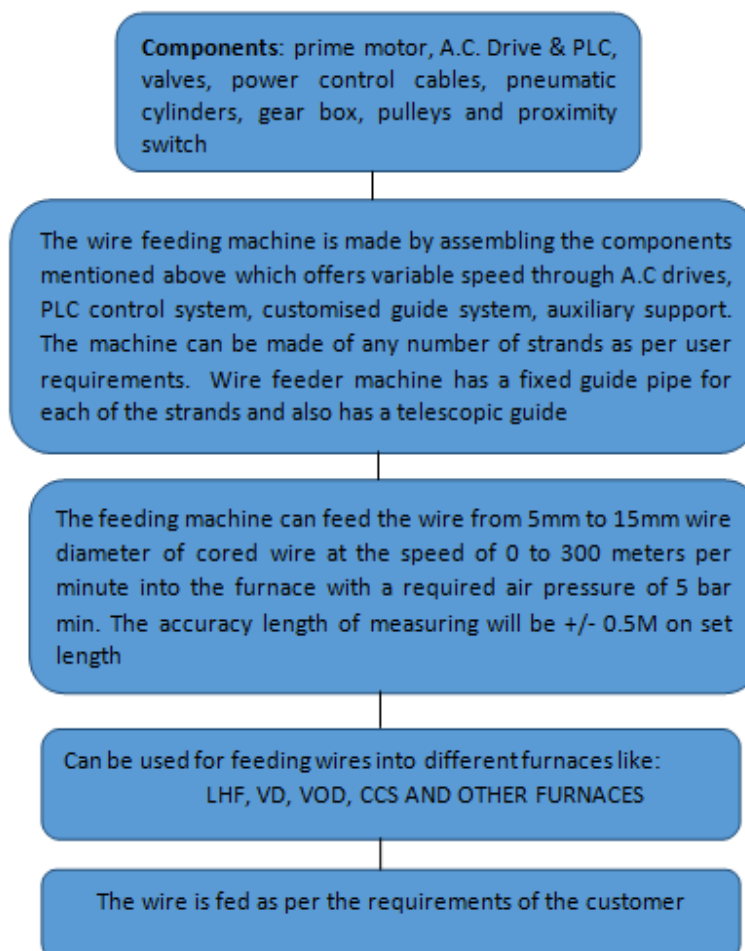
### Flow chart for manufacturing process of industrial oxygen



### Flow chart for manufacturing process of aluminium flipping coil



### Flow chart for manufacturing process and specification of wire feeding machine



### **Our Clienteles**

The major customers of our Company including our country and across the globe:

- Jindal Steel & Power Ltd.
- TATA Steel Ltd.
- BhushanSteel & Power Ltd.
- GFE-Mir Alloys & Minerals SA (Pty.) Ltd.
- JSW Steel Ltd.
- Steel Authority of India Ltd.
- Usha Martin Ltd.

### **Capacity Utilisation:-**

#### **Unit I –Cored Wire**

Particulars	Unit	Existing			Proposed		
		2014	2015	2016	2017	2018	2019
Total Production Capacity	MT Per year	10,000	10,000	10,000	10,000	10,000	10,000

Capacity Utilisation	MT Per year	7,786	7,521	6,508	7,500	7,750	8,000
Capacity Utilisation (%)		77.86%	75.21%	65.08%	75.00%	77.50%	80.00%

#### Unit I – Aluminium Wire Flipping Coil

Particulars	Unit	Existing			Proposed		
		2014	2015	2016	2017	2018	2019
Total Production Capacity	MT Per year	5,000	5,000	5,000	5,000	5,000	5,000
Capacity Utilisation	MT Per year	4,516	4,033	2,888	4,000	4,500	4,500
Capacity Utilisation (%)		90.32%	80.66%	57.78%	80.00%	90.00%	90.00%

#### Unit II –Gas Divison

Particulars	Unit	Existing			Proposed		
		2014	2015	2016	2017	2018	2019
Total Production Capacity	Cubic Meter	21,60,000	21,60,000	21,60,000	21,60,000	21,60,000	21,60,000
Capacity Utilisation	Cubic Meter	17,06,400	19,22,400	18,79,200	19,00,800	19,00,800	19,00,800
Capacity Utilisation (%)		79.00%	89.00%	87.00%	88.00%	88.00%	88.00%

#### Plant & Machinery:-

##### Oxygen Gas division:

Sr. No.	Particulars	Quantity
1	Air Compressor	1
2	Chilling unit	1
3	Model 250 Cu.m/hour Air Separation unit	1
4	Model 250 Expansion Engine	1
5	Model 250 Liquid Oxygen Pump	1
6	Tank	1

##### Cored Wire division:

Sr. No.	Particulars	Quantity
1	Forming Mill No.1 (Cored Wire Mill)	4
2	Aluminum. But Welding Machine	1
3	Spot Welding Machine	3
4	Eot Double Girder Crane	2
5	Eot Single Girder Crane	5
6	Genrator Set	1
7	Lath Machine	1
8	Inverter Welding Machine	2

##### Aluminium Wire Flipping Coil division:

Sr. No.	Particulars	Quantity
1	Uncoiler of Aluminium Wire	1
2	Recoiler of Aluminium Wire	1

#### Raw Material:-

- Cored wire** - The two major raw materials for the cored wires are the steel strip and the filler ferro alloy like CaSi, Sulphur, FeTi which needs to be fed into the melt by the customer. The steel strip is procured domestically. The Ferro Alloys are procured domestically as well as internationally, depending upon the market conditions and technical requirements of the customer.



2. **Industrial Oxygen gas** –There is no raw material for Industrial Oxygen except free atmospheric air which is abundantly present in the atmosphere we breathe. Therefore, we just need to separate the oxygen from the normal air using air separation and chilling unit.
3. **Wire Feeder Machine** – Wire feeder machine requires a lot of different types of components. Some of them are easily available like the motors, conveyor belts and shafts etc. However, the control panels are customized as per the individual requirements of the customers. Further, the steel body of the wire feeder machine is also fabricated depending upon the space and size requirements of the customers.
4. **Aluminium Flipping Coil**- Aluminium Wire is the raw material for aluminium flipping coil, which is usually purchased from the primary producers of Aluminium like BALCO, NALCO etc.

#### Utilities & Infrastructure

Our Registered Office is situated at B.B.C Colony, G.E. Road, P.O. Khursipar, Bhilai - 490 011, Chhattisgarh, India and our branch office is situated at, S.K. Tower, 2<sup>nd</sup> floor, Nelson Square, Chindwara Road, Nagpur-440 013 Maharashtra, India.

Our manufacturing units are located at 17-N, Heavy Industrial Area, Hathkhaj, Bhilai - 490 026, Chhattisgarh, India and 9 B, Gondwara, Urla Industrial Area, Raipur- 493221, Chhattisgarh, India.

Our Office and the units are well equipped with computer systems, Internet connectivity, other communication equipment, security and other facilities, which are required for smooth functioning of business activity.

#### Power

We have availed of a power connection from Chhattisgarh State Power Distribution Company Limited for our Units located at 17-N, Heavy Industrial Area, Hathkhaj, Bhilai - 490 026, Chhattisgarh, India and 9B, Gondwara, Urla Industrial Area, Raipur- 493221, Chhattisgarh, India, which is sufficient for the smooth functioning of our units. We also have 1(one) D.G. set having 250 KVA at 17-N, Heavy Industrial Area, Hathkhaj, Bhilai - 490 026, Chhattisgarh, India as standby arrangement.

#### Water

Water requirement for the manufacturing and allied processes is minimal and the same is procured locally by way of existing water supply network in that area and from our proposed borewell.

#### Collaborations/Tie ups/ Joint Ventures

As on date of this Draft Prospectus, we do not have any Collaboration/Tie Ups/ Joint Ventures.

#### Export Obligation

Our Company does not have any export obligation as on date of this Draft Prospectus except the ones mandated by the advance licenses. The company sometimes imports raw materials, which are to be used in manufacturing finished goods meant for exports. The Directorate General of Foreign Trade allows companies to import raw materials without paying any duty, which are to be used in the manufacturing of finished goods meant for exports. Such imports are made under advance licenses, a tool used by our company every now and then. The export obligations of the company vary on the advance licenses and are not fixed at any point of time. The company can easily render itself free from all export obligations by simply paying the import duty on raw material so imported under the advance license.

The following table gives the details of the various advance licences against which we have imported raw materials, which are to be used in manufacturing finished goods meant for exports.

Sr. No.	Advance License No.	Issue Date	Export Expiry Date	Product	Quantity	Unit Price \$	Total
1	6310001313	19.09.2016	18.03.2018	CaSi Wire	67.526	1375	92848.25
2	6310001311	19.07.2016	18.01.2018	Feb Wire	11.736	2000	23472.00

	<b>Total</b>						<b>1,16,320.25</b>
	<b>Exchange Rate</b>			<b>1\$=Rs. 68</b>			
	<b>Total INR</b>						<b>79,09,777.000</b>

### Sales and Marketing

Marketing is an important function of our organization. Our success lies in the strength of our relationship with our customers who have been associated with our Company for a long period. Our promoters through their experience and good rapport with clients owing to timely and quality delivery of products plays an instrumental role in creating and expanding a work platform for our Company. To retain our customers, we interact with them and focus on gaining an insight into needs of such customers.

### Our Quality Systems & Standards

Our Company has met quality standards and has received ISO 9001: 2008 certification for our products. We have well equipped laboratory and equipments to check physical properties of cored wire, raw materials composition and granule sizing etc. A team of qualified and experienced personnel control the entire plant process and quality control systems to ensure consistent quality of the products. Our dedication toward quality of products, processes and inputs get us repetitive orders from our customers.

### Competition

Our industry is competitive and fragmented, and we face competition from various established and small niche players. Moreover, as we seek to diversify into new geographical areas, we may face competition from existing players that have presence in respective markets. In order to counter the competition, our focus would be to provide products that would be in consonance with technical and quality requirements of our customer as well as by trying to offer a competitive pricing model without compromise on the quality.

### Human Resources

The details of manpower employed as on date are as under:-

<b>Category</b>	<b>No. of Employees</b>
Chairman and Managing Director	1
Whole Time Directors	2
Company Secretary and Compliance Officer	1
Chief Financial Officer	1
Plant Head	1
Manager <sup>1</sup>	9
Accountant	4
Human Resource Manager and Administrator	3
Incharge <sup>2</sup>	5
Supervisor	6
Operator <sup>3</sup>	18
Others	41
<b>Total</b>	<b>92</b>

Note:

1. Manager includes Assistant Manager, Manager-Accounts, Manager-Marketing, Manager-Business Development, Manager-Maintenance, Manager-IT and Commercial Manager.
2. In-charge includes Commercial In-charge, Excise In-charge, Stores In-charge, Plant In-charge, and Dispatch In-charge.
3. Operator includes Computer Operator, Plant Operator, Assistant Computer Operator, Coiling Machine Operator, Rewinder Operator, and Crane Operator.
4. Others include Driver, Office Boy, Marketing Executive, Personal Officer, Clerk, Electrician, Welder, Machine Mechanic, Carpenter, Helper, Fitter etc.

For the development of some of our projects, we also engage/outsources third party consultant like engineers, architects and interior designers. We also engage/outsources the services of unskilled labourer on daily wages which include tradesmen, car drivers and other skilled, semi-skilled and unskilled workers.



## Ongoing Expansion

Our Company is currently in a process of setting up new manufacturing facility at 18 L and 18 M, Heavy Industrial Area, Hathkhoj, Bhilai – 490 026, Chhattisgarh, India. We propose to manufacture speciality ferro alloys, which are mandatory in the process of primary steel making, at this facility.

The products have varying grades of Ferrous, Aluminium, Titanium, Carbon and other elements depending upon the specific melt requirements of the steel plants.

## INTELLECTUAL PROPERTY:

Set forth are the trademark details under Trademarks Act, 1999, in the name of our Company:

Sr. No.	Particulars of the mark	Word / Label mark	Applicant	Trademark/ Application Number	Date of Filing	Class	Status
1.		Mark	Sarthak Metals Marketing Pvt. Limited	3320893	27/07/2016	6	Formalities Check Pass
2		Mark	Sarthak Metals Marketing Pvt. Limited	3312944	19/07/2016	6	Formalities Check Pass

## OUR PROPERTIES:-

Our Registered Office is situated at B.B.C Colony, G.E. Road, Mauja- Khursipar, Bhilai - 490 011, Chhattisgarh, India. Further Our Branch office is situated at, S.K. Tower, 2<sup>nd</sup> Floor, Nelson Square, Chindwara Road, Nagpur-440 013 Maharashtra, India.

Our manufacturing units are located at 17-N, Heavy Industrial Area, Hathkhoj, Bhilai - 490 026, Chhattisgarh, India and 9 B, Gondwara, Urla Industrial Area, Raipur- 493221, Chhattisgarh, India.

Details of our properties used for commercial purpose are mentioned herein below:-

Sr. No.	Location	Title(Leased/ Owned/Rental)	Agreement Valid from	Agreement Valid till	Acquisition Cost /Rent (per annum)(in Rs.)
1.	Plot No. 4, Block No. 37, Motilal Nehru Nagar (East), Bhilai-490020	Owned	26/6/2006	-	25,00,000/-
2.	S. K. Towers, 2 <sup>nd</sup> Floor, Nelson Square, Chindwara Road, Nagpur-440013 Maharashtra, India	Owned	29/04/2010	-	31,00,000/-
3.	B. B. C Colony, G. E. Road, Mauja-Khursipar, Bhilai-490 011, Chhattisgarh, India	-	-	-	0.00*
4	18/S, Heavy Industrial Area, Hathkhoj, Bhilai - 490026, Chhattisgarh, India	Lease Deed	26/12/2009	26/12/2108	8,102/-
5	17/N, Heavy Industrial Area, Hathkhoj, Bhilai - 490 026, Chhattisgarh, India	Lease Deed	04/10/2000	03/10/2099	1858/-
6	9 B, Gondwara, Urla Industrial Area, Raipur- 493221, Chhattisgarh, India	Lease Deed	03/09/1996	02/09/2095	1,789/-

Sr. No.	Location	Title(Leased/ Owned/Rental)	Agreement Valid from	Agreement Valid till	Acquisition Cost /Rent (per annum)(in Rs.)
7	Plot No. 12, Zone C, Industrial Growth Centre at Borai, Rasmada, Durg, Dist Durg, Chhattisgarh	Lease Deed	18/02/2016	04/10/2098	79,200/-
8	Plot No. 7, Zone C, Industrial Growth Centre at Borai, Rasmada, Durg, Dist Durg, Chhattisgarh	Lease Deed	18/02/2016	19/10/2094	82,500/-
9	18/L, Heavy Industrial Area, Hathkhoj, Bhilai - 490026, Chhattisgarh, India	Lease Deed	12/04/2016	13/03/2105	13950/-
10	18/M, Heavy Industrial Area, Hathkhoj, Bhilai - 490026, Chhattisgarh, India	Lease Deed	12/04/2016	27/04/2104	30383/-

*\*The Property is taken on 'Rent free' basis from one of the the promoters and Chairman and Managing Director of our Company Mr. Anoop Kumar Bansal*

## INSURANCE POLICIES

*The details of insurance policies are set forth below:-*

Sr. No.	Description of policy	Policy No.	Insurance Company	Policy Tenure	Assets covered in policy	Insured Amount in Lacs (Rs)	Premium (in Rs)
1.	Standard Fire and Special Perils Policy (Material Damage)	11903527	IFFCO-TOKIO General Insurance Co. Ltd	20-01-17 to 19-01-2018	Buildings, Plant and Machinery, Furniture fixtures and Stock	1638.00	99,635/-
2	Standard Fire and Special Perils Policy	181100/11 /2017/533	The Oriental Insurance Company Limited	23-10-2016 to 22-10-2017	Building situated at 2 <sup>nd</sup> Floor, S. K. Towers, Near Nelson Square, Chindwara Road, Nagpur-440013, Maharashtra, India	74.00	4362/-

## **KEY INDUSTRY REGULATIONS AND POLICIES**

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

The Company is governed by various legislations as applicable to it. Some of the key regulations applicable to the Company are summarised hereunder:

### **1. ENVIRONMENT REGULATIONS**

The Company is subject to laws and regulations concerning environmental protection, in particular, the discharge of effluent water and solid particulate matter during the manufacturing processes. The principal environmental regulations applicable to industries in India are the Air (Prevention and Control of Pollution) Act, 1981, Water (Prevention and Control of Pollution) Act, 1974 ("the Water Pollution Act") and the Environment Protection Act, 1986 ("the EP Act").

#### **1.1 Environment (Protection) Act, 1986 and Environment (Protection) Rules, 1986**

Environment (Protection) Act, 1986 ('the EP Act') has been enacted for the protection and improvement of the environment. The Act empowers the central government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The central government may make rules for regulating environmental pollution.

*Since the Company is also in manufacturing of Industrial Oxygen gases following legal statutes are also governing the activities of the company*

#### **1.2 The Explosives Act, 1884**

An Act to regulate the manufacture, possession, use, sale, [transport, import and export] of Explosives.

#### **1.3 Gas Cylinders Rules, 2004**

Compressed gases viz., permanent gas, liquefiable gas or gas dissolved in liquid when filled in a metallic container pose potential hazard when explode. Hence, Govt. of India, Department of Labour vide Notification No. M-1272(1) dated 28/09/1938 has declared compressed gas filled in metallic container as an 'explosives' under Section 17 of the Explosives Act, 1884 (IV of 1884) within its meaning. The Central Government in exercise of power under Section 5 & 7 of the said Act had promulgated the rules namely Gas Cylinder Rules, 2004 to regulate filling, possession, transport and import of such gases. The objective of these Rules is to ensure safety of the public engaged in the activity of filling, possession, transport and import of such gases.

### **2. Industrial (Development and Regulation) Act, 1951**

The Industrial (Development and Regulation) Act, 1951 has been Liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from Licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defense equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking, which is exempt from Licensing, is required to file an Industrial Entrepreneurs Memorandum ("IEM") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required. The Act is applicable to the whole of India. IDRA is applicable to scheduled industries as given in the First Schedule to the Act. Section 29B(1) of IDRA authorizes Central Government to exempt any industry or class of industries from any provision of the IDRA. Presently, Central Government has exempted most of the industries from the provisions of licensing. There are only few industries, which require license. License is not required for any other industry. Those industries, which are not required to obtain license have to get themselves registered with SIA for Industrial Entrepreneurial Memorandum.

### **3. The Electricity Act, 2003**

The Electricity Act, 2003 (the “EA 2003”) is a central unified legislation relating to generation, transmission, distribution, trading and use of electricity, that seeks to replace the multiple legislations that governed the Indian power sector. The most significant reform initiative under the EA 2003 was the move towards a multi buyer, multi seller system as opposed to the existing structure which permitted only a single buyer to purchase power from power generators. In addition, EA 2003 provides for a greater flexibility and grants the respective electricity regulatory commissions” greater freedom in determining tariffs, without being constrained by rate-of-return regulations. The Act seeks to encourage competition with appropriate regulatory intervention. An Appellate Tribunal to hear appeals against the decision of the Central Electricity Regulatory Commission and State Electricity Regulatory Commissions has been established. However, EA 2003 provided that transmission, distribution and trade of electricity are regulated activities which require licenses from the appropriate electricity regulatory commission, unless exempted by the appropriate government in accordance with the provisions of EA 2003. It was amended in 2007 to exempt captive power generation plants from licensing requirements for supply to any licensee or consumer. Government has also announced National Electricity Policy in 2005 to guide the development of the electricity sector in India.

Pursuant to a notification dated October 14, 2009, the Central Electricity Regulatory Commission has notified the Central Electricity Regulatory Commission (Furnishing of Technical Details by the Generating Companies) Regulations, 2009, which requires that electricity generating companies furnish technical details to the Central Electricity Regulatory Commission regarding the generating stations operated by them. Furthermore, these regulations stipulate that any power generating company that proposes to set up a 85 generating station must provide the Central Electricity Regulatory Commission with the required technical details three years prior to the commercial operation of the stations proposed to be set up.

### **3. Employment & Labour Related Laws**

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

Industrial Dispute Act, 1947 (“the ID Act”) provides for the investigation and settlement of industrial disputes. It also contains various provisions to prohibit strikes and lock-outs, declaration of strikes and lockouts as illegal and provisions relating to lay-off and retrenchment and closure, conciliation and adjudication of industrial disputes by; Conciliation Officers, a Board of Conciliation, Courts of Inquiry, Labour Courts, Industrial Tribunals and a National Industrial Tribunal.

#### **3.2 Workman Compensation Act, 1923**

Workmen's Compensation Act, 1923 (“the Workmen’s Compensation Act”) aims at providing financial protection to employees (for their dependents in the event of fatal accidents) by means of payment of compensation by the employers, if personal injury is caused to them by accidents arising out of and in the course of their employment. The Workmen’s Compensation Act makes it obligatory for the employers brought within the ambit of the Act to furnish, to the State Governments/Union Territory Administrations, annual returns containing statistics relating to the average number of workers covered under the Act, number of compensated accidents and the amount of compensation paid.

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

Payment of Wages Act, 1936 contains provisions as to the minimum wages that are to be fixed by the appropriate Governments for the employees, fixation and revision for the minimum wages of the employees, entitlement of bonus to the employees, fixing the payment of wages to workers and ensuring that such payments are disbursed by the employers within the stipulated time frame and without any unauthorized deductions.

#### **3.4 Minimum Wages Act, 1948**

The Minimum Wages Act, 1948 gives power to appropriate government (Central or State) to fix minimum wages to be paid to the persons employed in scheduled or non scheduled employment and the concerned employer is required to pay the minimum wages, fixed by the appropriate government. Such employer is also required to maintain registers and exhibits giving the particulars of wages paid to employees.

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

The Payment of Bonus Act, 1965 imposes statutory liability upon the employers of every establishment covered under this Act to pay bonus to their employees. It further provides for payment of minimum and maximum bonus and linking the payment of bonus with the production and productivity.

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

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

### **3.7 Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 (“the EPFMP Act”)**

The EPFMP Act is applicable to the establishment employing more than 20 employees and as notified by the government from time to time. All the establishments under the EPFMP Act are required to be registered with the appropriate Provident Fund Commissioner. Also, in accordance with the provisions of the EPFMP Act the employers are required to contribute to the employees’ provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund.

### **3.8 Employees’ State Insurance Act, 1948 (“the ESI Act”)**

All the establishments to which the ESI Act applies are required to be registered under the ESI Act with the Employees State Insurance Corporation. This Act requires all the employees of the establishments to which this Act applies to be insured in the manner provided thereunder.

Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the Employee State Insurance department.

### **3.9 The Contract Labour (Regulation and Abolition) Act, 1970 (the “CLRA”)**

The CLRA requires establishments that employ or have employed on any day in the previous 12 months, 20 or more workmen as contract labour to be registered and prescribes certain obligations with respect to the welfare and health of contract labour. The CLRA places an obligation on the principal employer of an establishment to which the CLRA applies to make an application for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued. To ensure the welfare and health of contract labour, the CLRA imposes certain obligations on the contractor including the establishment of canteens, rest rooms, washing facilities, first aid facilities, and provision of drinking water and payment of wages. In the event that the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period.

### **3.10 Trade Union Act, 1926**

Provisions of the Trade Union Act, 1926 provide that any dispute between employers and workmen or between workmen and workmen, or between employers and employers which is connected with the employment, or non employment, or the terms of employment or the conditions of labour, of any person shall be treated as trade dispute. For every trade dispute a trade union has to be formed. For the purpose of Trade Union Act, 1926, Trade Union means combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive conditions on the conduct of any trade or business etc.

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



The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 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 1 (one) or more of the following acts or behavior 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 Rs. 50,000/- (Rupees Fifty Thousand Only).

#### **4. Shops and Establishment Act**

The respective State Governments have the power to make laws on the subject matter. In exercise of these powers, various State Governments have enacted the shops and establishments act which is applicable to the shops and commercial establishments within the respective states as may be specified by the Government. Each state has its own legislation on shops and establishments which lay down inter alia, guidelines for regulating the hours of work, payment of wages, leave holidays, terms of service, overtime and other conditions of work of persons employed in shops, commercial establishments etc. and to discourage the malpractices by employers towards their employees. The Chhattisgarh Shops and Establishment Act, 1958 governs the Company as the Company has its registered office in the state of Chhattisgarh and The Bombay Shops and Establishment Act governs the Company as the branch office in Nagpur,

#### **5. Legal Metrology Act, 2009**

The Legal Metrology Act, 2009 (Act 1 of 2010) repeals and replaces the Standard of Weights and Measures Act, 1976 and the Standards of weights and Measures (Enforcement) Act, 1985. The Legal Metrology Act, 2009, inter alia, provides for,—

1. Regulation of weight or measure used in transaction or for protection;
2. Approval of model of weight or measure;
3. Verification of prescribed weight or measure by Government approved Test Centre;
4. Prescribing qualification of legal metrology officers appointed by the Central Government or State Government;
5. Exempting regulation of weight or measure or other goods meant for export;
6. Levy of fee for various services;
7. Nomination of a Director by a company who will be responsible for complying with the provisions of the enactment;
8. Penalty for offences and compounding of offences;
9. Appeal against decision of various authorities; and
10. Empowering the Central Government to make rules for enforcing the provisions of the enactment.

#### **6 Tax Related Legislations**

##### **6.1 Excise Regulations**

The Central Excise Act, 1944 seeks to impose an excise duty on excisable goods which are produced or manufactured in India. The rate at which such a duty is imposed is contained in the Central Excise Tariff Act, 1985. However, the Indian Government has the power to exempt certain specified goods from excise duty by notification.

##### **6.2 Value Added Tax (“VAT”)**

The levy of Sales Tax within the state is governed by the Value Added Tax Act and Rules 2008 (“the VAT Act”) of the respective states. The VAT Act has resolved the problem of Cascading effect (double taxation) that were being levied under the hitherto system of sales tax. Under the current regime of VAT the trader of goods has to pay the tax (VAT) only on the Value added on the goods sold. Hence VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax- that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the

entities is subject to tax. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.

The Chhattisgarh Value Added Tax Act, 2005, and rules and regulations thereunder, are applicable to our establishment.

### **6.3 Income Tax Act, 1961**

Income Tax Act, 1961 is applicable to every Company whose income is taxable under the provisions of this Act or Rules made under it depending upon its “Residential Status” and “Type of Income” involved. U/s 139(1) every Company is required to file its Income tax return for every Previous Year by 31st October of the Assessment Year. Other compliances like those relating to Tax Deduction at Source, Fringe Benefit Tax, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

### **6.4 Customs Act, 1962 (“the Customs Act”)**

The provisions of the Customs Act and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any company that wishes to import or export any goods is first required to get itself registered and obtain an IEC (Importer Exporter Code).

All imports into India are subject to duties under the Customs Act, 1962 at the rates specified under the Customs Tariff Act, 1975. However, the Indian Government has the power to exempt certain specified goods from excise duty by notification.

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

The tax on sale of movable goods within India is governed by the provisions of the Central Sales Tax Act, 1956 or relevant state law depending upon the movement of goods pursuant to the relevant sale. If the goods move inter-state pursuant to a sale arrangement, then the taxability of such sale is determined by the Central Sales Tax Act, 1956. On the other hand, when the taxability of an arrangement of sale of movable goods which does not contemplate movement of goods outside the state where the sale is taking place is determined as per the local sales tax / VAT legislations in place within such state. Every dealer liable to pay tax under the Central Sales Tax Act, 1956 shall be registered by making an application to the appropriate authority in that state.

## **7. Factories Act, 1948**

As per the applicable provisions of the Factories Act, 1948 (“Factories Act”), read along-with the Rules framed there under, no person can operate a factory till such time it has obtained a license from the designated authorities under the Factories Act. Generally, registration/license under the said Factories Act is issued on yearly basis and is required to be renewed annually. Factories Act, is a central law which primarily regulates working conditions of workers in factories and to ensure that basic minimum requirements for the safety, health and welfare of factory workers is provided. The Act also regulates the working hours, leave, holidays, overtime, employment of children, women and young person’s etc. The Factories Act is applicable to all ‘factories’. The industry of our company is governed by the Chhattisgarh Factories Rules, 1962.

## **8. 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 25th of the month immediately following the half-year to which the return relates. Every assessee is required to file the quarterly return electronically.

## **9. Professional Tax**

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as

formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The professional tax is charged as per the List II of the Constitution. The professional taxes are classified under various tax slabs in India. The tax payable under the State Acts by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under these Acts (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), shall obtain a certificate of enrolment from the assessing authority.

### **9.1 Chhattisgarh Professional Tax Rules – 1995 (Chhattisgarh Vritti Kar Niyam. 1995)**

The Professional Tax Act aims to provide for the levy and collection of a tax on professions for the benefit of the State. The tax payable under the Professional Tax Act by any person earning a salary or wage, shall be deducted by his employer from the salary or wage payable to such person, before such salary or wage is paid to him, and such employer shall, irrespective of whether such deduction has been made or not, when the salary or wage is paid to such person, be liable to pay tax on behalf of all such persons. The Professional Tax Act inter-alia requires every employer liable to pay tax under the Professional Tax Act to obtain a certificate of registration from the prescribed authority. The Professional Tax Act also inter-alia requires every person liable to pay tax under the Professional Tax Act (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), to obtain a certificate of enrolment from the prescribed authority.

### **10. Competition Act, 2002 (“Competition Act”)**

The Competition Act, 2002 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.

### **11. 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.

### **12. 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 (Ninety Eight) Sections of the Companies Act, 2013 and the same are applicable from the date of the aforesaid notification. A further 183 (One Eighty Three) Sections have been notified on March 26, 2014 and have become applicable from April 1, 2014. The Companies (Amendment) Act, 2015 has inter-alia amended various Sections of the Companies Act, 2013 to take effect from May 29, 2015. Further, vide the Companies (Amendment) Act, 2015, Section 11 of the Companies Act, 2013 has been omitted and Section 76A has been inserted in the Companies Act, 2013. 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.

### **13. The Trademarks Act, 1999 ("Trademarks Act")**

Under the Trademarks Act, 1999, a trademark is a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others used in relation to goods and services to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a device, brand, heading, label, ticket, name signature, word, letter, numeral, shape of goods, packaging or combination of 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.

### **14. The Copyright Act, 1957 ("Copyright Act")**

The Copyright Act, 1957 ("Copyright Act") protects original literary, dramatic, musical and artistic works, Cinematographic films and sound recordings from unauthorized use of such works. Unlike the case with patents, copyright protects the expressions and not the ideas. There is no copyright in an idea. The object of copyright law is to encourage authors, artists and composers to create original works by rewarding them with exclusive right for a fixed period to reproduce the works for commercial exploitation. Copyrights subsist in following class of works: a) Original literary, musical, dramatic and artistic works b) Cinematograph films c) Sound recordings Under the copyright law the creator of the original expression in a work is its author who is vested with a set of exclusive rights with respect to the use and exploitation of the work. The author is also the owner of the copyright, unless there is a written agreement by which the author assigns the copyright to another person or entity, such as a publisher, where work is done under a 'work for hire' agreement, the copyright vests with the hirer, i.e., the person providing the work. The owner of copyright in a work can assign or license his copyright to any person, such as publisher, under a written agreement. Copyright subsists in a work since the time it comes into being. Therefore, registration of copyright neither creates any rights nor precludes enforcement of the existing ones. However, owing to its evidentiary value, a registered copyright is easier to establish in the court of law. The term of copyright varies across different types of works. Therefore, except as specifically provided in the Copyright Act, a copyright shall subsist in any literary, dramatic, musical or artistic work (other than a photograph) published within the lifetime of the author until 60 (sixty) years from the beginning of the calendar year next following the year in which the author dies.

## **HISTORY AND CERTAIN OTHER CORPORATE MATTERS**

Our Company was originally incorporated on July 28, 1995, as Sarthak Metals Marketing Private Limited under the provisions of the Companies Act, 1956 with the Registrar of Companies, Madhya Pradesh, Gwalior. The name of our Company was changed to “Sarthak Metals Private Limited” pursuant to shareholders resolution passed at the Extra Ordinary General Meeting of the Company held on August 13, 2016 and a fresh Certificate of Incorporation pursuant to change of name dated August 22, 2016 was issued by the Registrar of Companies, Chhattisgarh. Subsequently our Company was converted into a Public Limited Company pursuant to shareholders resolution passed at the Extra Ordinary General Meeting held on August 13, 2016 and the name of our Company was changed to “Sarthak Metals Limited” vide a fresh Certificate of Incorporation dated August 23, 2016, issued by the Registrar of Companies, Chhattisgarh. Our Corporate Identification Number (CIN) of our Company is U51102CT1995PLC009772.

The change in the name of our company were undertaken to align the name of our company with the nature of business of our company.

The current promoters of our Company are Mr. Anoop Kumar Bansal, Mr. Manoj Kumar Bansal, Mr. Kishore Kumar Bansal and Mr. Sanjay Shah with their experience in the business and industry, innovative insight, business acumen and farsightedness has taken the business to a new level.

We are engaged into manufacturing of wide variety of Cored wires, Aluminum flipping coils, Industrial Oxygen gas having wide application in various industries including Steel plants, Fabrication units, and foundries. We are also manufacturers and suppliers of wire feeder machines that are known for drawing cored wires of 9mm to 15 mm diameter. We are also engaged in the business of trading of iron & steel and carbon dioxide gas.

Our Company forms the part of Desh Raj Bansal Group, Bhilai and commenced its operations in the year 1997 to manufacture industrial oxygen. Later in the year 2002, our Company diversified its product base by manufacturing cored wires and aluminum flipping coils. We also diversified our business by venturing into manufacturing of wire feeder machines since 2012.

We are headquartered in Bhilai, Chhattisgarh. We currently have two manufacturing units located at Bhilai and Raipur, spread over an area of 1,23,560 sq.ft and 22,000 sq. ft (approximately) respectively, giving us competitive edge in the industry. Please refer page 99 under section titled “*Our Properties*” of this Draft Prospectus.

We are ISO 9001: 2008 certified Company in compliance with quality management system. Over the years we have developed a wide range of our products to cater to the needs and specific requirements of a large number of industries which seek products of assured quality and safety standards. We accomplish through our consistent high quality products and dependable services, and have achieved referred supplier status in several steel companies ensuring a long-term relationship with our key customers.

For further information regarding our business activities, product range, market of each product, our growth, standing with reference to prominent competitors, management, major suppliers and customers and geographical area please refer the sections titled “*Our Business*”, “*Industry Overview*” and “*Our Management*” beginning on pages 88, 75 and 113 respectively.

### **Changes in the Registered Office of our Company since inception:**

<b>From</b>	<b>To</b>	<b>Date of Change</b>	<b>Reason for Change</b>
SCHS-40, Sunder Nagar, Near Gol Market, Bhilai-490023	B.B.C Colony, G. E. Road, Khursipar, Bhilai-490011	04-11-1995	Administrative Purpose

### **Main Objects of our Company**

The main objects contained in the Memorandum of Association include the following:

1. To carry on all or any of the business as traders, exporters, importers, agents, representatives, dealers, stockists, distributors of all kind of metals including ferrous and non-ferrous materials meant for any industrial or non-industrial use whatsoever and to carry on the business/trade in cold or hot rolling, re-rolling, slitting, edge-milling sheeting stamping, pressing, extruding, forging, drawing, flattening,

straightening, heat treatment of all kinds of steel or any other kind of steel or “any other kinds of strips, sheet foils, tapes, wires, rods, plates and any other sections, shapes, sizes or forms”.

2. To carry on all or any Of the business as traders, exporters, importers, agents, dealer, stockists, distributors, representatives, manufacturers, processors of all kinds of metals including ferrous and non-ferrous materials meant for any industrial, commercial or noncommercial use, Whatsoever and to carryon all the foregoing businesses in ferro alloys, aluminum alloys, nickel alloys, cored wire of sulphur, carbon, rare earth, lead, magnesium or with any other filling agent, aluminum wire in flipping coils, cored wire feeder of all types of natures. To carry on the trade or business of steel smelters, fabricators, steel, converters, miners, engineers, wire drawing, tin plate makers, iron foundries and items like strips, foils, tapes, wires, wire strings, springs, patta, rods, plates and any other sections, shapes or forms.
3. To produce, manufacture, process, refine, import, export, purchase, sell and generally to deal in and to act as agents, stockists, distributors and suppliers of iron steel, (whether mild steel alloys, stainless or special steel, cast iron, pig iron or any kind of ferrous/non-ferrous metals) steel products such as shutters, profiles, ingots, billets, blooms, flats angles, rounds, squares, hexaguns, octaguns, rails, joists, channels, beams, girders, not and cold steel strips, hoop iron plates, industrial fastners, deformed bars, plain and cold twisted bars, bright bars, shafting, light structures, Window section, agriculture implements, blocks galvanized pipes, tubes, conduit pipes, seamless pipe, hollow profiles, pipe fitting of ferrous and non-ferrous metals, corrugated sheet, lift rails and things, compounds and preparations connected with the aforesaid products and in connection therewith to take on lease or acquire' erect, construct, establish, work, operate and maintain factories, mines, workshops and other works.
4. To carry on all or any of the business as traders, exporters, importers, stockists, manufacturers, agents of deoxidation alloys and its variants like ferro aluminum, silica calcium, silica calcium manganese, silica calcium barium, silico zirconium, silica rare earth etc.
5. To carry on the business as traders, exporters, importers, stockists, manufacturers, agents, of micro alloys and alloying metals of various natures, like ferro titanium, ferro boron, boron alloy with Al, Si, Ti, etc., Calcium Bismuth. Magnesium, Nickel, Cerium Misch Metal, lead, etc.
6. To carry on the business as traders, exporters, importers, stockists, agents, manufacturers of spheroidising alloys like magnesium metal, ferro silico magnesium, nickel magnesium, customized alloys etc.
7. To carry on the business as traders, exporters, importers, stockists, agents, manufacturers, representatives of inoculants and its variants such as Ferro Silicon 75%, Ferro Silicon Calcium, Ferro Silicon Calcium barium, ferro silicon rare earth, customized alloys etc.
8. To carry on the business as traders, exporters, importers, stockists, agents, manufacturers, representatives of Master Alloys such as aluminum chromium, aluminum magnesium, aluminum iron, aluminum nickel, aluminum titanium, aluminum zirconium, customised alloys etc.

### Changes in the Memorandum of Association

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

Date	Amendment
April 18, 1996	Increase in authorized capital of the Company from Rs. 20.00 lacs divided into 2,00,000 Equity Shares of Rs. 10 each to Rs. 60.00 lacs divided into 6,00,000 Equity Shares of Rs. 10 each.
January 03, 2003	Increase in authorized capital of the Company from Rs. 60.00 lacs divided into 6,00,000 Equity Shares of Rs. 10 each to Rs. 100.00 lacs divided into 10,00,000 Equity Shares of Rs. 10 each.
March 05, 2007	Increase in authorized capital of the Company from Rs. 100.00 lacs divided into 10,00,000 Equity Shares of Rs. 10 each to Rs. 200.00 lacs divided into 20,00,000 Equity Shares of Rs. 10 each.
February 24, 2012	Increase in authorized capital of the Company from Rs. 200.00 lacs divided into 20,00,000 Equity Shares of Rs. 10 each to Rs. 500.00 lacs divided into 50,00,000 Equity Shares of Rs. 10 each.
February 28, 2013	Increase in authorized capital of the Company from Rs. 500.00 lacs divided into 50,00,000 Equity Shares of Rs. 10 each to Rs. 1000.00 lacs divided into 100,00,000 Equity Shares of Rs. 10 each.



February 28, 2014	Increase in authorized capital of the Company from Rs. 1000.00 lacs divided into 100,00,000 Equity Shares of Rs. 10 each to Rs. 1500.00 lacs divided into 150,00,000 Equity Shares of Rs. 10 each.
August 13, 2016	Adoption of new Memorandum of Association to bring in line with the Companies Act, 2013
August 22, 2016	Change of Name from Sarthak Metals Marketing Private Limited to Sarthak Metals Private Limited
August 23, 2016	Conversion of our Company from Sarthak Metals Private Limited to a Sarthak Metals Limited

### Major Events and Milestones

Year	Particulars
1995	Incorporation of the Company in the name and style of “Sarthak Metals Marketing Private Limited” on 28 <sup>th</sup> July 1995
1997	Commenced to manufacture industrial oxygen gas
2002	Commenced Production of Ferro Alloys Cored Wires with 1 <sup>st</sup> in house built Cored Wire Mill
2008	Commenced Production of Aluminium Flipping Coils with 1 <sup>st</sup> in house built Coiling Mill
2012	Commenced to manufacture wire feeder machines
2016	Change of name of our Company from Sarthak Metals Marketing Private Limited to Sarthak Metals Private Limited
2016	Conversion of our Company from Sarthak Metals Private Limited to a Sarthak Metals Limited

### Adopting New Articles of Association of the Company

Our Company has adopted a new set of Articles of Association of the Company, in the Extra Ordinary General Meeting of the Company dated August 13, 2016

### Corporate Profile of our Company

For details in relation to our corporate profile including details of our business, geographical presence, growth, competition, products, capacity build-up, technology, and managerial competence, please see sections entitled “*Our Business*” and “*Our Management*” on pages 88 and 113, of this Draft Prospectus.

### Time and Cost Overruns in Setting Up Projects:

As on the date of this Draft Prospectus, there have been no time and cost overruns in any of the projects undertaken by our Company.

### Promoters of our Company

The Promoters of our Company are Mr. Anoop Kumar Bansal, Mr. Kishore Kumar Bansal, Mr. Manoj Kumar Bansal and Mr. Sanjay Shah. For details, see “*Our Promoters and Promoter Group*” beginning on page 125 of this Draft Prospectus.

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

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

### Injunctions or Restraining Orders

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

### Details regarding Acquisition of Business/Undertakings, Mergers, Amalgamation etc.

As per the purchase agreement dated August 07, 2014 our Company purchased the Plant & Equipment located at plot no. 7, Zone C measuring 8250 Square meters and plot no. 12, Zone C measuring 7920 Square meters located in Rasmada, Durg, District Durg, Borai Industrial Area, CSIDC, Chhattisgarh and we have taken this industrial plots on leased basis.



**Terms & Conditions of Agreement of Purchase:**

1. The Seller has agreed to transfer the lease of aforementioned industrial plots to our Company.
2. The Seller has agreed to sell the plant & equipment to our Company.
3. The Seller undertakes that the Plant & Equipment is free of any charges or encumbrance and clear title can be transferred to our company.
4. The purchaser acknowledge that it has inspected the plant and equipment; is satisfied with the condition, and accepts that the plant and equipment is sold secondhand and on “as is where basis”.

Except mentioned above There are no mergers, amalgamation, etc. with respect to our Company and we have not acquired any business/undertakings till date.

**Changes in the Activities of our Company during the Last Five Years**

There have been no changes in the activities undertaken by our Company during a period of 5 (five) years prior to the date of filing of this Draft Prospectus which may have had a material effect on the profits or loss of our Company or affected our business including discontinuance of lines of business, loss of agencies or markets and similar factors.

**Changes in the Management**

There has been no change in the management of our Company during the last five years from the date of this Draft Prospectus.

**Shareholders Agreements**

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

**Defaults or Rescheduling of Borrowings with Financial Institutions or Banks**

There have been no defaults or rescheduling of borrowings with financial institutions or banks as on the date of this Draft Prospectus. Further, none of our loans have been converted into Equity Shares.

**Number of Shareholders**

Our Company has 20 (Twenty) shareholders as on date of this Draft Prospectus.

**Guarantees provided by our Promoters, our Promoter group and our Group Companies/ Entities**

Other than the guarantees given to our lenders and as disclosed in the section “*Statement of Financial Indebtedness*” on page 165 of this Draft Prospectus, our Promoters have not given any guarantees to third parties that are outstanding as on the date of filing of this Draft Prospectus.

**Revaluation of Assets**

Our Company has not revalued its assets since incorporation and has not issued any Equity Shares including bonus shares by capitalizing any revaluation reserves.

**Other Agreements**

Our Company has not entered into any specific or special agreements except that have been entered into in ordinary course of business as on the date of filing of this Draft Prospectus.

**Non -Compete Agreement**

Our Company has not entered into any Non-compete Agreement as on the date of filing this Draft Prospectus.

**Strategic Partner**

Our Company does not have any strategic partner as on the date of filing of this Draft Prospectus.

**Financial Partner**

Our Company does not have any financial partner as on the date of filing of this Draft Prospectus.

**Holding Company of our Company**

Our Company does not have any holding company as on the date of filing of this Draft Prospectus.

**Our Subsidiaries and Joint Ventures**

Our Company does not have any subsidiaries or joint ventures as on the date of this Prospectus.

**Strikes and Lockouts**

Our Company has, since incorporation, not been involved in any labour disputes or disturbances including strikes and lock-outs. As on the date of this Draft Prospectus, our employees are not unionized.

**Collaboration**

Our Company has not entered into any collaboration with any third party as per regulation (VIII) B (1) (c) of part A Schedule VIII of SEBI (ICDR) Regulations, 2009.

**Fund raising through Equity and Debt**

For details regarding our capital raising activities through equity and debt, refer to the section titled “*Capital Structure*” and “*Statement of Financial Indebtness*” beginning on page 46 and page 165 respectively of this Draft Prospectus.

## OUR MANAGEMENT

### Board of directors

Under our Articles of Association, our Company is required to have not less than three (3) Directors and not more than fifteen (15) Directors. Our Company currently has Six (6) Directors on Board. The following table sets forth current details regarding our Board of Directors:

Name, Address, Occupation, Nationality, Tenure & DIN	Age	Designation/Status of Directorship in our Company	Other Directorships
<b>Mr. Anoop Kumar Bansal</b>  <b>Address:</b> House No. 40, Sunder Nagar, Bhilai - 490023, Chhattisgarh, India  <b>Occupation:</b> Business  <b>Qualification:</b> B.Com  <b>DIN No.</b> 01661844	49 Yrs	Chairman & Managing Director  Appointed as a Managing Director of the company for a period of three years with effect August 21, 2016	Nil
<b>Mr. Sanjay Shah</b>  <b>Address:</b> M-21, Nandanwan Colony, Hasanbagh Road, Nagpur – 440009, Maharashtra, India  <b>Occupation:</b> Business  <b>Qualification:</b> B.Com (First Year)  <b>DIN No.</b> 00350967	54 Yrs	Whole Time Director  Appointed as a Whole Time Director for a period of three years with effect August 24, 2016	Nil
<b>Mr. Mayur Bhatt</b>  <b>Address:</b> 15/2, Priyadarshini Parisar (E), Supela, Bhilai – 490023, Chhattisgarh, India  <b>Occupation:</b> Service  <b>Qualification:</b> B. A & Diploma in Electrical Engineering  <b>DIN No.</b> 07586457	37 Yrs	Whole Time Director  Appointed as a Whole Time Director for a period of three years with effect August 21, 2016 and shall be liable to retire by rotation at every AGM	Nil
<b>Mr. Kishore Kumar Bansal</b>  <b>Address:</b> House No. 40, Sunder Nagar, Near Goal Market, Vaishali Nagar, Bhilai - 490023, Chhattisgarh, India  <b>Occupation:</b> Business  <b>Tenure:</b> w.e.f August 16, 2016  <b>Qualification:</b> Under Matriculation  <b>DIN:</b> 03067387	48 Yrs	Appointed as Director July 28, 1995  Change in designation from Executive Director to Non – Executive Director from August 16, 2016	Nil
<b>Ms. Rama Kohli</b>	45	Non Executive -	Nil

Name, Address, Occupation, Nationality, Tenure & DIN	Age	Designation/Status of Directorship in our Company	Other Directorships
<b>Address:</b> H. No. 1, Contractors Colony, Behind Sudhir X-Ray, G. E. Road, Supela, Bhilai, Durg – 490023, Chhattisgarh, India <b>Occupation:</b> Business <b>Qualification:</b> B. Sc and PGDBM <b>DIN:</b> 01835824	Yrs	Independent Director  Appointed as an Independent Director for a period of five years with effect from August 24, 2016	
<b>Mr. Chetan Kumar</b> <b>Address:</b> B-2/17, Safdurjung Enclave, Delhi - 110029, India <b>Occupation:</b> Business <b>Qualification:</b> Chartered Accountant <b>DIN:</b> 00327687	52 Yrs	Non Executive-Independent Director  Appointed as an Independent Director for a period of five years with effect from August 24, 2016	1. Logix Corporate Solutions Private Limited 2. Saviour Leasing Private Limited 3. Rototex Spinners Private Limited 4. Polar Estates Private Limited 5. Logix Food Solutions Private Limited 6. IT Power Private Limited 7. Qtech Services Private Limited

For further details on their qualification, experience etc., please see their respective biographies under the heading - “*Brief Biographies of our Directors*” herein below.

#### Brief biographies of our Directors

**Mr. Anoop Kumar Bansal**, aged 49 years, is the Chairman and Managing Director and one of the Promoters of our Company. He has completed his Bachelors in Commerce (B.Com) from Nagpur University. He has more than 20 years of experience in the business and industry. He is currently involved in the supervision of our Company. He conceptualized several innovative commercial ideas and implementation of the same has resulted into the huge success in our Company. He has been on the Board of our Company since inception and is appointed as the Chairman and Managing Director of our company since August 21, 2016.

**Mr. Sanjay Shah**, aged 54 years, is the Whole Time Director and one of the Promoters of our Company. He has completed his first year of Bachelors in Commerce, from Madras University. He has more than 10 years of experience in the business and industry and he is heading the Sales & Marketing division of our Company. He is also involved in oversight of the day-to-day affairs of the Company, as a whole time Director. He has been on the Board of our Company since January 02, 2003 and is appointed as Whole Time Director of our company since August 24, 2016.

**Mr. Mayur Bhatt**, aged 37 years, is the Whole Time Director of our Company. He has completed his Bachelors in Arts (B.A), from Guru Ghasidas University, Bilaspur, Chhattisgarh. He has also completed his Diploma in Electrical Engineering from Madhya Pradesh Board of Technical Education, Bhopal. He has more than 10 years of experience in the industry, and he was associated with our Company since 2005 in various roles & responsibilities, presently he is heading the Operations department. He is appointed as a Whole Time Director of our company since August 21, 2016.

**Mr. Kishore Kumar Bansal** aged 48 years, is the Non Executive Director and Promoter of our Company. He is under matriculate qualifications. He has over 20 years of experience in the metals trading business and industry. He is on the board of our Company since inception and presently holding a designation of Non Executive Director in the Company since August 16, 2016.

**Mrs. Rama Kohli**, aged 45 years, is a Non Executive and Independent Director of our Company. She holds a Bachelor’s Degree in Science from Pt. Ravishankar Shukla University, Raipur. She has also completed her PGDBM from Pt. Ravishankar University, Raipur. She is currently undertaking various management advisory activities. She is appointed as a Non Executive Independent Director of our company since August 24, 2016.

**Mr. Chetan Kumar**, aged 52 years, is a Non Executive and Independent Director of our Company. He is qualified Chartered Accountant. He has over 28 years of experience in various industries as an advisor. He has worked with different companies at various levels and in various departments, he started his career with Media Transasia India Ltd (Publishing House doing Inflight Magazine for Indian Airlines and Air India) and thereafter he worked with many companies as an advisor and presently working as Management Consultant advising on strategic decisions to clients and also involved in NGO work, school in Patna etc. He has been on the Board of our Company since August 24, 2016.

### **Confirmations**

We confirm that:

1. None of the above mentioned Directors are on the RBI List of willful defaulters as on the date of filing of this Prospectus.
2. Except for Mr. Anoop Kumar Bansal and Mr. Kishore Kumar Bansal, who are related as brother, none of our Directors are related to each other.
3. 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 or members of the senior management.
4. There are no service contracts entered into by the directors with our Company providing for benefits upon termination of employment.
5. None of our Directors is / was a Director in any listed company, during the last 5 (five) years preceding the date of filing of the Draft Prospectus and until date, whose shares have been / were suspended from being traded on the BSE and / or NSE, during the term of their directorship in such company.
6. None of our Directors is / was a Director of any listed company which has been / was delisted from any Stock Exchange, during the term of their directorship in such company.
7. None of the Promoters, Persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.

### **Nature of Family relationship among Directors**

None of the Directors are related to each other except Mr. Anoop Kumar Bansal and Mr. Kishore Kumar Bansal are brothers.

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

Pursuant to a special resolution passed at Extra Ordinary General Meeting of our Company held on August 26, 2016, consent of the members of our Company was accorded to the Board of Directors of our Company pursuant to Section 180 (1)(c) and (2) of the Companies Act, 2013 (previously Section 293 (1)(d) of the Companies Act, 1956) for borrowing from time to time any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) may exceed in the aggregate, the paid-up capital of our Company and its free reserves, provided however, the total amount so borrowed in excess of the aggregate of the paid-up capital of our Company and its free reserves shall not at any time exceed Rs. 25.00 Crores.

### **Compensation to Managing Director and Whole-time Directors**

The compensation payable to our Managing Director and Whole-time Directors will be governed as per the terms of their appointment and shall be subject to the provisions of Sections 2 (54), 2(94), 188, 196, 197, 198 and 203 and any other applicable provisions of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof or any of the provisions of the Companies Act, 1956, for the time being in force).

**The following compensation has been approved for Managing Director and Whole Time Directors:**

***Mr. Anoop Kumar Bansal***

Mr. Anoop Kumar Bansal was appointed as the Director of our Company since incorporation and was appointed as the Managing Director of our Company pursuant to a Board resolution dated August 12, 2016 and shareholders resolution passed at an AGM of our Company held on August 20, 2016.

<b>Present Designation</b>	Chairman & Managing Director
<b>Term</b>	For a period of three years w.e.f. August 21, 2016
<b>Present Remuneration &amp; Perquisites</b>	<p>Basic Salary of Rs. 3,00,000/-per month</p> <p>In case of absence or inadequacy of profits in any financial year, the aforesaid remuneration and perquisites shall be paid to him as minimum remuneration.</p> <p>Notwithstanding anything above, if in any financial year during the currency of the tenure of Mr. Anoop Kumar Bansal as its Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above subject to compliance with the applicable provisions of Schedule V to the Companies Act, 2013, if and to the extent necessary, with the approval of the Central Government.</p>
<b>Remuneration paid during the FY ended 31-3-2016 as director</b>	Rs. 39,00,000/-

***Mr. Sanjay Shah***

Mr. Sanjay Shah was appointed as the Director of our Company since incorporation and was appointed as the Whole Time Director of our Company pursuant to a Board resolution dated August 24, 2016 and shareholders resolution passed at an EGM of our Company held on August 26, 2016.

<b>Present Designation</b>	Whole Time Director
<b>Term</b>	For a period of three years w.e.f. August 24, 2016
<b>Present Remuneration &amp; Perquisites</b>	<p>Basic Salary of Rs. 3,00,000/-per month</p> <p>In case of absence or inadequacy of profits in any financial year, the aforesaid remuneration and perquisites shall be paid to him as minimum remuneration.</p> <p>Notwithstanding anything above, if in any financial year during the currency of the tenure of Mr. Sanjay Shah, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above subject to compliance with the applicable provisions of Schedule V to the Companies Act, 2013, if and to the extent necessary, with the approval of the Central Government.</p>
<b>Remuneration paid during the FY ended 31-3-2016 as Director</b>	Rs. 39,00,000/-

***Mr. Mayur Bhatt***

Mr. Mayur Bhatt was appointed as the Whole Time Director of our Company pursuant to a Board resolution dated August 12, 2016 and shareholders resolution passed at an AGM of our Company held on August 20, 2016.

<b>Present Designation</b>	Whole Time Director
<b>Term</b>	For a period of three years w.e.f. August 21, 2016
<b>Present Remuneration as Whole Time Director &amp; Perquisites</b>	<p>Basic Salary of Rs. 1,00,000/- per month</p> <p>In case of absence or inadequacy of profits in any financial year, the aforesaid</p>

	remuneration and perquisites shall be paid to him as minimum remuneration.  Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of Mr. Mayur Bhatt, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above subject to compliance with the applicable provisions of Schedule V to the Companies Act, 2013, if and to the extent necessary, with the approval of the Central Government.
<b>Remuneration paid during the FY ended 31-3-2016 as Director</b>	Nil

#### **Payment or benefit to non-executive / independent directors of our company**

Our Non-executive and Independent Directors are entitled to be paid a sitting fee up to the limits prescribed by the Companies Act, 2013 and the rules made thereunder and actual travel, boarding and lodging expenses for attending the Board or committee meetings. They may also be paid commissions and any other amounts as may be decided by the Board in accordance with the provisions of our Articles of Association, the Companies Act, 2013 and any other applicable Indian laws and regulations.

Pursuant to a resolution of our Board dated August 24, 2016, our Non-executive, Independent Directors are entitled to sitting fees of Rs.10,000 for attending each meeting of our Board and each meeting of the committees of our Board. Our Company does not pay any remuneration/sitting fees to any of our Non-Executive Directors and Independent Directors during the FY ended 31.3.2016.

#### **Shareholding details of the directors in our company**

As per the Articles of Association of our Company, a Director is not required to hold any qualification shares. The following table details the shareholding of our Directors as on the date of this Draft Prospectus:

<b>Name of the Director</b>	<b>No. of Equity Shares</b>	<b>Pre-Issue Percentage of Shareholding</b>
Mr. Anoop Kumar Bansal	11,45,250	9.47
Mr. Kishore Kumar Bansal	7,41,000	6.13
Mr. Sanjay Shah	5,35,950	4.43
Mr. Mayur Bhatt	4,54,050	3.76

#### **Interest of directors**

Managing and Whole time Directors of our Company may be deemed to be interested to the extent of remuneration paid to them for the services rendered by them and/or reimbursement of expenses payable to them as per the applicable laws, and the Articles of Association. Further, our Non-Executive and Independent Directors are entitled to receive sitting fees for attending meetings of our Board/Committee within the limits laid down in the Companies Act and as decided by our Board.

All the Directors may also be deemed to be interested in the Equity Shares of our Company, if any, held by them, their relatives or by the companies or firms or trusts in which they are interested as directors / members / partners or trustees that may be subscribed for and allotted to them, out of the present Issue and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any Company in which they hold Directorships or any partnership firm in which they are partners. For further details, please refer to the chapter titled “*Related Party Transactions*” beginning on page 137 of this Draft Prospectus.

Our Directors may also be regarded interested to the extent of dividend payable to them and other distributions in respect of the Equity Shares, if any, held by them or by the companies / firms / ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as Directors,



members, partners and Promoters, pursuant to this Issue. For further details, please refer to the chapter titled “*Related Party Transactions*” beginning on page 137 of this Draft Prospectus.

Our Directors Mr. Anoop Kumar Bansal, Mr. Kishore Kumar Bansal and Mr. Sanjay Shah are also interested to the extent of being Promoter of our Company. For further details please refer section titled “*Our Promoters and Promoter Group*” on page 125 of this Draft Prospectus.

Except as stated otherwise in this Draft Prospectus, our Company has not entered into any contract, agreements or arrangements during the preceding 2 (two) years from the date of this Draft Prospectus in which our Directors are interested directly or indirectly and no payments have been made to them in respect of such contracts, agreements or arrangements. For further details, please refer to chapter titled “*Financial Information*” beginning on page 139 of this Draft Prospectus. Our Directors do not have any interest in any property acquired by our Company within 2 (two) years from the date of this Prospectus or proposed to be acquired by our Company.

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

The changes in the Directors during last three years are as follows:

Name	Date of appointment	Date of cessation	Reason
Mr. Kishore Kumar Bansal	16-08-16	-	Change in Designation
Mr. Anoop Kumar Bansal	21-08-16	-	Change in Designation
Mr. Mayur Bhatt	21-08-16	-	Appointment
Mr. Sanjay Shah	24-08-16	-	Re-appointment
Ms. Rama Kohli	24-08-16	-	Appointment
Mr. Chetan Kumar	24-08-16	-	Appointment

### Corporate Governance

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. We have complied with the requirements of the applicable regulations, including the Listing Agreement to be executed with the Stock Exchange and the SEBI Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board’s supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Currently our Board has Six (6) Directors. We have a Board constituted in compliance with the Companies Act and the Listing Agreement in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

The following committees have been formed in compliance with the corporate governance norms:

- A) Audit committee
- B) Nomination & Remuneration committee
- C) Stakeholder relationship committee

#### A) Audit Committee

Our Company has constituted an audit committee (“*Audit Committee*”), as per the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, vide resolution passed in the meeting of the Board of Directors held on August 24, 2016.

The terms of reference of Audit Committee complies with the requirements of Regulation 18(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The committee presently comprises following three (3) directors.

Sr. No.	Name of the Director	Status	Nature of Directorship
1.	Chetan Kumar	Chairman	Non-Executive & Independent Director
2.	Rama Kohli	Member	Non-Executive & Independent Director

3.	Kishore Kumar Bansal	Member	Non-Executive Director
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### **Role of Audit Committee**

The terms of reference of the Audit Committee are given below:

1. Oversight of the company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Providing recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the company and the fixation of audit fee;
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, as amended
  - 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; and
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, half-yearly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the statutory auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transaction 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, and 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. 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. Review the functioning of the whistle blower mechanism;
19. Approval of appointment of the chief financial officer after assessing the qualifications, experience and background etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference;

### ***The Audit Committee also reviews the following information:***

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

(a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **B) Nomination & Remuneration Committee**

Our Company has constituted a Nomination & Remuneration committee ("**Nomination & Remuneration Committee**") vide resolution passed at the meeting of the Board of Directors held on August 24, 2016. The committee currently comprises of three (3) Directors

Sr. No.	Name of the Director	Status	Nature of Directorship
1.	Chetan Kumar	Chairman	Non-Executive & Independent Director
2.	Rama Kohli	Member	Non-Executive & Independent Director
3.	Kishore Kumar Bansal	Member	Non-Executive Director

The scope, functions and the terms of reference of the Nomination and Remuneration Committee is in accordance with the Section 178 of the Companies Act, 2013 read with Regulation 19 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Set forth below are the terms of reference of our Nomination and Remuneration Committee.

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of independent directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. Our Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report;
- Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

#### **C) Stakeholder Relationship Committee**

Our Company has constituted a Stakeholder Relationship Committee ("**Stakeholder Relationship Committee**") to redress the complaints of the shareholders. The Stakeholder Relationship Committee was constituted vide resolution passed at the meeting of the Board of Directors held on August 24, 2016. The committee currently comprises of three (3) Directors.

Sr. No.	Name of the Director	Status	Nature of Directorship
1.	Chetan Kumar	Chairman	Non-Executive & Independent Director
2.	Rama Kohli	Member	Non-Executive & Independent Director
3.	Kishore Kumar Bansal	Member	Non-Executive Director

The terms of reference of Stakeholder Relationship Committee is in accordance with the Section 178 of the Companies Act, 2013 read with Regulation 20 and Part D of Schedule II of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Role of Stakeholder Relationship Committee**

- Considering and resolving the grievances of security holders of the Company, including complaints related to transfer of shares, non-receipt of Annual Reports, non-receipt of declared dividends or any other documents or information to be sent by the Company to its shareholders etc.
- Allotment, transfer of shares including transmission, splitting of shares, changing joint holding into single holding and vice versa, issue of duplicate shares in lieu of those torn, destroyed, lost or defaced or where the cages in the reverse for recording transfers have been fully utilized.
- Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc. and

4. Review the process and mechanism of redressal of shareholders/Investors grievance and suggest measures of improving the system of redressal of shareholders/Investors grievances.
5. Non-receipt of share certificate(s), non-receipt of declared dividends, non-receipt of interest/dividend warrants, non-receipt of annual report and any other grievance/complaints with company or any officer of the company arising out in discharge of his duties.
6. Oversee the performance of the Registrar & Share Transfer Agent and also review and take note of complaints directly received and resolved them.
7. Oversee the implementation and compliance of the code of conduct adopted by the company for prevention of Insider Trading for Listed Companies as specified in the Securities & Exchange Board of India(Prohibition of Insider Trading) Regulations, 1992 as amended from time to time.
8. Any other power specifically assigned by the Board of Directors of the Company from time to time by way of resolution passed by it in a duly conducted meeting
9. Carrying out any other function contained in the Listing Regulations as and when amended from time to time.

#### **Policy on Disclosures and Internal Procedure for Prevention of Insider Trading**

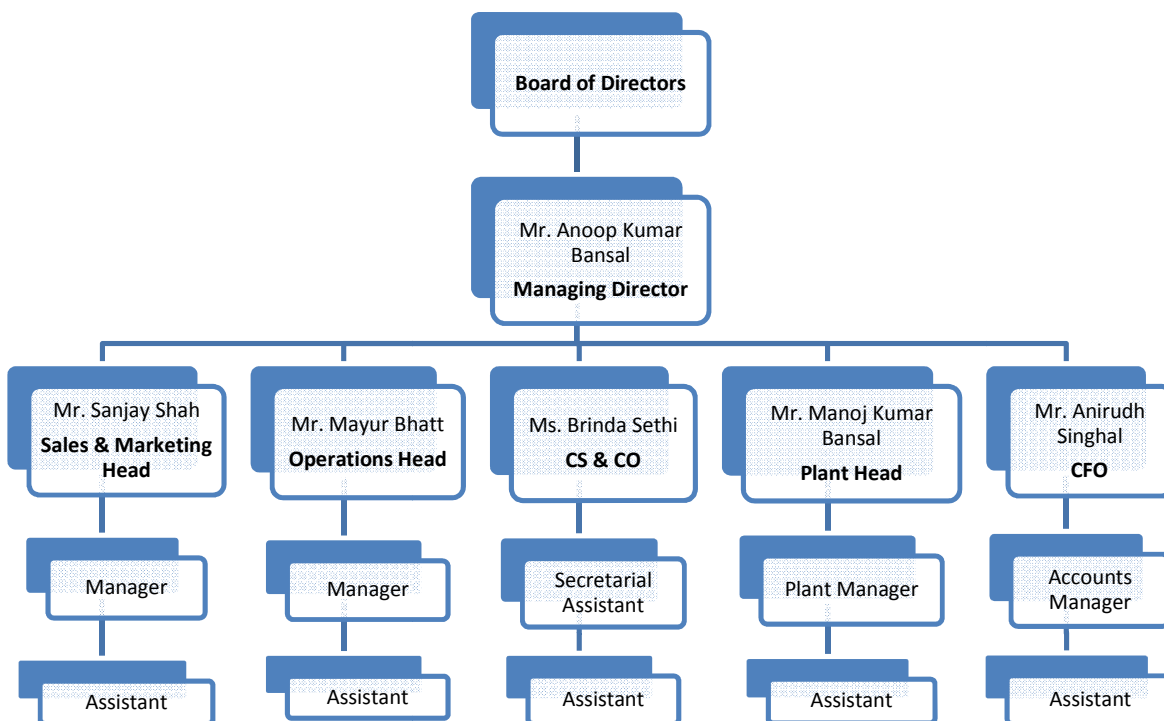
Our Company undertakes to comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 after listing of our Company's shares on the Stock Exchange. Our Company Secretary and Compliance Officer, Ms. Brinda Sethi is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

#### **Our Company has adopted following policies:**

1. Code of conduct
2. Code of practices and Procedures for fair disclosure of unpublished price sensitive information
3. Whistle Blower Policy and Vigil Mechanism
4. Related Party Transaction Policy
5. Policy for preservation of documents and archival of documents
6. Policy for prevention of sexual harassment

## ORGANISATION STRUCTURE

The following chart depicts our Management Organization Structure:



## OUR KEY MANAGERIAL PERSONNEL

Set forth below are the details of our key managerial personnel in addition to our Chairman and Managing Director and the Whole-time Directors as on the date of this Draft Prospectus. For details of our Managing Director and the Whole-time Directors, please refer “*Our Management*” on page 113 of this Draft Prospectus.

### Brief Profile of Key Managerial Personnel:

**Mr. Anirudh Singhal**, aged 29 years, is the Chief Financial Officer of our Company. He also holds a degree in Bachelor of Commerce from the University of Delhi. He is also a qualified Chartered Accountant since 2010. Prior to joining our Company, he worked with M/s Anil Singhal & Associates, Chartered Accountants as a partner for five years. He has an overall experience of approximately six years, in fields finance, auditing & taxation, merger, acquisition etc. His responsibilities in our Company include overseeing the corporate finance, accounts, statutory audit, financial projections of our Company. He looks after the day today accounting system, tax and other liaisoning work with various government authorities. He was appointed on August 04, 2016. His gross salary is Rs. 12.00 Lacs p.a.

**Ms. Brinda Sethi**, aged 27 years is Company Secretary & Compliance Officer of our Company. She is a qualified Company Secretary and an associate member of the Institute of Company Secretaries of India. Prior to joining our Company, she worked with Amorphos Chemicals Private Limited. She has joined our Company on May 06, 2016. She is currently responsible for the secretarial and legal compliances and other matters related thereto of our Company. Her gross salary is Rs. 1.44 Lacs p.a.

### Status of Key Managerial Personnel

All the persons named as our Key Managerial Personnel above are the permanent employees of our Company.

### Nature of family relationship

The Key Managerial Personnel mentioned hereinabove are not related parties to each other except as stated below:

- i. Mr. Anirudh Singhal (CFO) is the nephew of Mr. Anoop Kumar Bansal.

### Arrangements and Understanding with Major Shareholders

There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned Key Managerial Personnel have been recruited.

### Shareholding of the Key Managerial Personnel

As on date of this Draft Prospectus, our key managerial personnel hold the following number of Equity Shares of our Company:

Name	No. of Equity Shares Held (Pre-Issue)	Percentage of Shareholding(in%)
Mr. Anoop Kumar Bansal	11,45,250	9.47
Mr. Sanjay Shah	5,35,950	4.43
Mr. Mayur Bhatt	4,54,050	3.76
Mr. Anirudh Singhal	Nil	Nil
Ms. Brinda Sethi	Nil	Nil

### Bonus or profit sharing plan for the key managerial personnel

There is no profit sharing plan for the Key Managerial Personnel. Our Company makes bonus payments to the employees based on their performances, which is as per their terms of appointment.

### Loans to key managerial personnel

There is no outstanding loan against key managerial personnel as on date.

### Interest of key managerial personnel

Except for Anoop Kumar Bansal who is one of the Promoter, Chairman and Managing Director of our Company, Sanjay Shah and Mayur Bhatt who are the whole-time directors of our Company, the Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in our Company, if any. The key managerial personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, if any.

Except as disclosed in this Draft Prospectus, none of our key managerial personnel have been paid any consideration of any nature from our Company, other than their remuneration.

### **Changes in key managerial personnel of our company during the last three (3) years**

For details of changes in our Chairman and Managing Director and the Whole-time Directors during the last three years, see “*Our Management*” page 113 of this Draft Prospectus. Set forth below are the changes in our key managerial personnel in the last three years immediately preceding the date of this Draft Prospectus.

<b>Name</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>Reason</b>
Ms. Brinda Sethi	06-05-2016	-	Appointment
Mr. Anirudh Singhal	04-08-2016	-	Appointment

### **Employees Stock Option Scheme**

Our Company does not have any Employee Stock Option Scheme/ Employee Stock Purchase Scheme as on the date of filing of this Draft Prospectus.

### **Payment or benefit to our officers**

Except for the payment of normal remuneration for the services rendered in their capacity as employees of our Company, no other amount or benefit has been paid or given within the two (2) preceding years or intended to be paid or given to any of them.

### **Employees**

The details about our employees appear under the Paragraph titled “*Human Resource*” beginning on page 98 of this Draft Prospectus.




## OUR PROMOTERS AND PROMOTER GROUP

The Promoters of our Company are:

1. Mr. Anoop Kumar Bansal
2. Mr. Manoj Kumar Bansal
3. Mr. Kishore Kumar Bansal
4. Mr. Sanjay Shah


Details of our Promoters

### 1. Mr. Anoop Kumar Bansal

	<p><b>Mr. Anoop Kumar Bansal</b>, aged 49 years, is the Chairman and Managing Director and one of the Promoters of our Company. He has completed his Bachelors in Commerce (B.Com) from Nagpur University. He has more than 20 years of experience in the business and industry. He is currently involved in the supervision of our Company. He conceptualized several innovative commercial ideas and implementation of the same has resulted into the huge success in our Company. For further information please refer under head titled “<i>Our Management</i>” on page 113 of this Draft Prospectus.</p>
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<b>Address</b>	House No. 40, Sunder Nagar, Bhilai - 490023, Chhattisgarh, India
<b>Occupation</b>	Business
<b>Permanent Account Number</b>	ADDPB1909K
<b>Passport Number</b>	G2258208
<b>Name of Bank &amp; Bank Account Details</b>	State Bank of India, Bhilai, Account No.- 20076216479
<b>Driving License Number(Learner)</b>	CG07/0021016/2016
<b>Voter Identification Card Number</b>	MP/21/162/195473
<b>Equity Shares held in our Company</b>	11,45,250 constituting to 9.47% of pre-issue capital
<b>Interest in other Entities</b>	<b>Other Ventures:-</b> <ol style="list-style-type: none"> <li>1. Anoop Kumar Bansal (HUF)</li> <li>2. Desh Raj Bansal (HUF)</li> <li>3. M/s Bansal Brothers</li> </ol>

### 2. Mr. Manoj Kumar Bansal

	<p><b>Mr. Manoj Kumar Bansal</b> aged 55 years, is the Promoter and Plant Head of our Company. He has completed his Bachelors in Science (B.Sc.), Masters in Arts (M.A) and LLB from Ravishankar University, Raipur. He has more than 40 years of experience in this business and industry. As the Promoter of our Company, he is involved in the business operations and marketing activities of our Company. He liaises with various departments of the government and is also responsible for formulating and implementing the business plans.</p>
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<b>Address</b>	House No. 40, Sunder Nagar, Near Goal Market, Vaishali Nagar, Bhilai - 490023, Chhattisgarh, India
<b>Occupation</b>	Business
<b>Permanent Account Number</b>	ADDPB1908J
<b>Passport Number</b>	H5311192
<b>Name of Bank &amp; Bank Account Details</b>	State Bank of India, Bhilai, Account No.- 20076216424
<b>Driving License Number</b>	CG0720150011289
<b>Voter Identification Card Number</b>	ZJY1203074
<b>No. of Equity Shares held in our Company</b>	37,82,700 constituting to 31.29% of pre-issue capital
<b>Interest in other Entities</b>	<b>Other Ventures:-</b> <ol style="list-style-type: none"> <li>1. Manoj Kumar Bansal (HUF)</li> <li>2. Desh Raj Bansal (HUF)</li> </ol>

### 3. Mr. Kishore Kumar Bansal

	<b>Mr. Kishore Kumar Bansal</b> aged 48 years, is the Promoter and Non Executive Director of our Company. He is an under metriculate. He has over 20 years of experience in the metals trading business and industry.. For further information please refer under head titled “ <i>Our Management</i> ” on page 113 of this Draft Prospectus.
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<b>Address</b>	House No. 40, Sunder Nagar, Near Goal Market, Vaishali Nagar, Bhilai - 490023, Chhattisgarh, India
<b>Occupation</b>	Business
<b>Permanent Account Number</b>	ADDPB1907H
<b>Passport Number</b>	F9318689
<b>Name of Bank &amp; Bank Account Details</b>	State Bank of India, Bhilai, Account No.- 20076216480
<b>Driving License Number</b>	CG0719920011283
<b>Voter Identification Card Number</b>	MP/21/162/195477
<b>No. of Equity Shares held in our Company</b>	7,41,000 constituting to 6.13% of pre-issue capital
<b>Interest in other Entities</b>	<b>Other Ventures:-</b> 1. Kishore Kumar Bansal (HUF) 2. Desh Raj Bansal (HUF) 3. M/s Bansal Brothers

### 4. Mr. Sanjay Shah

	<b>Mr. Sanjay Shah</b> , aged 54 years, is the Whole Time Director and one of the Promoters of our Company. He has completed his first year of Bachelors in Commerce, from Madras University. He has more than 10 years of experience in the business and industry and he is heading the Sales & Marketing division of our Company. He is also involved in oversight of the day-to-day affairs of the Company, as a whole time Director. For further information please refer under head titled “ <i>Our Management</i> ” on page 113 of this Draft Prospectus.
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<b>Address</b>	M-21, Nandanwan Colony, Hasanbagh Road, Nagpur – 440009, Maharashtra, India
<b>Occupation</b>	Business
<b>Permanent Account Number</b>	AHAPS4933R
<b>Passport Number</b>	Z2730974
<b>Name of Bank &amp; Bank Account Details</b>	State Bank of India, Nagpur, Account No.-30404802811
<b>Driving License Number</b>	MH3119810001159
<b>Voter Identification Card Number</b>	UOA7430739
<b>No. of Equity Shares held in our Company</b>	5,35,950 constituting to 4.43% of pre-issue capital
<b>Interest in other Entities</b>	<b>Other Ventures:-</b> Chamanlal Khushal Shah (HUF)

Our Company undertakes that the details of Permanent Account Number, bank account number and passport number of the Promoters will be submitted to the SME platform of BSE Limited, where the securities of our Company are proposed to be listed at the time of submission of Draft Prospectus.

#### Common pursuits

Our Promoters have not promoted any Promoter Group / Group Companies which are engaged in the line of business similar to our Company as on the date of this Draft Prospectus.

### **Interest of the Promoters**

Our promoters are interested in our Company to the extent that they have promoted the Company, to the extent of their shareholding, for which they are entitled to receive the dividend declared, and other distribution in respect of Equity Shares if any, by our Company. For details on shareholding of our Promoter in our Company, refer sections “*Capital Structure*” and “*Our Management*” on pages 46 and 113, respectively of this Draft Prospectus.

Further, our Promoters who are also our Directors may be deemed to be interested to the extent of fees, remuneration and/or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act, terms of the Articles and their terms of appointment.

Except as stated herein and as stated in “*Related Party Transactions*” appearing under section titled “*Financial Information*” on page 139 of this Draft Prospectus, we have not entered into any contract, agreements or arrangements in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Our Promoters may also be interested to the extent of unsecured loans granted to our Company and to the extent of giving personal guarantees as security in relation to certain loans availed by our Company. Further they may be deemed to be interested to the extent of transactions carried on / payment made by our Company to the companies in which they are Promoter and/or Directors. For further details, please refer “*Related Party Transactions*” and “*Statement of Financial Indebtedness*” on pages 137 and 165, respectively of this Draft Prospectus.

### **Interest in the property of our Company**

Our Promoter have confirmed that they do not have any interest in any property acquired by our Company within two years preceding the date of this Draft Prospectus or proposed to be acquired by our Company as on the date of this Draft Prospectus.

Our promoter may be interested to the extent of rent being paid by our company to them and /or to their relatives for the premises being occupied by the company. For further details please refer chapter titled “*Our Business*” and “*Financial Information*” beginning on pages 88 and 139 of this Draft Prospectus.

### **Payment amounts or benefit to our Promoters during the last two years**

Except as stated in “*Annexure XXVII – Related Party Transactions*” on page 162 of this Draft Prospectus, there has been no payment of benefits to our Promoter during the two years preceding the date of this Draft Prospectus.

### **Group Company**

For details of our group entities, please refer “*Our Group Companies/Entities*” on page 130 of this Draft Prospectus.

### **Confirmations**

Our Promoters and members of our Promoter Group have confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

As on the date of this Draft Prospectus, our Promoters and members of our Promoter Group are not and have not ever been prohibited from accessing or operating in the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

Further, none of our Promoters was or is a promoter or person in control of any other company that is or has ever been debarred from accessing the capital markets under any order or direction made by SEBI or any other authority. Our Promoters are not interested in any entity which holds any intellectual property rights that are used by our Company.

**Disassociation with Companies/Firms by the Promoters of our Company during the preceding three (3) Years**

Our Promoters has not disassociated themselves from any companies, firms or entities during the last three years preceding the date of this Draft Prospectus.

**Other ventures of our Promoters**

Save and except as disclosed in the section titled “*Our Promoters and Promoter Group*” & “*Our Group Companies / Entities*” beginning on page 125 & 130 respectively of this Draft Prospectus, there are no ventures promoted by our Promoters in which they have any business interests/ other interests.

**Outstanding Litigation details pertaining to our Promoters**

For details relating to legal proceedings involving the Promoters/Promoters Group/Group Entities, please refer to the section titled “*Outstanding Litigations and Material Developments*” beginning on page 182 of this Draft Prospectus.

**Shareholding of the Promoters and Promoter Group in our Company**

Except as disclosed in “Capital Structure”, none of our Promoters and Promoter Group holds any Equity Shares in our Company as on the date of filing of this Draft Prospectus.

**Related Party Transactions**

For the transactions with our Promoter Group and Group Company/entities, please refer to section titled “*Related Party Transactions*” on page 137 of this Draft Prospectus.

Except as stated in “*Related Party Transactions*” on page 137 of this Draft Prospectus, and as stated therein, our Promoters or any of the Promoter Group Entities do not have any other interest in our business.

### Our Promoter Group

**A. In addition to the Promoters named above, the following natural persons are part of our Promoter Group in terms of Regulation 2(1) (zb) (ii) of SEBI (ICDR) Regulations, 2009:**

Relationship	Mr. Anoop Kumar Bansal	Mr. Kishore Kumar Bansal	Mr. Manoj Kumar Bansal	Mr. Sanjay C. Shah
Spouse	Sanju Bansal	Kirti Bansal	Simmi Bansal	Shalini Shah
Father	Late Desh Raj Bansal	Late Desh Raj Bansal	Late Desh Raj Bansal	Late Chamanlal Shah
Mother	Pushpa Bansal	Pushpa Bansal	Pushpa Bansal	Champaben Shah
Son(s)	Samarth Bansal	Deevyansh Bansal	Sarthak Bansal	Siddharth Shah, Sagar Shah
Daughter	Sanvi Bansal	Shreya Bansal	Sakshi Bansal	-
Brother(s)	Manoj Kumar Bansal, Kishore Kumar Bansal	Manoj Kumar Bansal, Anoop Kumar Bansal	Anoop Kumar Bansal, Kishore Kumar Bansal	-
Sister(s)	Neelam Singhal, Rachna Agarwal	Neelam Singhal, Rachna Agarwal	Neelam Singhal, Rachna Agarwal	-
Spouse Father	Late Din Dayal Gupta	Ram Kumar Agrawal	Late Ramesh Gupta	Subhash Agrawal
Spouse Mother	Late Chameli Devi Gupta	Beena Agrawal	Late Sita Gupta	Kshama Agrawal
Spouse Brother(s)	Subhash Gupta, Surendar Kumar Gupta	Vinod Kumar Agrawal, Pramod Kumar Agrawal	Sanjay Gupta	-
Spouse Sister(s)	Shashi Parbha, Anju Agrawal, Manju Jindal, Bimla Singhal	Savita Gupta	Renu Aggarwal, Richa Gupta	Garima Shah, Shivani

**B. Our Promoter Group as defined under Regulation 2 (1) (zb) (iv) of the SEBI (ICDR) Regulations, 2009 includes following entities:**

<u>Nature of Relationship</u>	<u>Entity</u>
Any body corporate in which ten percent or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or (HUF) in which the promoter or any one or more of his immediate relative is a member.	1. Sarthak Energy Private Limited 2. Metal- Grace Injection Alloys Private Limited
Any body corporate in which a body corporate as provided above holds ten percent or more of the equity share capital	-
Any (HUF) or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten percent of the total	1. M/s Bansal Brothers (Partnership Firm) 2. Manoj Kumar Bansal (HUF) 3. Anoop Kumar Bansal (HUF) 4. Kishore Kumar Bansal (HUF) 5. Desh Raj Bansal (HUF) 6. Chamanlal Khushal Shah (HUF)

## **OUR GROUP COMPANIES / ENTITIES**

As per the requirement of the SEBI (ICDR) Regulations, for the purpose of identification of ‘group companies’, our Company considered Companies as covered under the applicable accounting standards (i.e. Accounting Standard 18 issued by the Institute of Chartered Accountants of India) and such other Companies as considered material by our Board. Pursuant to policy approved in the meeting of the Board of Director of Company held on August 24, 2016, the group Companies shall be considered to be material if such Companies as covered under the applicable accounting standards (i.e. Accounting Standard 18 issued by the Institute of Chartered Accountants of India) and such company forms part of the Promoter Group of our Company in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations, and companies in which, the investment in the form of equity or loan by our Company exceeds 10% of the net worth of our Company for the last audited financial year, and where our Company has entered into one or more transactions with such company in the last audited financial year, cumulatively exceeding 5% of the total revenue of our Company for the last audited financial year.

### **Details of Group Companies/Entities**

Unless otherwise specified, all information in this chapter is as of the date of this Draft Prospectus. No equity shares of any of our Group Companies/Entities are listed on any stock exchange and they have not made any public or rights issue of securities in the preceding three years.

The following are our Group Companies/ Entities:

- **Group Companies**
  1. Sarthak Energy Pvt. Limited
  2. Metal-Grace Injection Alloys Private Limited
- **Partnership Firm**
  3. M/s Bansal Brothers
- **(HUF)s**
  4. Manoj Kumar Bansal (HUF)
  5. Anoop Kumar Bansal (HUF)
  6. Kishore Kumar Bansal (HUF)
  7. Desh Raj Bansal (HUF)
  8. Chamanlal Khushal Shah (HUF)

### **1. Sarthak Energy Private Limited (herein after known as “SEPL”)**

<b>Date of Incorporation</b>	July 06, 1999		
<b>Nature of Activity:</b>	The Company is in the business of Generation of Power through Solar & Other Means and other related activities.		
<b>CIN</b>	U40300DL1999PTC100555		
<b>PAN</b>	AACCC4124E		
<b>Registered Office Address</b>	1304 Pragati Tower, 26 Rajendra Place, New Delhi- 110008, India		
<b>Board of Directors</b>	<ol style="list-style-type: none"> <li>1. Manoj Kumar Bansal</li> <li>2. Gaurav Agarwal</li> </ol>		
	<i>(Rs. in Lacs, except per share data)</i>		
<b>Audited Financial Information</b>	<b>For The Year Ended</b>		
	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>
<b>Equity Capital (Face Value Rs. 10/-)</b>	304.36	296.45	136.19
<b>Reserves and Surplus</b>	385.16	303.71	196.47
<b>Networth</b>	689.52	600.16	332.66
<b>Income including other income</b>	217.24	91.96	22.06
<b>Profit/ (Loss) after tax</b>	71.37	(128.19)	(137.42)
<b>Earnings per share</b>	2.34	(4.32)	(9.40)
<b>Net asset value per share (Rs. )</b>	22.65	20.24	22.76

Shareholding Pattern as on the date of this Draft Prospectus is as follows:

S. No.	Name of the Equity Shareholder	No. of Equity Shares held	% age of Shareholding
1.	Kishore Kumar Bansal	8,74,239	28.26
2.	Anoop Kumar Bansal	8,06,758	26.08
3.	Manoj Kumar Bansal	4,52,253	14.62
4.	Sarthak Metals Marketing Pvt. Limited	2,80,000	9.05
5.	Mayur Bhatt	1,41,648	4.58
6.	Sapna Bansal	1,12,928	3.65
7.	Krishan Kumar Bansal	69,895	2.26
8.	Nita Jain	44,150	1.43
9.	Ashish Handa	35,164	1.14
10.	Neelam Singhal	35,011	1.13
11.	Karam Narain Verma	35,000	1.13
12.	Sarla Rani	31,250	1.01
13.	Madhav Bhaskar Rao	25,000	0.81
14.	Parvesh Gupta	25,000	0.81
15.	Shyam Sunder Gupta	25,000	0.81
16.	Liladhar Pant	21,978	0.71
17.	Anirudh Singhal	15,500	0.50
18.	Vikas Singhal	13,245	0.43
19.	Anil Singhal (HUF)	10,772	0.35
20.	Jaya Bhatt	17,581	0.57
21.	Sharat Chandra Bahugana	8,791	0.28
22.	R Dayal	6,666	0.22
23.	Anil Singhal	5,386	0.17
24.	Simmi Bansal	100	(Negligible)
25.	Pushpa Bansal	100	(Negligible)
26.	Anoop Kumar Bansal ((HUF))	100	(Negligible)
27.	Manoj Kumar Bansal (HUF)	100	(Negligible)
<b>Total</b>		<b>30,93,615</b>	<b>100.00</b>

Nature and extent of interest of our Promoters:

S. No	Name of the Equity Shareholder	No. of Equity Shares held	% age of Shareholding
1.	Kishore Kumar Bansal	874,239	28.26
2.	Anoop Kumar Bansal	806,758	26.08
3.	Manoj Kumar Bansal	452,253	14.62
	<b>Total</b>	<b>21,33,250</b>	<b>68.96</b>

\* Manoj Kumar Bansal is also the director in SEPL

## 2. Metal-Grace Injection Alloys Private Limited (herein after known as “MGIAPL”)

<b>Date of Incorporation</b>	September 04, 2001
<b>Nature of Business:</b>	The Company is in the business of Trading of all kinds of metal including ferrous and non ferrous material & Other related activities.
<b>CIN</b>	U27106CT2001PTC014800
<b>PAN</b>	AADCM8726D
<b>Registered Office Address</b>	B.B.C Colony, G.E. Road, P.O. Khursipar, Bhilai - 490 011, Chhattisgarh, India
<b>Board of Directors</b>	1. Manoj Kumar Bansal 2. Gaurav Singhal
	<i>(Rs. in Lacs, except per share data)</i>
<b>Audited Financial Information</b>	<b>For The Year Ended</b>



	March 31, 2016	March 31, 2015	March 31, 2014
<b>Equity Capital (Face Value Rs. 10/-)</b>	38.84	38.84	38.67
<b>Reserves and Surplus</b>	92.78	90.03	87.52
<b>Networth</b>	131.62	128.86	126.19
<b>Income including other income</b>	11.78	11.11	9.20
<b>Profit/ (Loss) after tax</b>	2.75	2.17	1.43
<b>Earnings per share</b>	0.71	0.56	0.37
<b>Net asset value per share (Rs.)</b>	33.89	33.18	32.63

Shareholding Pattern as on the date of this Draft Prospectus is as follows:

S. No.	Name of the Shareholders	No. of Shares held	% age of Shareholding
1	Naresh Bansal	64,000	16.48
2	Prashant Kumar Shrivastava	49,100	12.64
3	Manoj Kumar Bansal	42,000	10.81
4	Sarthak Energy Pvt. Ltd	37,000	9.53
5	Anirudh Singhal	17,000	4.38
6	Ankur Jain	12,500	3.22
7	Harish Malik	11,250	2.90
8	V. D. Bhatt	10,000	2.57
9	Deepak Choudhary	10,000	2.57
10	Sunita Shrivastava	10,000	2.57
11	Karamnarayan Verma	10,000	2.57
12	Sameer Bansal	9,000	2.32
13	Amit Bhatt	7,000	1.80
14	Prashant Bheite	5,000	1.29
15	Saroj Malik	5,000	1.29
16	Ashok Shah	4,900	1.26
17	Suresh Jain	4,900	1.26
18	Ketan Shah	4,900	1.26
19	Bimal Jain	4,900	1.26
20	Bipin Bhai Shah	4,500	1.16
21	Bharat Bhai Shah	4,500	1.16
22	Girish D Lallan	4,500	1.16
23	Naresh Bhai Shah	4,500	1.16
24	Madhusudan Kothari	4,500	1.16
25	Jitendra Shah	4,500	1.16
26	Prakash Shah	4,500	1.16
27	Deepak S Shah	4,500	1.16
28	Narendra S Shah	4,500	1.16
29	Mahesh Sanghi	4,500	1.16
30	Neeti Bansal	4,000	1.03
31	Sangeeta Khattar	3,420	0.88
32	Seema Suneja	3,400	0.88
33	Shyam Sunder Gupta	2,500	0.64
34	Amit Kumar (HUF)	2,500	0.64
35	Sushant Dayal	2,000	0.51
36	Shubhangi Agrawal	2,000	0.51
37	Subhash Chandran	1,700	0.44
38	Shyam Suneja (HUF)	800	0.21
39	Kishan Chand Suneja	800	0.21
40	Amarnath Suneja	800	0.21
41	Sanjay Suneja	800	0.21
42	Anoop Kumar Bansal	100	0.03
43	Kishore Kumar Bansal	100	0.03
<b>Total No. of Equity Shares</b>		<b>3,88,370</b>	<b>100.00</b>

#### Nature and extent of interest of our Promoters:

S. No.	Name of the Shareholders	No. of Shares held	% age of Shareholding
1	Manoj Kumar Bansal*	42,000	10.81
2	Anoop Kumar Bansal	100	0.03
3.	Kishore Kumar Bansal	100	0.03
	<b>Total</b>	<b>42,200</b>	<b>10.87</b>

\* Manoj Kumar Bansal is also the director in MGIAPL

#### 3. M/s Bansal Brothers

M/s. Bansal Brothers is a partnership firm governed by a deed of Partnership dated August 04, 2011 having its principal place of business at G.E. Road, Khursipar, Bhilai-490011, Chattisgarh, India. It is currently engaged in the business of dealing in ferrous and non ferrous metals, iron, steel scrap, fire bricks, fire clay etc and / or to deal in Industrial activity of any products.

#### Partners:

Sr. No.	Name of Partner	Profit Sharing Ratio (in %)
1	Mr. Anoop Kumar Bansal	50.00
2	Mr. Kishore Kumar Bansal	50.00
	<b>Total</b>	<b>100.00</b>

#### Brief Audited Financial Details:

(Rs. In Lacs)

Particulars	March 31, 2016	March 31, 2015	March 31, 2014
<b>Partner's Capital Account</b>	5367.39	432.61	415.07
<b>Sales</b>	5086.90	4870.32	3139.29
<b>Other Income</b>	8.39	1.14	21.97
<b>Total Income</b>	5095.29	4871.45	3161.26
<b>Net Profit/(Loss)</b>	68.17	48.66	88.49

#### 4. Manoj Kumar Bansal (HUF)

The Karta of Manoj Kumar Bansal (HUF) is Mr. Manoj Kumar Bansal. The office is situated at House No. 40, Sunder Nagar, Near Goal Market, Vaishali Nagar, Bhilai 490023, Chattisgarh, India.

#### The following are members of the (HUF):

1. Mr. Manoj Kumar Bansal
2. Mrs. Simmi Bansal
3. Ms. Sakshi Bansal
4. Mr. Sarthak Bansal

#### Financial Performance:

(Rs. In Lacs)

Particulars	March 31, 2016	March 31, 2015	March 31, 2014
<b>Capital</b>	67.93	59.27	51.56
<b>Income</b>	11.53	10.14	12.24

#### 5. Anoop Kumar Bansal (HUF)

The Karta of Anoop Kumar Bansal (HUF) is Mr. Anoop Kumar Bansal. The office is situated at House No. 40, Sunder Nagar, Near Goal Market, Vaishali Nagar, Bhilai-490023, Chattisgarh, India.

#### The following are members of the (HUF):

1. Mr. Anoop Kumar Bansal

2. Mrs. Sanju Bansal
3. Ms. Sanvi Bansal
4. Mr. Samarth Bansal

**Financial Performance:**

(Rs. In Lacs)

Particulars	March 31, 2016	March 31, 2015	March 31, 2014
<b>Capital</b>	60.91	52.30	45.28
<b>Income</b>	10.09	9.44	8.73

**6. Kishore Kumar Bansal (HUF)**

The Karta of Kishore Kumar Bansal (HUF) is Mr. Kishore Kumar Bansal. The office is situated at House No. 40, Sunder Nagar, Near Goal Market, Vaishali Nagar, Bhilai 490023, Chattisgarh, India.

**The following are members of the (HUF):**

1. Mr. Kishore Kumar Bansal
2. Mrs. Kirti Bansal
3. Ms. Shreya Bansal
4. Mr. Deevyansh Bansal

**Financial Performance:**

(Rs. In Lacs)

Particulars	March 31, 2016	March 31, 2015	March 31, 2014
<b>Capital</b>	51.57	43.42	36.15
<b>Income</b>	10.03	9.11	8.33

**7. Desh Raj Bansal (HUF)**

The Present Karta of Desh Raj Bansal (HUF) is Mr. Manoj Kumar Bansal. The office is situated at House No. 40, Sunder Nagar, Near Goal Market, Vaishali Nagar, Bhilai 490023, Chattisgarh, India.

**The following are members of the (HUF):**

1. Mr. Manoj Kumar Bansal
2. Mrs. Puspa Bansal
3. Mr. Anoop Kumar Bansal
4. Mr. Kishore Kumar Bansal

**Financial Performance:**

(Rs. In Lacs)

Particulars	March 31, 2016	March 31, 2015	March 31, 2014
<b>Capital</b>	53.40	49.81	47.32
<b>Income</b>	3.89	2.51	3.20

**8. Chamanlal Khushal Shah (HUF)**

The Karta of Chamanlal Khushal Shah (C. K. Shah) (HUF) is Sanjay Chamanlal Shah. The office is situated at M-21, Nandanvan Colony, Nandanvan, Nagpur – 440009, Maharashtra, India

**The following are members of the (HUF):**

1. Mr. Sanjay Chamanlal Shah
2. Mrs. Champaben Chamanlal Shah
3. Mrs. Shalini Sanjay Shah
4. Mr. Siddharth Sanjay Shah
5. Mr. Sagar Shah

## Financial Performance:

(Rs. In Lacs)

Particulars	March 31, 2016	March 31, 2015	March 31, 2014
Capital	1.42	34.50	31.44
Income	4.49	4.51	6.06

## Common Pursuits

There are no common pursuits amongst any of the Group Companies /Entities and our Company.

## Related Business Transaction within the Group and Significance on Financial Performance

There is no business transactions between our Company and the Group Companies /Entities except as stated in section titled as “*Related Party Transactions*” on page 137 of this Draft Prospectus.

## Litigation/ Defaults

For details relating to legal proceedings involving the Our Group Companies/Entities, see the section titled “*Outstanding Litigation and Material Developments*” beginning on page 182 of this Draft Prospectus.

## Payment of amount or benefits to our group companies during the last two years

Except as mentioned in “*Related Party Transactions*” on page 137 of this Draft Prospectus, no amount or benefits were paid or were intended to be paid to our Group Companies during the last two years from the date of filing of this Draft Prospectus.

## Shareholding of our Group Companies/Entities in our company

As on the date of this Draft Prospectus, None of the **Group Companies/Entities** holds Equity Shares of our Company other than Sarthak Energy Private Limited and Metal-Grace Injection Alloys Private Limited holding 16,13,250 and 9,00,000 Equity Shares respectively.

## Sale or Purchase between our Company and our Group Companies/Entities

Other than as discussed under the head -*Annexure XXVII-“Related Party Transaction”* beginning on page 162 of this Draft Prospectus, there are no sales/ purchases between our Company and the Group Companies/Entities, wherein sales/ purchase exceed in value aggregate of 10% of the total sales or purchases of our Company.

## Interest of Group Companies /Entities in our Company

Our Group Companies/Entities do not have any interest in

- The promotion of our company
- Any property acquired by our Company within last 2 years or proposed to be acquired by our Company
- In any transaction of acquisition of land construction of building and supply of machinery

There is no business interest of Group Companies /Entities in our Company other than as discussed under the head - *Annexure XXVII - “Related Party Transaction”* beginning on page 162 of this Draft Prospectus

## Other confirmations:

- None of our Group Companies have remained defunct and no application has been made to the Registrar of Companies for striking off the name of any of our Group Companies during the five years preceding the date of filing the Draft Prospectus with SEBI.
- None of our Group Companies fall under the definition of sick companies under SICA.
- None of our Group Companies are under any winding up proceedings.

- None of the securities of our Group Companies are listed on any stock exchange and none of our Group Companies have made any public or rights issue of securities in the preceding three years.
- Our Group Companies have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.
- No part of the Net Proceeds is payable to the Group Companies except Sarthak Energy Private Limited which is one of the selling shareholder of the Company.
- Our Group Companies /entities confirm that they have not been declared as a willful defaulter by the RBI or any other governmental authority and there have been no violations of securities laws committed by them or any entities they are connected with in the past and no proceedings pertaining to such penalties are pending against them.
- None of the Promoter or Group Companies has a negative net worth as of the date of the respective last audited financial statements.

### **RELATED PARTY TRANSACTIONS**

For further details please refer to “*Annexure XXVII - Related Party Transactions*” forming part of the chapter titled “*Financial Information*” beginning on page 162 of this Draft Prospectus.

### **DIVIDEND POLICY**

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

There are no dividends declared by our Company since incorporation.

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



## SECTION V- FINANCIAL INFORMATION

### **Auditor's Report on Restated Financial Statements**

1. We have examined the restated summary statement of assets and liabilities of **Sarthak Metals Limited**, (hereinafter referred to as "**the Company**") as at September 30, 2016, March 31, 2016, 2015, 2014, 2013 and 2012, restated summary statement of profit and loss and restated summary statement of cash flows for the financial year ended on September 30, 2016, March 31, 2016, 2015, 2014, 2013 and 2012 (collectively referred to as the "**restated summary statements**" or "**restated financial statements**") annexed to this report and initialed by us for identification purposes. These restated financial statements have been prepared by the management of the Company and approved by the board of directors at their meeting in connection with the proposed Initial Public Offering (IPO) on SME Platform of BSE Limited ("**BSE**") of the company.
2. These restated summary statements have been prepared in accordance with the requirements of:
  - (i) sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act, 2013 ("the Act") read with Companies (Prospectus and Allotment of Securities) Rules 2014;
  - (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 ("**ICDR Regulations**") and related amendments / clarifications from time to time issued by the Securities and Exchange Board of India ("**SEBI**")
3. We have examined such restated financial statements taking into consideration:
  - (i) The terms of reference to our engagement letter with the lead merchant banker dated June 22, 2016 requesting us to carry out the assignment, in connection with the proposed Initial Public Offering of equity shares on SME Platform of BSE Limited ("**IPO**" or "**SME IPO**"); and
  - (ii) The Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India ("**Guidance Note**").
4. The restated financial statements of the Company have been extracted by the management from the audited financial statements of the Company for the year ended on September 30, 2016, March 31, 2016, 2015, 2014, 2013 and 2012.
5. In accordance with the requirements of the Act including the rules made there under, ICDR Regulations, Guidance Note and engagement letter, we report that:
  - (i) The "**restated statement of asset and liabilities**" of the Company as at September 30, 2016, March 31, 2016, 2015, 2014, 2013 and 2012 examined by us, as set out in **Annexure I** to this report read with significant accounting policies in **Annexure IV** has been arrived at after making such adjustments and regroupings to the audited financial statements of the Company, as in our opinion were appropriate and more fully described in notes to the restated summary statements to this report.
  - (ii) The "**restated statement of profit and loss**" of the Company for the financial year/period ended on September 30, 2016, March 31, 2016, 2015, 2014, 2013 and 2012 examined by us, as set out in **Annexure II** to this report read with significant accounting policies in **Annexure IV** has been arrived at after making such adjustments and regroupings to the audited financial statements of the Company, as in our opinion were appropriate and more fully described in notes to the restated summary statements to this report.
  - (iii) The "**restated statement of cash flows**" of the Company for the financial year/period ended on September 30, 2016, March 31, 2016, 2015, 2014, 2013 and 2012 examined by us, as set out in **Annexure III** to this report read with significant accounting policies in **Annexure IV** has been arrived at after making such adjustments and regroupings to the audited financial statements of the Company, as in our opinion were appropriate and more fully described in notes to restated summary statements to this report.
  - (iv) *As per Accounting Standard- 15: Employee Benefits issued by the Institute of Chartered Accountants of India, Company is required to assess its gratuity liability each year on the basis of actuarial valuation and make provision for gratuity liability. However, the company has not provided for gratuity liability for the period ended September 30, 2016.*

6. Based on our examination, we are of the opinion that the restated financial statements have been prepared:
  - a) using consistent accounting policies for all the reporting periods.
  - b) adjustments for prior period and other material amounts in the respective financial years to which they relate.
  - c) there are no extra-ordinary items that need to be disclosed separately in the accounts and requiring adjustments.
  - d) there are no audit qualifications in the audit reports issued by the statutory auditors for the financial year ended on September 30, 2016, March 31, 2016, 2015, 2014, 2013 and 2012 which would require adjustments in the restated financial statements of the Company.
7. Audit for the financial year/period ended on September 30, 2016, March 31, 2016, 2015, 2014, 2013 and 2012 was conducted by M/s. B. Vishwanath & Co. The financial report included for these years is based solely on the report submitted by them. Further financial statements for the financial year/period ended on September 30, 2016 and March 31, 2016 have been reaudited by us as per the relevant guidelines.
8. We have also examined the following other financial information relating to the Company prepared by the management and as approved by the board of directors of the Company and annexed to this report relating to the Company for the financial year/period ended on September 30, 2016, March 31, 2016, 2015, 2014, 2013 and 2012 proposed to be included in the Draft Prospectus / Prospectus ("**Offer Document**").

**Annexure to restated financial statements of the Company:-**

1. Summary statement of assets and liabilities, as restated as appearing in ANNEXURE I;
  2. Summary statement of profit and loss, as restated as appearing in ANNEXURE II;
  3. Summary statement of cash flows as restated as appearing in ANNEXURE III;
  4. Significant accounting policies as restated as appearing in ANNEXURE IV;
  5. Details of share capital as restated as appearing in ANNEXURE V to this report;
  6. Details of reserves and surplus as restated as appearing in ANNEXURE VI to this report;
  7. Details of long term borrowings as restated as appearing in ANNEXURE VII to this report;
  8. Details of deferred tax asset/liability as restated as appearing in ANNEXURE VIII to this report;
  9. Details of other long term liabilities as restated as appearing in ANNEXURE IX to this report;
  10. Details of long term provisions as restated as appearing in ANNEXURE X to this report;
  11. Details of short term borrowings as restated as appearing in ANNEXURE XI to this report;
  12. Details of trade payables as restated as appearing in ANNEXURE XII to this report;
  13. Details of other current liabilities as restated as appearing in ANNEXURE XIII to this report;
  14. Details of short term provisions as restated as appearing in ANNEXURE XIV to this report;
  15. Details of fixed assets as restated as appearing in ANNEXURE XV to this report;
  16. Details of non-current investments as restated as appearing in ANNEXURE XVI to this report;
  17. Details of long term loans and advances as restated as appearing in ANNEXURE XVII to this report;
  18. Details of inventories as restated as appearing in ANNEXURE XVIII to this report;
  19. Details of trade receivables as restated as appearing in ANNEXURE XIX to this report;
  20. Details of cash and cash equivalents as restated as appearing in ANNEXURE XX to this report;
  21. Details of short term loans & advances as restated as appearing in ANNEXURE XXI to this report;
  22. Details of other current assets as restated as appearing in ANNEXURE XXII to this report;
  23. Details of contingent liabilities as restated as appearing in ANNEXURE XXIII to this report;
  24. Details of revenue from operations as restated as appearing in ANNEXURE XXIV to this report;
  25. Details of other income as restated as appearing in ANNEXURE XXV to this report;
  26. Details of segment reporting as restated as appearing in ANNEXURE XXVI to this report;
  27. Details of related party transactions as restated as appearing in ANNEXURE XXVII to this report;
  28. Summary of significant accounting ratios as restated as appearing in ANNEXURE XXVIII to this report;
  29. Capitalisation statement as at 30<sup>th</sup> September, 2016 as restated as appearing in ANNEXURE XXIX to this report;
  30. Statement of tax shelters as restated as appearing in ANNEXURE XXX to this report;
9. The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by any other firm of Chartered Accountants nor should this report be construed as a new opinion on any of the financial statements referred to therein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the SME IPO. Our report should not be used, referred to or adjusted for any other purpose except with our consent in writing.

**For Jain Ambavat & Associates**  
**Chartered Accountants**  
**Firm Reg. No. 103887W**

**(CA Niraj P Jain)**  
**Partner**  
**Membership No. - 109896**

**Mumbai, January 30, 2017**

STATEMENT OF ASSETS AND LIABILITIES AS RESTATED					ANNEXURE - I		
		(Rs. in Lakhs)					
Sr. No.	Particulars	Period ended September 30, 2016	As at March 31,				
			2016	2015	2014	2013	2012
	<b>EQUITY AND LIABILITIES</b>						
1)	<b>Shareholders Funds</b>						
	a. Share Capital	1,208.98	1,208.98	1,208.98	1,208.98	804.65	401.15
	b. Reserves & Surplus	1,460.91	1,214.10	847.55	564.77	703.04	844.03
2)	Share Application Money Pending Allotment	-	-	-	-	-	10.00
3)	<b>Non Current Liabilities</b>						
	a. Long Term Borrowings	58.12	41.03	70.18	117.95	110.50	147.81
	b. Deferred Tax Liabilities	0.79	2.75	5.24	12.53	9.52	13.53
	c. Other Long Term Liabilities	29.68	30.23	33.16	24.07	23.11	18.38
	d. Long Term Provisions	8.79	8.79	6.34	4.59	3.59	2.98
4)	<b>Current Liabilities</b>						
	a. Short Term Borrowings	2,432.54	2,275.61	2,287.32	1,835.93	1,890.78	1,438.09
	b. Trade Payables	87.29	14.52	158.17	156.28	45.62	34.78
	c. Other Current Liabilities	87.63	99.21	99.67	85.62	75.44	81.71
	d. Short Term Provisions	126.17	3.31	0.90	11.75	0.53	70.13
	<b>T O T A L</b>	<b>5500.90</b>	<b>4,898.53</b>	<b>4,717.51</b>	<b>4,022.47</b>	<b>3,666.78</b>	<b>3,062.59</b>
	<b>ASSETS</b>						
1)	<b>Non Current Assets</b>						
	a. Fixed Assets						
	i. Tangible Assets	1,426.32	1,393.65	1,295.12	1,174.75	998.99	959.28
	Less: Accumulated Depreciation	822.21	797.06	701.03	596.96	500.47	380.26
	ii. Intangible Assets	-	-	-	-	-	-
	iii. Intangible Assets under development	-	-	-	-	-	-
	iv. Capital Work in Progress	286.77	221.11	178.48	1.42	21.93	-
	<b>Net Block</b>	890.88	817.70	772.57	579.21	520.45	579.02
	b. Deferred Tax Assets (Net)	-	-	-	-	-	-
	c. Non-current Investments	75.00	75.00	75.00	45.00	-	-
	d. Long Term Loans & Advances	321.56	243.76	44.69	147.31	155.44	265.36
	e. Other Non Current Assets	-	-	-	-	-	-
2)	<b>Current Assets</b>						
	a. Inventories	1,096.98	1,069.76	1,077.38	1,050.54	666.59	499.07
	b. Trade Receivables	2,933.19	2,495.84	2,470.59	2,012.47	2,143.82	1,415.90
	c. Cash and Cash Equivalents	150.41	151.18	135.60	145.36	99.62	227.82
	d. Short Term Loans & Advances	27.79	42.86	138.43	38.03	78.26	75.42
	e. Other Current Assets	5.09	2.43	3.25	4.55	2.60	-
	<b>T O T A L</b>	<b>5500.90</b>	<b>4,898.53</b>	<b>4,717.51</b>	<b>4,022.47</b>	<b>3,666.78</b>	<b>3,062.59</b>

STATEMENT OF PROFIT AND LOSS AS RESTATED				ANNEXURE - II			
(Rs. In Lakhs)							
Sr. No.	Particulars	Period ended September 30, 2016	For the year ended March 31,				
			2016	2015	2014	2013	2012
A	INCOME						
	Revenue from Operations	7,312.58	12,776.98	15,092.31	14,677.53	11,290.57	10,055.25
	Other Income	83.67	94.76	57.05	44.25	38.67	-
	Total Income (A)	7,396.25	12,871.74	15,149.36	14,721.78	11,329.24	10,055.25
B	EXPENDITURE						
	Cost of Material Consumed	6,246.92	11,035.74	13,401.32	13,364.80	10,012.93	8,441.63
	Purchase of Stock in Trade	6.64	6.66	8.12	52.52	15.35	319.05
	Changes in inventories of finished goods, traded goods and work-in-progress	130.70	(75.14)	111.93	(148.25)	30.07	105.06
	Employee benefit expenses	164.17	383.44	346.44	236.78	203.34	166.85
	Finance costs	164.20	278.16	259.49	320.97	255.25	253.11
	Depreciation and amortisation expense	39.91	97.34	108.36	117.50	120.90	82.28
	Other Expenses	272.59	595.40	489.53	390.34	350.91	437.09
	Total Expenses (B)	7,025.13	12,321.60	14,725.19	14,334.66	10,988.75	9,805.07
C	Profit before exceptional, extraordinary items and tax	371.12	550.14	424.17	387.12	340.49	250.18
	Exceptional items	-	-	-	-	0.09	-
D	Profit before extraordinary items and tax	371.12	550.14	424.17	387.12	340.40	250.18
	Extraordinary Expenses (CSR)	2.40					
F	Profit before tax	368.72	550.14	424.17	387.12	340.40	250.18
	Tax expense :						
	(i) Current tax	123.87	186.08	144.02	124.05	105.40	69.87
	(ii) Deferred tax	(1.96)	(2.49)	(7.30)	3.01	(4.01)	13.53
	(iii) Short/(Excess) provision of earlier years	-	-	-	-	-	-
G	Total Tax Expense	121.91	183.59	136.72	127.06	101.39	83.40
H	Profit for the year (D-E)	246.81	366.55	287.45	260.06	239.01	166.78

STATEMENT OF CASH FLOW AS RESTATED				ANNEXURE - III			
(Rs. In Lakhs)							
Sr. No.	Particulars	Period ended Sept 30, 2016	For the year ended March 31,				
			2016	2015	2014	2013	2012
	<b>Cash flow from operating activities:</b>						
	Net Profit before tax as per Profit And Loss A/c	368.72	550.14	424.16	387.12	340.40	250.18
	<b>Adjusted for:</b>						
	Depreciation & Amortisation	39.91	97.34	108.36	117.50	120.90	82.28
	Interest & Finance Cost	164.20	278.16	259.49	320.97	255.25	253.11
	Interest Income	(12.45)	(10.69)	(12.43)	(20.87)	(4.37)	-
	Foreign Exchange Loss/(Gain)	(22.48)	(20.01)	-	-	-	-
	Profit on Sale of Fixed Assets	(0.67)	-	(1.88)	(0.65)	-	-
	Profit on Sale of Land	-	-	-	-	(29.11)	-
	<b>Operating Profit Before Working Capital Changes</b>	537.23	894.94	777.70	804.07	683.07	585.57
	Adjusted for (Increase)/ Decrease:						
	Inventories	(27.22)	7.62	(26.84)	(383.94)	(167.52)	31.00
	Trade Receivables	(414.87)	(5.24)	(458.11)	4.04	(727.92)	215.41
	Loans and advances and other assets	(289.22)	(290.07)	(138.96)	48.35	(1.56)	(11.42)
	Trade Payables	72.77	(143.65)	1.89	110.66	10.84	14.41
	Liabilities & Provisions	111.28	4.42	4.94	22.42	(75.27)	(78.20)
	<b>Cash Generated From Operations</b>	(10.03)	468.02	160.62	605.60	(278.36)	756.77
	Direct Tax Paid	-	-	-	-	-	-
	<b>Net Cash Flow from/(used in) Operating Activities: (A)</b>	<b>-10.03</b>	<b>468.02</b>	<b>160.62</b>	<b>605.60</b>	<b>(278.36)</b>	<b>756.77</b>
	<b>Cash Flow From Investing Activities:</b>						
	Purchase of Fixed Assets	-	(141.16)	(310.10)	(177.06)	(94.57)	(311.30)
	Sale of Fixed Assets	-	-	4.06	2.75	62.00	-
	Interest Income	-	10.69	12.43	20.87	4.37	-
	(Purchase)/Sale of Investments	-	-	(30.00)	(45.00)	-	-
	<b>Net Cash Flow from/(used in) Investing Activities: (B)</b>	<b>-</b>	<b>(130.47)</b>	<b>(323.61)</b>	<b>(198.44)</b>	<b>(28.20)</b>	<b>(311.30)</b>
	<b>Cash Flow from Financing Activities:</b>						
	Proceeds From Share Capital & Share Premium	-	-	-	6.00	13.50	103.95
	Proceeds / (Repayment) from Long Term Borrowing (Net)	17.09	(29.16)	(47.76)	7.45	(37.31)	69.28
	Proceeds / (Repayment) from Short-term borrowings	156.92	(11.70)	451.39	(54.86)	452.70	(231.44)
	Effect of Other Long term Liabilities	(0.55)	(2.94)	9.10	0.96	4.72	18.38
	Interest & Finance Cost	(164.20)	(278.16)	(259.49)	(320.97)	(255.25)	(253.11)
	<b>Net Cash Flow from/(used in) Financing Activities ( C)</b>	<b>9.26</b>	<b>(321.96)</b>	<b>153.24</b>	<b>(361.42)</b>	<b>178.36</b>	<b>(292.94)</b>
	Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(0.77)	15.59	(9.75)	45.74	(128.20)	152.53
	Cash & Cash Equivalents As At Beginning of the Year	151.18	135.59	145.35	99.62	227.82	75.29
	Cash & Cash Equivalents As At End of the Year	<b>150.41</b>	<b>151.18</b>	<b>135.60</b>	<b>145.36</b>	<b>99.62</b>	<b>227.82</b>

## **ANNEXURE IV (A)**

### **RESTATED SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS:**

#### **CORPORATE INFORMATION**

Sarthak Metals Limited (formerly known as Sarthak Metals Marketing Limited) was incorporated in the year 1995 and it is engaged in manufacturing of Cored Wire & Industrial Oxygen Gas and in trading of Oxygen Gas, Carbon Dioxide Gas, Iron & Steel.

#### **A. Basis of preparation of Financial Statements:**

The restated summary statement of assets and liabilities of the Company as at March 2016, 2015, 2014, 2013, 2012 and for the period ended September 30, 2016 and the related restated summary statement of profits and loss and cash flows for the year ended March 2016, 2015, 2014, 2013, 2012 and for the period ended September 30, 2016 (herein collectively referred to as (' Restated Summary Statements')) have been compiled by the management from the audited financial statements of the Company for the year ended on March 2016, 2015, 2014, 2013, 2012 and for the period ended September 30, 2016, approved by the Board of Directors of the Company. Restated Summary Statements have been prepared to comply in all material respects with the provisions of Part I of Chapter III of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI Guidelines") issued by SEBI and Guidance note on Reports in Companies Prospectus (Revised). Restated Summary Statements have been prepared specifically for inclusion in the offer document to be filed by the Company with the SME Platform of BSE in connection with its proposed Initial public offering of equity shares. The Company's management has recast the financial statements in the form required by Schedule III of the Companies Act, 2013 for the purpose of restated Summary Statements.

#### **B. Use of Estimates:**

The preparation of financial statements requires management to make estimates and assumptions that affect amounts in the financial statements and reported notes thereto. Actual results could differ from these estimates. Differences between the actual result and estimates are recognized in periods in which the results are known/ materialized.

#### **C. Fixed Assets:**

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. The cost of an asset comprises of its purchase price and any directly attributable cost of bringing the assets to working condition for its intended use. Expenditure on additions, improvements and renewals is capitalized and expenditure for maintenance and repairs is charged to profit and loss account.

#### **D. Depreciation:**

Depreciation on fixed assets for the year ended on March 31, 2014, 2013 and 2012 is calculated on WDV basis for all assets using the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation on fixed assets for the year ended March 31, 2015 and 2016 and and for the period ended September 30, 2016 is calculated on WDV basis for all the assets using the rates derived as per the useful life for the assets specified in the Schedule II of the Companies Act, 2013.

#### **E. Amortization of Preliminary Expenses**

Preliminary Expenses are written off over the period of 5 years.

#### **F. Valuation of Inventories:**

Inventory of traded goods is at cost or net realizable value whichever is lower.



**G. Valuation of Investments:**

- i. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.
- ii. Current Investments are carried at lower of cost and fair value determined on an individual investment basis.
- iii. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

**H. Revenue Recognition:**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

**Revenue from Operations****Sale of Traded Goods**

Sale of traded goods/material is recognized as revenue when significant risk and rewards of ownership relating to the goods are transferred to the buyer.

**Revenue from Other Sources**

Other Incomes have been recognized on accrual basis.

**I. Employee Benefits:**

All employee benefits payable within twelve months of rendering of services are classified as short term benefits. Benefits include salaries, wages, awards, ex-gratia, performance pay, etc. and are recognized in the period in which the employee renders the related service. Liability on account of encashment of leave, Bonus to employee is considered as short term compensated expense provided on actual.

**J. Earnings Per Share**

Basic earnings per share are computed by dividing the net profit after tax for the year after prior period adjustments attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

**K. Taxation & Deferred Tax**

Provision for Current Tax is made in accordance with the provision of Income Tax Act, 1961. Deferred tax is recognized on timing differences between taxable & accounting income / expenditure that originates in one period and are capable of reversal in one or more subsequent period(s).

**L. Contingent Liabilities / Provisions**

Contingent liabilities are not provided in the accounts and are disclosed separately in notes on accounts.

**M. Segment Reporting**

Company has two primary reportable segments – *Cored Wire Division & Gas Division*. As per AS 17: Segment Reporting, it is mandatory for the companies who are going to be listed on recognized stock exchange to furnish segment reporting in the financial statements. Hence, we have prepared the same in compliance with the AS 17. (Refer Annexure – Segment Reporting)

***Presentation and disclosure of financial statements***

During the year ended 31 March 2012, the Revised Schedule VI notified under the Act, had become applicable to the Company, for preparation and presentation of its financial statements. Accordingly, the Company has prepared the financial statements for the year ended 31 March 2012 onwards in accordance with Revised

Schedule VI of the Act. The adoption of Revised Schedule VI of the Act does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements

#### ANNEXURE – IV (B)

##### NOTES ON RECONCILIATION OF RESTATED PROFITS

					(Rs in Lakhs)	
Adjustments for	Period ended September 30, 2016	2015-16	2014-15	2013-14	2012-13	2011-12
Net profit/(Loss) after Tax as per Audited Profit & Loss Account	368.60	357.03	283.48	260.95	245.44	149.78
<b>Adjustments for:</b>						
Excess/(Short) Provision for Depreciation made	2.52	3.06	6.66	-	-	-
Income Tax Provision	(123.87)	0.66	0.42	1.11	0.32	0.80
Provision for Gratuity	-	-	(1.86)	(1.26)	(0.87)	(3.24)
CSR Expenditure	(2.40)	7.66	-	-	-	-
Provision for Deferred Tax (Liability)/Asset	1.96	(1.86)	(1.25)	(0.74)	(5.88)	19.44
<b>Net Profit/ (Loss) After Tax as restated</b>	<b>246.81</b>	<b>366.55</b>	<b>287.45</b>	<b>260.06</b>	<b>239.01</b>	<b>166.78</b>

**Explanatory notes to the above restatements made in the audited financial statements of the Company for the respective years.**

##### **Adjustments having impact on Profit**

- Depreciation** – Company had depreciated the fixed assets as per useful life specified in Schedule II of the Companies Act, 2013. However, for calculating lapsed useful life of the individual assets, they considered rounded off years instead of years to be taken in decimal terms. The same has now been reworked and provided in the Restated Financial Statements.
- Income Tax Provision** – Income Tax Provision has now been reworked as per the Restated Financial Statements and provided the said provision in the Restated Financial Statements. (Refer Annexure - Statement of Tax Shelters as Restated for the same)
- Provision for Gratuity** – As per Accounting Standard (AS) - 15: Employee Benefits issued by the Institute of Chartered Accountants of India, Company is required to assess its gratuity liability each year on the basis of actuarial valuation and make provision for gratuity liability. However, the same were not provided for in the Audited Financial Statements which has now been taken and provided in the Restated Financial Statements as per the Certified Actuarial Valuation Report.
- CSR Expenditure** – As per Guidance note issued by the Institute of Chartered Accountants of India, CSR Expenditure to be recognized in the Statement of Profit & Loss only if it is actually expended by the company. No provisioning should be made for the short expenditure made in compliance with the Section 135 of the Companies Act, 2013. Company has made provision for CSR Expenditure, which has been reversed in Restated Financial Statements.
- Provision for Deferred Tax (Liability)/Asset** – Deferred Tax Asset/(Liability) is reworked by us and is provided in the Restated Financial Statements.

## Adjustments having no impact on Profit

### Material Regrouping

W.e.f, April 1 2014, Schedule III notified under the Companies Act, 2013 has become applicable to the Company for preparation and presentation of its financial statements. Revised Schedule VI notified under the Companies Act, 1956 became applicable to the Company from April 1, 2011, for preparation and presentation of its financial statements. The adoption of Schedule III / Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements.

There is no significant impact on the presentation and disclosures made in the financial statements on adoption of Schedule III as compared to Revised Schedule VI. Appropriate adjustments have been made in the Restated Summary Statements, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Company, prepared in accordance with Schedule III and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended).

DETAILS OF SHARE CAPITAL AS RESTATED		ANNEXURE - V				
		(Rs. in Lakhs)				
Particulars		As at March 31,				
	Period ended September 30, 2016	2016	2015	2014	2013	2012
<b>EQUITY SHARE CAPITAL:</b>						
<b>AUTHORISED:</b>						
Equity Shares of Rs. 10 each	1,500.00	1,500.00	1,500.00	1,500.00	1,000.00	1,000.00
	<b>1,500.00</b>	<b>1,500.00</b>	<b>1,500.00</b>	<b>1,500.00</b>	<b>1,000.00</b>	<b>1,000.00</b>
<b>ISSUED, SUBSCRIBED AND PAID UP:</b>						
Equity Shares of Rs. 10 each	1,208.98	1,208.98	1,208.98	1,208.98	804.65	401.15
	<b>1,208.98</b>	<b>1,208.98</b>	<b>1,208.98</b>	<b>1,208.98</b>	<b>804.65</b>	<b>401.15</b>

### Reconciliation of number of shares outstanding at the end of the year:

Particulars	Period ended September 30, 2016	As at March 31,2016	As at March 31,2015	As at March 31,2014	As at March 31,2013	As at March 31,2012
Equity Shares at the beginning of the year	12,089,750	1,20,89,750	1,20,89,750	80,46,500	40,11,500	10,24,000
Add: Bonus Shares Issued during the year	-	-	-	40,23,250	40,11,500	20,48,000
Add: New Shares Issued during the year	-	-	-	20,000	23,500	9,39,500
<b>TOTAL</b>	<b>1,20,89,750</b>	<b>1,20,89,750</b>	<b>1,20,89,750</b>	<b>1,20,89,750</b>	<b>80,46,500</b>	<b>40,11,500</b>

Details of Shareholders holding more than 5% of the aggregate shares of the company:												
Particulars	Period ended September 30, 2016		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013		As at March 31, 2012	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Anoop Kumar Bansal	1,137,750	9.41	1,137,750	9.41	1,137,750	9.41	733,500	9.12	366,750	9.14	1,137,750	9.41
Kishore Kumar Bansal	741,000	6.13	741,000	6.13	741,000	6.13	469,500	5.83	234,750	5.85	741,000	6.13
Manoj Kumar Bansal	3,782,700	31.29	3,779,100	31.26	3,771,600	31.20	2,514,400	31.25	1,257,200	31.34	3,771,600	31.20
Comet Technologies Private Limited	1,613,250	13.34	1,613,250	13.34	1,613,250	13.34	1,075,500	13.37	537,750	13.41	1,613,200	13.34
Metal-Grace Injection Alloys Private Limited	900,000	7.44	900,000	7.44	900,000	7.44	600,000	7.46	300,000	7.48	900,000	7.44

DETAILS OF RESERVES AND SURPLUS AS RESTATED		ANNEXURE - VI				
		(Rs. in Lakhs)				
Particulars	Period ended September 30, 2016	As at March 31,				
		2016	2015	2014	2013	2012
<b>Securities Premium Reserve</b>						
Opening Balance	-	-	-	-	-	88.76
Add: Proceed Received during the year	-	-	-	4.00	21.15	-
Less: Bonus Shares issued during the year	-	-	-	(4.00)	(21.15)	(88.76)
<b>Closing Balance</b>	-	-	-	-	-	-
<b>State Investment Capital Subsidy</b>						
Opening Balance	5.00	5.00	5.00	5.00	5.00	5.00
Add: Received during the year	-	-	-	-	-	-
<b>Closing Balance</b>	5.00	5.00	5.00	5.00	5.00	5.00
<b>Profit &amp; Loss a/c</b>						
Opening Balance	1,209.10	842.55	559.77	698.04	839.03	788.36
Add: Profit for the year	246.81	366.55	287.45	260.06	239.01	166.78
(Less): Depreciation effect due to Schedule II	-	-	(4.67)	-	-	-
(Less): Provision for Gratuity for earlier years	-	-	-	-	-	-
(Less): Provision for tax for earlier years	-	-	-	-	-	(0.07)
(Less): Bonus Shares issued during the year	-	-	-	(398.33)	(380.00)	(116.04)
<b>Closing Balance</b>	1,455.91	1,209.10	842.55	559.77	698.04	839.03
	<b>1,460.91</b>	<b>1,214.10</b>	<b>847.55</b>	<b>564.77</b>	<b>703.04</b>	<b>844.03</b>

DETAILS OF LONG TERM BORROWINGS AS RESTATED					ANNEXURE - VII	
Particulars		(Rs. in Lakhs)				
		As at March 31,				
	Period ended September 30, 2016	2016	2015	2014	2013	2012
Secured Loans						
<u>-Term Loans</u>						
-From Banks	-	-	16.29	36.57	54.10	72.49
<u>-Vehicle Loans</u>						
-From Banks	39.89	22.80	34.02	32.56	-	6.80
-From others	-	-	-	-	4.72	11.92
Unsecured Loans						
-From Related Parties	18.23	18.23	19.87	38.73	41.68	46.60
-From Others	-	-	-	10.09	10.00	10.00
TOTAL	58.12	41.03	70.18	117.95	110.50	147.81

NATURE OF SECURITY AND TERMS OF REPAYMENT FOR LONG TERM BORROWINGS:	
Nature of Security	Terms of Repayment
Term Loan from SBI amounting to Rs. 100 Lacs is secured by hypothecation of Industrial Oxygen Plant at Raipur and Movable Fixed Assets of the company.	Principal amount of Loan is to be repaid in 59 equal installments of Rs. 1.67 Lacs and one Installment of Rs. 1.47 Lacs in the end.
Vehicle Loan from SBI amounting to Rs. 7.6 Lacs is secured by hypothecation of Car - Ford Eco Sports	Loan to be repaid in 60 equated monthly installments.
Vehicle Loan from SBI amounting to Rs. 40 Lacs is secured by hypothecation of Car – Mercedes	Loan to be repaid in 60 equated monthly installments.
Vehicle Loan from SBI amounting to Rs. 8.5 Lacs is secured by hypothecation of Car - Honda City	Loan to be repaid in 36 equated monthly installments.
Vehicle Loan from SBI amounting to Rs. 8.25 Lacs is secured by hypothecation of Car - Renault Duster	Loan to be repaid in 60 equated monthly installments.
Vehicle Loan from SBI amounting to Rs. 7.85 Lacs is secured by hypothecation of Car – Baleno	Loan to be repaid in 60 equated monthly installments.
Vehicle Loan from ICICI amounting to Rs. 25.00 Lacs is secured by hypothecation of Car - Ford Titanium	Loan to be repaid in 36 equated monthly installments.
Vehicle Loan from Tata Motors Finance Ltd amounting to Rs.8.55 Lacs is secured by hypothecation of Truck - TATA LPT/909	Loan to be repaid in 36 equated monthly installments.
Unsecured Loans from Related Parties and Others carries Nil rate of Interest and the terms of repayment are not fixed.	

DETAILS OF DEFERRED TAX ASSET/(LIABILITY) AS RESTATED				ANNEXURE - VIII		
				(Rs. in Lakhs)		
Particulars		As at March 31,				
	Period ended September 30, 2016	2016	2015	2014	2013	2012
Deferred Tax Liability						

Related to Difference of Depreciation as per Books and as per IT	-	-	(2.89)	(10.79)	(8.19)	(12.48)
Related to Expenses Disallowable under Income Tax Act	(3.20)	(3.20)	(2.35)	(1.74)	(1.33)	(1.05)
	-	-	-	-	-	-
<b>Deferred Tax Asset</b>	-	-	-	-	-	-
Related to Difference of Depreciation as per Books and as per IT	2.41	0.45	-	-	-	-
	-	-	-	-	-	-
<b>Deferred Tax Asset/(Liability) (net) after adjustments</b>	<b>(0.79)</b>	<b>(2.75)</b>	<b>(5.24)</b>	<b>(12.53)</b>	<b>(9.52)</b>	<b>(13.53)</b>

DETAILS OF OTHER LONG TERM LIABILITIES AS RESTATED					ANNEXURE - IX	
		(Rs. in Lakhs)				
Particulars		As at March 31,				
	Period ended September 30, 2016	2016	2015	2014	2013	2012
Deposits from Customers	29.68	30.23	33.16	24.07	23.11	18.38
TOTAL	29.68	30.23	33.16	24.07	23.11	18.38

DETAILS OF LONG TERM PROVISIONS AS RESTATED				ANNEXURE - X		
				(Rs. in Lakhs)		
Particulars	Period ended September 30, 2016	As at March 31,				
		2016	2015	2014	2013	2012
Provision for Gratuity	8.79	8.79	6.34	4.59	3.59	2.98
TOTAL	8.79	8.79	6.34	4.59	3.59	2.98

DETAILS OF SHORT TERM BORROWING AS RESTATED					ANNEXURE - XI	
					(Rs. in Lakhs)	
Particulars	Period ended September 30, 2016	As at March 31,				
		2016	2015	2014	2013	2012
<i>Secured</i>						
<u>Cash Credit</u>						
-From Banks	1831.92	2,014.04	2,041.39	1,567.35	1,603.95	1,092.40
<u>Letter of Credit (LC)</u>						
-From Banks	0.06	(0.75)	100.40	0.28	-	172.52
<u>Buyer's Credit</u>						
-From Banks	600.56	262.32	145.53	268.30	286.83	173.17
<b>TOTAL</b>	<b>2432.54</b>	<b>2,275.61</b>	<b>2,287.32</b>	<b>1,835.93</b>	<b>1,890.78</b>	<b>1,438.09</b>

DETAILS OF TRADE PAYABLES AS RESTATED				ANNEXURE - XII		
				(Rs. in Lakhs)		
Particulars	Period ended September 30, 2016	As at March 31,				
		2016	2015	2014	2013	2012
Micro, Small and Medium Enterprises	-	-	-	-	-	-
Others	87.29	14.52	158.17	156.28	45.62	34.78
TOTAL	87.29	14.52	158.17	156.28	45.62	34.78

DETAILS OF OTHER CURRENT LIABILITIES AS RESTATED					ANNEXURE - XIII	
					(Rs. in Lakhs)	
Particulars		As at March 31,				
	Period ended September 30, 2016	2016	2015	2014	2013	2012
Statutory Dues Payable	6.33	9.57	11.15	6.40	7.65	20.84
Creditors for Expenses	12.78	19.10	15.01	8.64	8.04	16.11
Current Maturities of Long Term Debt	30.37	30.28	37.85	38.33	34.15	36.14
Employee Benefits Payable	38.15	40.26	35.66	32.25	25.60	8.62
TOTAL	87.63	99.21	99.67	85.62	75.44	81.71

DETAILS OF SHORT TERM PROVISIONS AS RESTATED				ANNEXURE - XIV		
				(Rs. in Lakhs)		
Particulars	Period ended September 30, 2016	As at March 31,				
		2016	2015	2014	2013	2012
Provision for Taxation	125.17	1.30	-	10.97	-	69.87
Provision for Gratuity	1.00	2.01	0.90	0.78	0.53	0.26
Statutory Dues Payable	-	-	-	-	-	-
Creditors for Expenses	-	-	-	-	-	-
Employee Benefits Payable	-	-	-	-	-	-
TOTAL	126.17	3.31	0.90	11.75	0.53	70.13

DETAILS OF FIXED ASSETS AS RESTATED							ANNEXURE - XV			
							(Rs. in Lakhs)			
FIXED ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	AS AT 01.04.2011	ADDIT IONS	DED UCT IONS	AS AT 31.03.2012	UPTO 01.04.2011	FOR THE YEAR	DED UCTI ONS / ADJU STM ENTS	UPTO 31.03.2012	AS AT 31.03.2012	AS AT 31.03.2011
<b>Tangible Assets</b>										
Freehold Land	29.12	-	-	29.12	-	-	-	-	29.12	29.12
Factory Building	143.91	37.29	-	181.20	33.44	8.27	-	41.71	139.49	110.47
Plant &	201.03	143.85	-	344.88	126.02	16.57	-	142.59	202.29	75.01

Machinery										
Furniture & Fixtures	16.87	0.22	-	17.09	1.49	2.81		4.30	12.79	15.38
Vehicles	65.44	29.39	-	94.83	29.42	11.90		41.32	53.51	36.02
Office Equipments	12.33	2.88	-	15.21	7.67	1.74		9.41	5.80	4.66
Gas Cylinders	179.28	97.67	-	276.95	99.94	40.99		140.93	136.02	79.34
Grand Total	<b>647.98</b>	<b>311.30</b>	<b>-</b>	<b>959.28</b>	<b>297.98</b>	<b>82.28</b>	<b>-</b>	<b>380.26</b>	<b>579.02</b>	<b>350.00</b>

FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2012	ADDITIONS	DEDUCTIONS	AS AT 31.03.2013	UPTO 01.04.2012	FOR THE YEAR	DEDUCTIONS / ADJUSTMENTS	UPTO 31.03.2013	AS AT 31.03.2013	AS AT 31.03.2012
<b><u>Tangible Assets</u></b>										
Freehold Land	29.12	14.29	32.90	10.51	-	-		-	10.51	29.12
Factory Building	181.20	11.13	-	192.33	41.71	11.31	-	53.02	139.31	139.49
Plant & Machinery	344.88	3.07	-	347.95	142.59	30.26	-	172.85	175.10	202.29
Furniture & Fixtures	17.09	3.50	-	20.59	4.30	2.46		6.76	13.83	12.79
Vehicles	94.83	17.87	0.03	112.67	41.32	15.65	0.03	56.94	55.73	53.51
Office Equipments	15.21	2.59	-	17.80	9.41	2.12		11.53	6.27	5.80
Gas Cylinders	276.95	20.19	-	297.14	140.93	58.44		199.37	97.77	136.02
Grand Total	<b>959.28</b>	<b>72.64</b>	<b>32.93</b>	<b>998.99</b>	<b>380.26</b>	<b>120.24</b>	<b>0.03</b>	<b>500.47</b>	<b>498.52</b>	<b>579.02</b>

FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2013	ADDITIONS	DEDUCTIONS	AS AT 31.03.2014	UPTO 01.04.2013	FOR THE YEAR	DEDUCTIONS / ADJUSTMENTS	UPTO 31.03.2014	AS AT 31.03.2014	AS AT 31.03.2013
<b><u>Tangible Assets</u></b>										
Freehold Land	10.51	-	-	10.51	-	-	-	-	10.51	10.51
Factory Building	192.33	10.89	-	203.22	53.02	11.61	-	64.63	138.59	139.31
Plant & Machinery	347.95	67.05	-	415.00	172.85	31.91	-	204.76	210.24	175.10
Furniture & Fixtures	20.59	0.74	-	21.33	6.76	2.59	-	9.35	11.98	13.83
Vehicles	112.67	78.01	21.81	168.87	56.94	19.84	19.71	57.07	111.80	55.73



Office Equipments	17.80	3.07	-	20.87	11.53	2.50	-	14.03	6.84	6.27
Gas Cylinders	297.14	37.81	-	334.95	199.37	47.75	-	247.12	87.83	97.77
Grand Total	<b>998.99</b>	<b>197.57</b>	<b>21.81</b>	<b>1,174.75</b>	<b>500.47</b>	<b>116.20</b>	<b>19.71</b>	<b>596.96</b>	<b>577.79</b>	<b>498.52</b>

FIXED ASSETS	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	AS AT 01.04.2014	ADDIT IONS	DE DU CTI ON S	AS AT 31.03.2015	UPTO 01.04.2014	FOR THE YEAR	DEDU CTIO NS / ADJU STME NTS	UPTO 31.03.2015	AS AT 31.03.2015	AS AT 31.03.2014
<b><u>Tangible Assets</u></b>										
Freehold Land	10.51	79.60	-	90.11	-	-	-	-	90.11	10.51
Factory Building	203.22	1.61	-	204.83	64.63	10.89	-	75.52	129.31	138.59
Plant & Machinery	415.00	21.09	-	436.09	204.76	49.10	-	253.86	182.23	210.24
Furniture & Fixtures	21.33	1.20	-	22.53	9.35	3.53	-	12.88	9.65	11.98
Vehicles	168.87	21.04	9.84	180.07	57.07	37.15	7.66	86.56	93.51	111.80
Office Equipments	20.87	5.67	-	26.54	14.03	5.89	-	19.92	6.62	6.84
Gas Cylinders	334.95	-	-	334.95	247.12	5.17	-	252.29	82.66	87.83
Grand Total	<b>1,174.75</b>	<b>130.21</b>	<b>9.84</b>	<b>1,295.12</b>	<b>596.96</b>	<b>111.73</b>	<b>7.66</b>	<b>701.03</b>	<b>594.09</b>	<b>577.79</b>

FIXED ASSETS	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	AS AT 01.04.2015	ADDIT IONS	DE DU CTI ON S	AS AT 31.03.2016	UPTO 01.04.2015	FOR THE YEAR	DE DU CTI ON S / ADJ UST ME NTS	UPTO 31.03.2016	AS AT 31.03.2016	AS AT 31.03.2015
<b><u>Tangible Assets</u></b>										
Freehold Land	90.11	51.07	-	141.18	-	-	-	-	141.18	90.11
Factory Building	204.83	-	-	204.83	75.52	10.11	-	85.63	119.20	129.31
Plant & Machinery	436.09	10.40	-	446.49	253.86	35.64	-	289.50	156.99	182.23
Furniture & Fixtures	22.53	-	-	22.53	12.88	2.97	-	15.85	6.68	9.65
Vehicles	180.07	0.58	-	180.65	86.56	29.46	-	116.02	64.63	93.51
Office Equipments	26.54	16.22	-	42.76	19.92	10.08	-	30.00	12.76	6.62

Gas Cylinders	334.95	20.26	-	355.21	252.29	7.77	-	260.06	95.15	82.66
Grand Total	<b>1,295.12</b>	<b>98.53</b>	<b>-</b>	<b>1,393.65</b>	<b>701.03</b>	<b>96.03</b>	<b>-</b>	<b>797.06</b>	<b>596.59</b>	<b>594.09</b>

FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2016	ADD ITIONS	DED UCTIONS	AS AT 30.09.2016	UPTO 01.04.2016	FOR THE YEAR	DED UCTIONS / ADJUSTMENTS	UPTO 31.03.2016	AS AT 30.09.2016	AS AT 31.03.2016
<b>Tangible Assets</b>										
Freehold Land	141.18	-	-	141.18	-	-	-	-	141.18	141.18
Factory Building	204.83	-	-	204.83	85.63	4.65	-	90.28	114.55	119.20
Plant & Machinery	446.49	1.50	-	447.99	289.50	14.96	-	304.46	143.53	156.99
Furniture & Fixtures	22.53	-	-	22.53	15.85	0.88	-	16.73	5.80	6.68
Vehicles	180.65	47.15	17.75	210.05	116.02	11.76	14.76	113.02	97.03	64.63
Office Equipments	42.76	1.77	-	44.53	30.00	3.52	-	33.52	11.01	12.76
Gas Cylinders	355.21	-	-	355.21	260.06	4.14	-	264.20	91.01	95.15
<b>Grand Total</b>	<b>1,393.65</b>	<b>50.42</b>	<b>17.75</b>	<b>1,426.32</b>	<b>797.06</b>	<b>39.91</b>	<b>14.76</b>	<b>822.21</b>	<b>604.11</b>	<b>596.59</b>

DETAILS OF NON-CURRENT INVESTMENTS AS RESTATED						ANNEXURE - XVI	
						(Rs. In Lakhs)	
Particulars	Period ended September 30, 2016	As at March 31,					
		2016	2015	2014	2013	2012	
<b>Unquoted- At Cost</b>							
Investment in equity instruments of:							
250000(P.Y.- NIL) Shares of Sarthak Energy Private Limited	75.00	75.00	75.00	45.00	-	-	
<b>TOTAL</b>	<b>75.00</b>	<b>75.00</b>	<b>75.00</b>	<b>45.00</b>	<b>-</b>	<b>-</b>	

Aggregate Cost of Quoted Investments	-	-	-	-	-	-
Aggregate Cost of Unquoted Investments	<b>75.00</b>	<b>75.00</b>	<b>75.00</b>	<b>45.00</b>	-	-
Aggregate Market Value of Quoted Investments	-	-	-	-	-	-

DETAILS OF LONG TERM LOAN AND ADVANCES AS RESTATED					ANNEXURE - XVII	
					(Rs. in Lakhs)	
Particulars	Period ended September 30, 2016	As at March 31,				
		2016	2015	2014	2013	2012
Security Deposit	20.37	20.37	18.34	36.10	35.29	31.73
Balances with Government Authorities	175.83	121.03	9.89	31.75	120.15	233.63
Advance Tax & TDS	75.00					
Loans and Advances to Related Parties	50.36	102.36	16.46	79.46	-	-
TOTAL	321.56	243.76	44.69	147.31	155.44	265.36

DETAILS OF INVENTORIES AS RESTATED				ANNEXURE - XVIII		
				(Rs. in Lakhs)		
Particulars		As at March 31,				
	Period ended September 30, 2016	2016	2015	2014	2013	2012
Raw Material	1,026.60	884.89	967.12	824.97	585.82	387.98
Finished Goods	47.71	178.42	103.28	215.21	66.95	97.02
Consumable Goods, Stores & Spares	4.53	1.20	1.13	1.41	1.87	1.62
Packing Materials	18.14	5.25	5.85	8.95	11.95	12.45
TOTAL	1,096.98	1069.76	1077.38	1050.54	666.59	499.07

DETAILS OF TRADE RECEIVABLES AS RESTATED					ANNEXURE - XIX	
					(Rs. in Lakhs)	
Particulars		As at March 31,				
	Period ended Septemb er 30, 2016	2016	2015	2014	2013	2012
Unsecured, Considered Good, unless otherwise stated						
- Over Six Months						
From Directors/ Promoter/ Promoter Group/ Relatives of Directors and Group Companies	-	-	-	-	-	-
Others	420.83	502.68	3.02	1.82	13.76	1.35
- Other Debts						
From Directors/ Promoter/ Promoter Group/ Relatives of Directors and Group Companies	-	102.36	16.46	79.46	-	-
Others	2512.36	1,890.80	2,451.11	1,931.19	2,130.06	1,414.55
TOTAL	2933.19	2495.84	2470.59	2012.47	2143.82	1415.90

DETAILS OF CASH & CASH EQUIVALENTS AS RESTATED				ANNEXURE - XX		
				(Rs. in Lakhs)		
Particulars	Period ended September 30, 2016	As at March 31,				
		2016	2015	2014	2013	2012
Balance with Banks	12.70	13.08	22.18	44.15	16.72	222.65
Cash on Hand	3.93	4.32	4.57	5.27	3.02	5.17
Margin Money	133.78	133.78	108.85	95.94	79.88	-
TOTAL	150.41	151.18	135.60	145.36	99.62	227.82

DETAILS OF SHORT TERM LOAN AND ADVANCES AS RESTATED				ANNEXURE - XXI		
				(Rs. in Lakhs)		
Particulars	Period ended Septembe r 30, 2016	As at March 31,				
		2016	2015	2014	2013	2012
Loans and Advances to Employees	19.72	13.48	13.54	9.38	9.25	6.84
Loans and Advances to Others	8.07	29.38	124.89	28.65	69.01	68.58
	-	-	-	-	-	-
TOTAL	27.79	42.86	138.43	38.03	78.26	75.42

DETAILS OF OTHER CURRENT ASSETS AS RESTATED				ANNEXURE - XXII		
				(Rs. in Lakhs)		
Particulars		As at March 31,				
		Period ended September 30, 2016	2016	2015	2014	2013
Prepaid Expenses	3.14	0.48	-	-	-	-
Preliminary Expenses	1.95	1.95	3.25	4.55	2.60	-
TOTAL	5.09	2.43	3.25	4.55	2.60	-

DETAILS OF CONTINGENT LIABILITIES AS RESTATED				ANNEXURE - XXIII		
				(Rs. in Lakhs)		
Particulars		As at March 31,				
	Period ended September 30, 2016	2016	2015	2014	2013	2012
A) Demand Raised by Income Tax Dept. Till date	2.53	2.94	2.94	2.94	-	-
Amount paid for appeals preferred	-	-	-	-	-	-
Net Liability	2.53	2.94	2.94	2.94	-	-
B) Demand Raised by Commercial Tax Dept. Till date	-	7.87	7.87	7.87	5.41	3.52

Amount paid for appeals preferred	-	(2.21)	(2.21)	(0.79)	0.49	0.31
<b>Net Liability</b>	<b>-</b>	<b>5.66</b>	<b>5.66</b>	<b>7.08</b>	<b>5.90</b>	<b>3.83</b>
C) Bank Guarantee/LC Outstanding	600.56	59.16	40.00	-	286.83	345.69
Less: Margin Provided (STDR)	(133.78)	(133.78)	(108.85)	-	(78.96)	(62.57)
<b>Net Liability</b>	<b>466.78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>207.87</b>	<b>283.12</b>
D) Liability on account of partly paid up equity shares of Sarthak Energy Private Limited	-	-	-	30.00	-	-
		-	-	-	-	-
<b>TOTAL</b>	<b>469.31</b>	<b>8.60</b>	<b>8.60</b>	<b>40.02</b>	<b>213.77</b>	<b>286.95</b>

DETAILS OF REVENUE FROM OPERATIONS AS RESTATED				ANNEXURE - XXIV		
				(Rs. in Lakhs)		
Particulars		As at March 31,				
	Period ended September 30, 2016	2016	2015	2014	2013	2012
Sales of Manufactured Goods	7,294.87	12,592.51	15,027.20	14,619.65	11,226.69	10,026.45
Sales of Traded Goods	-	121.59	16.24	18.20	19.80	10.67
Sales of Services	-	20.32	2.48	-	-	-
Turnover in respect of products not normally dealt with	17.71	42.56	46.39	39.69	44.08	18.13
TOTAL	7,312.58	12776.98	15092.31	14677.54	11290.57	10055.25

Details of Other Income as restated					Annexure - XXV	
					(Rs. in Lakhs)	
Particulars	Period ended September 30, 2016	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Other income	83.67	94.76	57.05	44.25	38.67	-
Net Profit Before Tax as Restated	368.72	550.14	424.17	387.12	340.40	250.18
<b>Percentage</b>	<b>22.69%</b>	<b>17.22%</b>	<b>13.45%</b>	<b>11.43%</b>	<b>11.36%</b>	<b>0.00%</b>

Source of Income	30.09.16	31.03.16	30.03.15	30.03.14	30.03.13	30.03.12	Nature
Insurance Claim Received	-	-	-	-	0.28	-	Non recurring and not related to business activity.
Interest Received	12.45	10.69	12.43	20.87	4.37	-	Non recurring and not related to business activity.
DIC Interest Subsidy	11.79	19.80	3.64	4.77	4.91	-	Recurring and Related to business activity.
Commission Received	-	-	-	0.54	-	-	Non recurring and not related to business activity.
Cenvat Refund	-	0.34	-	-	-	-	Non recurring and related to business activity.
Transport, Delivery & Collection Charges	27.55	38.86	30.78	17.42	-	-	Recurring and Related to business activity.
CST Refund	-	-	0.29	-	-	-	Non recurring and related to business activity.

VAT Refund	-	-	0.03	-	-	-	Non recurring and related to business activity.
Dollar Hedging Gain	-	-	1.90	-	-	-	Non recurring and not related to business activity.
Duty Drawback Received	3.55	5.06	1.54	-	-	-	Non recurring and related to business activity.
Entry Tax Refund	-	-	1.92	-	-	-	Non recurring and related to business activity.
Profit on foreign currency transactions (Net)	22.48	20.01	-	-	-	-	Non recurring and related to business activity.
Sundry Balance Written off	-	-	0.56	-	-	-	Non recurring and not related to business activity.
Profit on Buyer's Credit Adjustments	5.18	-	2.08	-	-	-	Non recurring and not related to business activity.
Profit on Sale of Fixed Assets	0.67	-	1.88	0.65	-	-	Non recurring and not related to business activity.
Profit on Sale of Land	-	-	-	-	29.11	-	Non recurring and not related to business activity.
<b>Total Other income</b>	<b>83.67</b>	<b>94.76</b>	<b>57.05</b>	<b>44.25</b>	<b>38.67</b>	<b>-</b>	

#### DETAILS OF SEGMENT REPORTING AS RESTATED - ANNEXURE XXVI

Particulars		Period ended September 30, 2016	Cored Wire Division				
			For the year ended March 31,				
			2016	2015	2014	2013	2012
<b>A</b>	<b>Primary Segment Information</b>						
	<b>Segment Revenue(Net)</b>						
	<i>a) External Sales</i>	7,273.40	12,656.37	14,963.79	14,548.90	11,142.26	9,943.55
	<i>b) Inter-Segment Sales</i>	-	-	-	-	-	-
	<b>Total Segment Revenue</b>	7,273.40	12,656.37	14,963.79	14,548.90	11,142.26	9,943.55
	<b>Segment Expenses</b>	6,899.43	12,274.87	14,618.38	14,031.81	10,502.29	9,395.60
	<b>Segment Result</b>	373.96	381.50	345.41	517.09	639.97	547.95
	<b>Segment Assets</b>	5,465.64	4,604.01	4,557.41	3,496.93	3,425.80	265.94
	<b>Segment Liabilities</b>	2,656.58	2,426.98	2,569.15	2,162.30	75.70	50.35
	<b>Capital Expenditure</b>	115.11	120.32	304.42	156.80	71.52	21.66
	<b>Depreciation &amp; Amortization Expense</b>	27.15	66.75	74.62	38.66	25.15	23.84
<b>B</b>	<b>Secondary Segment</b>						
The Company caters only needs of the Indian markets so there are no reportable geographical segments.							

Particulars		Period ended September 30, 2016	Gas Division				
			For the year ended March 31,				
			2016	2015	2014	2013	2012
<b>A</b>	<b>Primary Segment Information</b>						
	<b>Segment Revenue(Net)</b>						
	<i>a) External Sales</i>	122.62	215.24	185.43	172.73	186.97	111.42
	<i>b) Inter-Segment Sales</i>	0.24	0.13	0.14	0.15	-	0.28
	<b>Total Segment Revenue</b>	122.85	215.37	185.57	172.88	186.97	111.70
	<b>Segment Expenses</b>	103.69	181.33	188.91	213.38	264.62	168.29
	<b>Segment Result</b>	19.16	34.04	-3.34	-40.50	-77.65	-56.59
	<b>Segment Assets</b>	230.62	233.63	235.42	239.02	322.59	384.83
	<b>Segment Liabilities</b>	19.78	26.39	46.19	71.65	11.28	30.00

	Capital Expenditure	0.98	20.84	2.85	42.18	23.05	289.88
	Depreciation & Amortization Expense	12.77	30.59	38.41	78.85	95.75	58.20
<b>B</b>	<b>Secondary Segment</b>						
	The Company caters only needs of the Indian markets so there are no reportable geographical segments.						

Particulars		Period ended September 30, 2016	Unallocable Division				
			For the year ended March 31,				
			2016	2015	2014	2013	2012
<b>A</b>	<b>Primary Segment Information</b>						
	Segment Revenue(Net)						
	a) External Sales	-	-	-	-	-	-
	b) Inter-Segment Sales	-	-	-	-	-	-
	Total Segment Revenue	-	-	-	-	-	-
	Segment Expenses	146.31	48.99	54.62	216.53	323.31	324.58
	Segment Result	(146.31)	(48.99)	(54.62)	(216.53)	(323.31)	(324.58)
	Segment Assets	(195.36)	(60.89)	(75.33)	286.51	(81.62)	2,411.82
	Segment Liabilities	154.66	(22.10)	45.65	14.78	2,072.11	1,727.06
	Capital Expenditure	-	-	-	-	-	(0.24)
	Depreciation & Amortization Expense	-	-	-	-	-	0.24
<b>B</b>	<b>Secondary Segment</b>						
	The Company caters only needs of the Indian markets so there are no reportable geographical segments.						

Summary of Accounting Ratios as Restated				Annexure - XXVIII		
				(Rs. in Lakhs, except per share data)		
Ratios	Period ended September 30, 2016	Year ended March, 31st 2016	Year ended March, 31st 2015	Year ended March, 31st 2014	Year ended March, 31st 2013	Year ended March, 31st 2012
Restated PAT as per P& L Account	246.81	366.55	287.45	260.06	239.01	166.78
Weighted Average Number of Equity Shares at the end of the Year	12,089,750	12,089,750	12,089,750	12,069,914	12,034,693	9,231,402
No. of Shares outstanding at the year end	12,089,750	12,089,750	12,089,750	12,089,750	8,046,500	4,011,500
<b>Net Worth</b>	<b>2,669.89</b>	<b>2,423.08</b>	<b>2,056.53</b>	<b>1,773.75</b>	<b>1,507.69</b>	<b>1,245.18</b>
<b>Earnings Per Share</b>						
Basic & Diluted	2.04	3.03	2.38	2.15	1.99	1.81
<b>Return on Net Worth (%)</b>	9.24%	15.13%	13.98%	14.66%	15.85%	13.39%
<b>Net Asset Value Per Share (Rs)</b>	22.08	20.04	17.01	14.67	18.74	31.04
Nominal Value per Equity share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00

1. Ratios have been calculated as below	
Basic and Diluted Earnings Per Share (EPS) (Rs.)	Restated Profit after Tax available to equity Shareholders
	Weighted Average Number of Equity Shares at the end of the year / period

Return on Net Worth (%)	Restated Profit after Tax available to equity Shareholders
	Restated Net Worth of Equity Shareholders
Net Asset Value per equity share (Rs.)	Restated Net Worth of Equity Shareholders
	Number of Equity Shares outstanding at the end of the year / period

Capitalisation Statement as at 30 <sup>th</sup> September, 2016		Annexure - XXIX	
		(Rs. in Lacs)	
Particulars		Pre Issue	Post Issue
<b>Borrowings</b>			
Short term debt (A)		2,432.54	2,432.54
Long Term Debt (B)		58.12	58.12
<b>Total debts (C)</b>		<b>2,490.66</b>	<b>2,490.66</b>
<b>Shareholders' funds</b>			
Equity share capital			
Reserve and surplus - as restated		1,208.98	1,368.98
		1,460.91	1780.91
<b>Total shareholders' funds</b>			
		<b>2,669.89</b>	<b>3149.89</b>
<b>Long term debt / shareholders funds</b>		0.02	0.02
<b>Total debt / shareholders funds</b>		0.93	0.79

Statement of Tax Shelters as Restated					Annexure - XXX	
Particulars	Period ended September 30, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
Restated Profit before tax (A)	368.72	550.14	424.16	387.12	340.40	250.18
Income Tax Rate (%)	33.063%	33.063%	32.445%	32.445%	32.445%	32.445%
MAT Rate (%)	20.389%	20.389%	20.078%	20.078%	20.078%	20.078%
Tax at notional rate on profits	121.91	181.89	137.62	125.60	110.44	81.17
<b>Adjustments :</b>						
<b>Permanent Differences(B)</b>						
Donation	-	-	-	0.12	-	-
Interest on delayed payment of Income tax	-	-	-	-	-	-
Allowance u/s 35D						
Disallowance u/s 269T	-	-	-	0.40	-	-
Allowable/Disallowable u/s 37	-	-	(1.83)	2.23	0.09	-
Disallowable u/s 40	-	-	-	-	0.01	-
<b>Total Permanent Differences (B)</b>	-	-	<b>(1.83)</b>	<b>2.75</b>	<b>0.10</b>	-
<b>Income considered separately (C)</b>						
Profit on Sale of Depreciable Fixed Assets	-	-	-	(0.65)	-	-
Interest on Income Tax Refund	-	-	-	(1.75)	-	-
Profit on Sale of Land*	-	-	-	-	(29.10)	-
<b>Total Income considered separately (C)</b>	-	-	-	<b>(2.40)</b>	<b>(29.10)</b>	-
<b>Timing Differences (D)</b>						
Difference between tax depreciation and book depreciation	5.92	10.10	19.69	(8.01)	13.23	(38.08)
Difference due to expenses	-	2.57	1.86	1.26	0.88	3.24



allowable/ disallowable u/s 43B						
<b>Total Timing Differences (D)</b>	<b>5.92</b>	<b>12.67</b>	<b>21.55</b>	<b>(6.75)</b>	<b>14.11</b>	<b>(34.84)</b>
<b>Net Adjustments E = (B+C+D)</b>	<b>5.92</b>	<b>12.67</b>	<b>19.72</b>	<b>(6.40)</b>	<b>(14.89)</b>	<b>(34.84)</b>
<b>Tax expense / (saving) thereon</b>	1.96	4.19	6.40	(2.08)	(4.83)	(11.30)
<b>Income chargeable under the head OTHER SOURCES (F)</b>						
Interest on Income Tax Refund	-	-	-	1.75	-	-
<b>Total Income chargeable under the head OTHER SOURCES (F)</b>	-	-	-	1.75	-	-
<b>Deduction under Chapter VI-A (G)</b>						
Deduction u/s 80G	-	-	-	(0.12)	-	-
<b>Total Deduction under Chapter VI-A (G)</b>	-	-	-	(0.12)	-	-
Taxable Income/(Loss) (A+E+F+G)	<b>374.64</b>	<b>562.81</b>	<b>443.88</b>	<b>382.35</b>	<b>325.51</b>	<b>215.34</b>
<b>Taxable Income/(Loss) as per MAT</b>	368.72	550.14	424.16	387.12	340.40	250.18
<b>Income Tax as returned/computed</b>	123.87	186.08	144.02	124.05	105.61	69.87
Tax paid as per normal or MAT	Normal	Normal	Normal	Normal	Normal	Normal

\*Profit on sale of land is not considered for Capital Gain Computation as the same is not considered as Capital Asset while computing Income Tax for the said F.Y.

DETAILS OF RELATED PARTY TRANSACTIONS AS RESTATED												ANNEXURE XXVII		
Name	Nature of Relationship	Nature of Transaction	Amount of transaction during the period year September 30, 2016	Amount outstanding as on September 30, 2016 (Payable)/ Receivable	Amount of transaction during the period year March 31, 2016	Amount outstanding as on March 31, 2016 (Payable)/ Receivable	Amount of transaction during the period year March 31, 2015	Amount outstanding as on March 31, 2015 (Payable)/ Receivable	Amount of transaction during the period year March 31, 2014	Amount outstanding as on March 31, 2014 (Payable)/ Receivable	Amount of transaction during the period year March 31, 2013	Amount outstanding as on March 31, 2013 (Payable)/ Receivable	Amount of transaction during the period year March 31, 2012	Amount outstanding as on March 31, 2012 (Payable)/ Receivable
ANOOP KUMAR BANSAL	DIRECTOR	SALARY	18.00	-	39.00	-	39.00	-	26.00	-	26.00	-	19.50	-
KISHORE KUMAR BANSAL	DIRECTOR	SALARY	15.00	-	39.00	-	39.00	-	26.00	-	26.00	-	19.50	-
MANOJ KUMAR BANSAL	PROMOTER	SALARY	18.00	-	39.00	-	39.00	-	26.00	-	26.00	-	10.50	-
MANOJ KUMAR BANSAL	PROMOTER	LOAN TAKEN	-	-	-	-	-	-	-	-	-	-	22.73	-
MANOJ KUMAR BANSAL	PROMOTER	INTEREST ON LOAN	-	-	-	-	-	-	-	-	-	-	3.36	-
SANJAY SHAH	DIRECTOR	SALARY	18.00	-	39.00	-	39.00	-	26.00	-	26.00	-	19.50	-
D R BANSAL (HUF)	ASSOCIATE ENTERPRISE	LOAN TAKEN	-	-	-	-	-	-	-	-14.60	-	-12.87	0.81	-11.34
		LOAN REPAYED	-	-	-	-	15.34	-	2.12	-	2.02	-	-	-
		INTEREST ON LOAN	-	-	-	-	0.37	-	1.93	-	3.20	-	1.50	-
BANSAL BROTHERS	ASSOCIATE ENTERPRISE	PURCHASE OF RAW MATERIAL / TRANSPORTATION	382.90	-	824.91	-	170.38	-	625.08	-	530.59	-	1,355.08	-

		EXPENSES												
METAL GRACE INJECTION ALLOYS (P) LTD.	ASSOCIATE ENTERPRISE	LOAN TAKEN	-	-18.23	4.31	-18.23	4.12	-19.87	4.34	-19.58	34.97	-20.49	18.35	-28.33
		LOAN REPAID		-	5.96	-	3.83	-	5.25	-	38.74	-	-	-
		RENT	0.72	-	1.44	-	1.44	-	1.44	-	1.44	-	1.44	-
ANIRUDH SINGHAL	ASSOCIATE ENTERPRISE 'S DIRECTOR & RELATIVE	LOAN TAKEN	-	-	-	-	0.11	-	0.80	-4.54	2.43	-8.32	6.93	-6.93
		LOAN REPAID	-	-	-	-	4.65	-	4.58	-	0.60	-	-	-
		CONSULTANCY CHARGES	3.00	-	5.00	-	-	-	-	-	-	-	-	-
ANIRUDH SINGHAL	CFO	SALARY	2.00	-	-	-	-	-	-	-	-	-	-	-
BRINDA SETHI	CS	SALARY	0.60	-										
SAKSHI BANSAL	RELATIVE	SALARY	3.00	-	6.50	-	-	-	-	-	-	-	-	-
GAURAV AGRAWAL	RELATIVE	SALARY	6.00	-	37.00	-	-	-	-	-	-	-	-	-
SARTHAK ENERGY PVT.LTD	ASSOCIATE ENTERPRISE	SALES	-	348.36	298.00	102.36	-	16.46	214.96	79.46	-	-	-	-
		LOAN GIVEN	-	-	485.90		-		-		-	-	-	-
		LOAN REPAID	-	-	400.00		-		-		-	-	-	-
		INVESTMENT IN SHARES	-	-	-	-	30.00	-	45.00	-	-	-	-	-

## STATEMENT OF FINANCIAL INDEBTEDNESS

Brief details on the financial indebtedness of Sarthak Metals Limited “the Company” as on September 30, 2016 is as under:

### Secured Loan

(Amount in Lacs)

Name of Lender	Purpose	Sanctioned Amount	Rate of interest	Security offered/ Collateral Securities offered	Re-payment	Outstanding amount as on September 30, 2016 as per Books
State Bank of India	Car Loan (Mercedes)	40.00	10.75%	Mercedes	Loan to be repaid in 60 equated monthly instalments.	19.80
State Bank of India	Car Loan (Duster)	8.25	10.45%	Duster	Loan to be repaid in 60 equated monthly instalments.	5.10
State Bank of India	Car Loan (Eco Sports)	7.60	10.45%	Eco Sports	Loan to be repaid in 60 equated monthly instalments.	5.15
State Bank of India	Car Loan (Boleno)	7.85	9.75	Boleno	Loan to be repaid in 60 equated monthly instalments.	7.19
State Bank of India	Car Loan (Ford Titanium)	25.00	9.36%	Ford Titanium	Loan to be repaid in 36 equated monthly instalments.	23.43
<b>Total</b>						<b>60.67</b>

### Working Capital Loan

(Amount in Lacs)

Name of Lender	Type of Loan	Purpose	Sanctioned Amount	Rate of interest	Security offered/ Collateral Securities offered	Outstanding amount as on September 30, 2016 as per Books
State Bank of India	(Cash Credit - CC)	Working Capital Requirement	1600.00	12.05%	Stocks and Debtors	1333.91
State Bank of India	(Stand by Line of Credit - SLB)	Working Capital Requirement	100.00	13.05%	Stocks and Debtors	0.06
State Bank of India	(Letter of Credit - LC)	Working Capital Requirement	550.00	9%	Stocks and Debtors	600.56
State Bank of India	(Bank Guarantee - BG)	Working Capital Requirement	25.00	N.A.	Stocks and Debtors	0.00
Axis Bank Limited	(Overdraft –OD)	Working Capital Requirement	700.00	10.85%	Stocks and Debtors	498.02
<b>Total</b>						<b>2432.55</b>

### 1. SECURITY:

<b>Primary Security</b>	<p><b>Cash Credit &amp; BG:</b> First charge on all the stocks / inventories/ consumables owned by the company, lying in the factory premises / elsewhere / or in transit; all the book debts outstanding in the name of the company and other current assets owned by the company. (Stocks &amp; Book Debts arising from Gas divisionsales would be part of the primary security, but no drawing will be permitted against it)</p> <p><b>Term Loan:</b> EM of industrial oxygen gas plant at DIC plot no. 9-B, Urla Industrial Estate, Raipur, admeasuring 0.505 acres in the name of M/s SML; (Hypothecation of movable FA and EM of factory land and building as above)</p>
<b>Collateral</b>	EM on leasehold Land admeasuring 3889.50 sq. ft and Building thereon at Plot No. 377,

<b><u>Security</u></b>	<p>Contractor Colony, Supela, Bhilai. (Opposite Maurya Talkies); in the name of Shri Anoop Kumar Bansal S/o Shri Desraj Bansal. Lease valid upto 31.03.2025.</p> <p>EM of Residential Leasehold Land &amp; House property belonging to M/s SML Director Shri. Anoop Kumar Bansal at plot no-4, block no. 37, Motilal Nehru Nagar, Bhilai. Area 3873.60 sqft., Constructed Area- 1864 sqft. (As per approved drawing).</p> <p>EM of commercial property – office chamber belonging to SML, Eastern Plot of 2<sup>nd</sup> Floor, House NO. 742, S . K. Tower, ward no. 60 situated at plot no. 8, Nelson Square, Chindwara Road Chhaoni, Nagpur. Area 868 Sqft.</p> <p>EM of Residential Building Plot No. 16, Kh. No. 1607/94, ward no. 14, Kailash nagar, P&gt;H.No. 14, Vill. Kurud, Bhilai, Durg belonging to M/s Metal-gGrace Injection Alloys Pvt. Ltd., Director Shri Manoj Kumar Bansal. Area admeasuring 200sqft.</p> <p>EM of Factory land of Cored Wired Plant at 17/N, Heavy Industrial Area, Hathkoj, Bhilai, Area- 80000 sqft. And Hypothication of P &amp; M (lease valit upto 03.10.2099) &amp; EM of Factory Land of Cored Wire plant at Plot no. 18/S, Heavy Industrial Area, Bhilai, Area 43560 Sq ft (DIC land). Lease valid upto 26.12.2108.</p> <p>Charge on residual fixed assets of industrial oxygen gas plant at DIC plot no. 9-B, Urla Industrial Estate, Raipur, admeasuring 0505 acres in the name of M/s. SML (Hypothication of movable FA and EM of factory land &amp; Building as above)</p> <p>Pledge of STDR in the name of M/s Metal Grace Injection Alloys Pvt. Ltd.</p>
<b><u>Guarantee</u></b>	<p>Personal Gurantee of Shri Kishore Bansal, Shri Anoop Kumar Bansal, Shri Manoj Kumar Bansal, Shri Sanjay Shah &amp; corporate Gurantee of M/s Metal Grace Injction Alloys Pvt Ltd.</p>

## **2. PERIOD OF ADVANCE & REPAYMENT TERMS:**

**Cash Credit:** Repaybale on Demand

**Term Loan:** As per Original Sanction Letter

**Others:** Interest shall be payable on the outstandings in the loan accounts computed on daily basis duly compounded

Pre-payment charges, as applicable, shall be payable in case of pre-payment of Term Loan installments.

**Specific restrictive covenants attached to the Secured Loans are as under:-**

**During the currency of the Bank's credit facilities, the Unit / Guarantors will not, without the Bank's prior permission in writing.**

1. Effect any change in the Unit's capital structure.
2. Implement any scheme of expansion / modernization / diversification / renovation or acquire any fixed assets during any accounting year, except such schemes which have already been approved by the Bank.
3. Formulate any scheme of amalgamation or reconstruction.
4. Invest by way of share capital or lend or advance funds to or place deposits with any other concern, including sister / associate / family / subsidiary/ group concerns. However, normal trade credit or security deposits in the normal course of business or advances to employees can be excluded.
5. Enter into borrowing arrangements either secured or unsecured with any other bank, Financial Institution, company or person.
6. Undertake guarantee obligations on behalf of any other company, firm or person.
7. Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations.
8. Effect any drastic change in management setup.
9. Create any further charge, lien or encumbrance over the assets and properties of the Unit / Guarantors to be charged / charged to the Bank in favour of any other bank, Financial Institution, firm or person.
10. Sell, assign, mortgage or dispose off any of the fixed assets charged to the Bank.

11. Open any account with any other bank. If already opened, the details thereof is to be given immediately and a confirmation to this effect given to the Bank.

This is an indicative list and there are additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

**Unsecured Loan**

Name of Lender	Outstanding amount as on September 30, 2016 as per Books (Rs. In Lacs)	Re-payment
Metal-Grace Injection Alloys Private Limited	18.23	Re-payable on demand
<b>Total</b>	<b>18.23</b>	

## **MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*You should read the following discussion and analysis of our financial condition and results of operations together with our audited restated financial statements prepared in accordance with the Companies Act and SEBI (ICDR) Regulations, including the schedules, annexure and notes thereto and the reports thereon of each of the financial years ended March 31, 2012, 2013, 2014, 2015, 2016 and for the period ended September 30, 2016 in the chapter titled "Financial Information" on page 139 of this Draft Prospectus. The following discussion relates to our Company and, unless otherwise stated, is based on our restated financial statements, which have been prepared in accordance with Indian GAAP, the Accounting Standards (AS) and other applicable provisions of the Companies Act and the SEBI (ICDR) Regulations. Our fiscal year ends on March 31 of each year so accordingly all references to a particular financial year are to the twelve months ended March 31 of that year.*

### **INDUSTRY OVERVIEW**

#### **Global Economic Overview**

Output growth in the first quarter of 2016 was somewhat better than expected in emerging market and developing economies and roughly in line with projections for advanced economies, with better-than-expected euro area growth counterbalancing weaker U.S. growth. Productivity growth in most advanced economies remained sluggish, and inflation was below target owing to slack and the effect of past declines in commodity prices. Indicators of real activity were somewhat stronger than expected in China, reflecting policy stimulus, as well as in Brazil and Russia, with some tentative signs of moderation in Brazil's deep downturn and stabilization in Russia following the rebound in oil prices. While global industrial activity and trade have been lackluster amid China's rebalancing and generally weak investment in commodity exporters, recent months have seen some pick-up due to stronger infrastructure investment in China and higher oil prices.

The result of the U.K. referendum caught financial markets by surprise. In its immediate aftermath, equity prices declined worldwide. These prices have since rebounded, although as of mid-July bank equity valuations for U.K. and European banks remain substantially lower than before the referendum, and domestically focused U.K. equities are slightly weaker. Yields on safe assets have declined further, reflecting both higher global risk aversion and expectations of easier monetary policy going forward, particularly in the main advanced economies. The pound depreciated sharply—by around 10 percent in nominal effective terms between June 23 and July 15—with more limited changes for other major currencies. The prices of oil and other commodities declined moderately, but have remained well above those underpinning the assumptions for the April 2016 WEO.<sup>1</sup> Post-referendum asset price and exchange rate movements in emerging markets have been generally contained.

#### **INDIAN ECONOMIC OVERVIEW**

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). According to the Economic Survey 2015-16, the Indian economy will continue to grow more than 7 per cent in 2016<sup>17</sup>. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices. India was ranked the highest globally in terms of consumer confidence during October- December quarter of 2015, continuing its earlier trend of being ranked the highest during first three quarters of 2015, as per the global consumer confidence index created by Nielsen.

According to IMF World Economic Outlook Update (January 2016), Indian economy is expected to grow at 7.75 per cent during FY 2016<sup>17</sup>, despite the uncertainties in the global market. The Economic Survey 2015-16 had forecasted that the Indian economy will growing by more than seven per cent for the third successive year 2016-17 and can start growing at eight per cent or more in next two years. Foreign direct investment (FDI) in India have increased by 29 per cent during October 2014-December 2015 period post the launch of Make in India campaign, compared to the 15month period before the launch.

#### **Recent Developments**

With the improvement in the economic scenario, there have been various investments leading to increased M&A activity. Some of them are as follows:

India has emerged as one of the strongest performers with respect to deals across the world in terms of Mergers and Acquisitions (M&A). The total transaction value of M&A involving Indian companies stood at US\$ 26.3 billion with 930 deals in 2015 as against US\$ 29.4 billion involving 870 deals in 2014. In the M&A space, Telecom was the dominant sector, amounting to 40 per cent of the total transaction value. Also, Private equity (PE) investments increased 86 per cent year on year to US\$ 1.43 billion. Total private equity (PE) investments in India for 2015 reached a record high of US\$ 19.5 billion through 159 deals, according to the PwC Money Tree India report.

### **Government Initiatives**

Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, has launched the Make in India initiative with an aim to boost the manufacturing sector of Indian economy. This initiative is expected to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence spur development, in addition to benefiting investors. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy. Finance Minister Mr. Arun Jaitley stated that the government is looking at a number of reforms and resolution of pending tax disputes to attract investments. Currently, the manufacturing sector in India contributes over 15 per cent of the GDP. The Government of India, under the Make in India initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 per cent of the GDP.

### **OVERVIEW OF METALS AND MINING SECTOR**

India is the third largest producer of coal. It has the fifth largest coal reserves in the world at 301.6 billion tonnes (BT). The country is expected to become the second largest steel producer.

The metal and mining industry of India has recorded a strong 19.8 per cent expansion in 2011 to touch US\$ 141.9 billion and is expected to reach 305.5 billion by 2016. Production volumes have also been growing steadily over the years, it registered a CAGR of 5.2 per cent.

India's iron and steel exports increased at a CAGR of 4.2 per cent. Its strategic location enables convenient exports to developed as well as the fast developing Asian markets.

The Government of India has allowed 100 per cent foreign direct investment (FDI) in the mining sector under the automatic route. Mining lease has been granted for a long duration of minimum 20 years and up to 30 years. It has also approved MMDR Bill (2011) to provide better legislative environment for investment and technology.

There is significant scope for new mining capacities in iron ore, bauxite, and coal. Untapped metal reserves in India are to the tune of 82 BT. Strong long term demand from the steel industry is expected to further boost the iron ore industry.

### **OVERVIEW OF STEEL INDUSTRY**

#### **Introduction**

India is the world's third largest producer of crude steel (up from eighth in 2003) and is expected to become the second largest producer by 2016. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output.

The Indian steel industry is very modern with state of the art steel mills. It has always strived for continuous modernisation and upgradation of older plants and higher energy efficiency levels.

### **OVERVIEW ON INDUSTRIAL GAS**

Industrial gas is a group of gases that are commercially manufactured and sold for uses in other applications. The most common industrial gases are: air gases - oxygen (O<sub>2</sub>), nitrogen (N<sub>2</sub>) and argon (Ar) rare gases - such as helium (He), krypton (Kr), xenon (Xe) and neon (Ne) and other gases like hydrogen (H<sub>2</sub>), carbon monoxide (CO), carbon dioxide (CO<sub>2</sub>) and nitrous oxide (N<sub>2</sub>O), chlorine (Cl<sub>2</sub>), hydrogen chloride (HCl) and sulphur dioxide (SO<sub>2</sub>), acetylene (C<sub>2</sub>H<sub>2</sub>), methane (CH<sub>4</sub>) and propane (C<sub>3</sub>H<sub>8</sub>).



In addition, there are many different mixtures of these and other gases to meet the needs of specific applications. The industrial and medical gases industry serves a very large number of customers in the whole community. Industrial gases are essential for almost all manufacturing. Large quantities of oxygen, nitrogen and argon are used in the steel and metal industry. Shipyards and the automotive industry use acetylene, propane, mixtures of fuel gases and oxygen for cutting and welding. Liquid nitrogen is vital in recycling plastics, packaging and scrap tyres. The chemical industry employs all major industrial gases as a raw material or for inserting. The other smaller market segment consists of cylinder gas and mixtures.

According to the Freedonia group, inc., a Cleveland-based industry research firm, world demand for industrial gases is forecast to increase 6.9% annually to \$36.8 billion in 2011, with volume exceeding 300-bcm (billion cubic meters). Asia/pacific is the largest consuming region because of rapid growth in developing industrial markets, especially those of china and India.

Coming back to India, there are presently over 300 small & medium size plants and approximately 25 large tonnage plants all over the country. These gases are supplied through pipelines to captive customers in adjacent factories; in cryogenic transport tanks for bulk deliveries to long distance customers; or filled in cylinders.

The present annual turnover of the gas industry, excluding captive production is about Rs. 3,000 crores (\$650 million). With increased industrialization, the demand pattern of industrial gases is also changing fast. Modern application in the food processing industry, agro industries, healthcare and technology are growing at a tremendous pace. This has driven the industry to adopt stringent quality control systems and an efficient distribution network.

## **BUSINESS OVERVIEW**

Our Company was originally incorporated on July 28, 1995, as Sarthak Metals Marketing Private Limited under the provisions of the Companies Act, 1956 with the Registrar of Companies, Madhya Pradesh, Gwalior. The name of our Company was changed to “Sarthak Metals Private Limited” pursuant to shareholders resolution passed at the Extra Ordinary General Meeting of the Company held on August 13, 2016 and a fresh Certificate of Incorporation pursuant to change of name dated August 22, 2016 was issued by the Registrar of Companies, Chhattisgarh. Subsequently our Company was converted into a Public Limited Company pursuant to shareholders resolution passed at the Extra Ordinary General Meeting held on August 13, 2016 and the name of our Company was changed to “Sarthak Metals Limited” vide a fresh Certificate of Incorporation dated August 23, 2016, issued by the Registrar of Companies, Chhattisgarh. The corporate identification number (CIN) of our Company is U51102CT1995PLC009772.

We are engaged into manufacturing of wide variety of Cored wires, Aluminum Flipping coils, and Industrial Oxygen gas having wide application in various industries including Steel plants, Fabrication units, and foundries. We are also manufacturers and suppliers of wire feeder machines that are known for drawing wires of 9 mm to 15 mm diameter. We are also engaged in the business of trading of iron & steel and carbon dioxide gas.

Our Company forms the part of Desh Raj Bansal Group, Bhilai and commenced its operations in the year 1997 to manufacture industrial oxygen. Later in the year 2002, our Company diversified its product base by manufacturing cored wires and aluminum flipping coils. We also started manufacturing of wire feeder machines since 2012.

The current promoters of our Company are Mr. Anoop Kumar Bansal, Mr. Manoj Kumar Bansal, Mr. Kishore Kumar Bansal and Mr. Sanjay Shah with their experience in the business and industry, innovative insight, business acumen and farsightedness has taken the business to a new level.

We are headquartered at Bhilai, Chhattisgarh. We currently have two manufacturing units located at Bhilai and Raipur, spread over an area of 1,23,560 sq.ft and 22,000 sq. ft (approximately) respectively, giving us competitive edge in the industry. Please refer page 99 under section titled “Our Properties” of this Draft Prospectus.

We are ISO 9001: 2008 certified Company in compliance with quality management system. Over the years we have developed a wide range of our products to cater to the needs and specific requirements of a large number of industries which seek products of assured quality and safety standards. We accomplish through our consistent high quality products and dependable services, and have achieved referred supplier status in several steel companies ensuring a long-term relationship with our key customers.

We have cultivated a large number of reliable suppliers that deliver high quality raw materials, and accordingly, are not dependent upon any one supplier. Our major suppliers include Bharat Aluminium Co. Ltd, Bhushan Power & Steel Limited, Sino Metal International Limited etc.

Our Total income for the fiscal year ended March 31, 2016 was Rs. 12871.74 Lacs whereas in the fiscal year ended March 31, 2015 the same was Rs. 15149.36 Lacs. Our Profit after tax for the fiscal year ended March 31, 2016 was Rs. 357.03 Lacs whereas in the fiscal year ended March 31, 2015 the same was Rs. 283.48 Lacs. Our export turn over for Fiscal year ended March 31, 2016 and 2015 was Rs. 572.00 Lacs and Rs. 1329.77 Lacs respectively.

#### **SIGNIFICANT DEVELOPMENTS AFTER SEPTEMBER 30, 2016 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS**

In the opinion of the Board of Directors of our Company, there have not arisen, since the date of the last financial statements disclosed in this Draft Prospectus, any significant developments or any circumstance that materially or adversely affect or are likely to affect the profitability of our Company or the value of its assets or its ability to pay its material liabilities within the next twelve months:-

#### **OUR COMPETITIVE STRENGTHS:**

The following are the key strengths which the Company believes enabled it to be competitive in its business:

**Customized Product Development:** Our Company offers customization facilities to all the customers as per their particular requirement and specifications. Our manufacturing teams focus on the precise demand of the customer and design the products accordingly. This provides a complete satisfaction to our customers and enables us to expand our business from existing customers and also address a larger base of potential new customers.

**Quality Management System:** We have established and maintained a quality management system to manufacture quality products. To ensure continuing suitability, adequacy and effectiveness and also for improvement of the established quality management system our senior official reviews it on half yearly basis. We ensure that appropriate processes are implemented to fully satisfy customer needs and expectations and expand our customer base. Our senior officials provide the training and an appropriate motivating environment to foster teamwork both within and across organizational units for employees to improve processes, product quality and standard.

**Customer Centric Approach:** Our Company focuses on attaining highest level of customer satisfaction. The progress achieved by us is largely due to our ability to address and exceed customer satisfaction. We believe that a customer centric culture in business provides a positive customer experience before and after the sale in order to drive repeat business, customer loyalty and profits. We believe that our strong business practices and reputation in the industry has not only enabled us to meet the expectations of our customers but also helped us to sustain in the competitive business environment.

**ISO Certification:** Our Company adheres to high quality standards and our processing facilities are ISO 9001:2008 certified. Since our Company is dedicated towards quality products, processes and inputs, we get repetitive orders from our various customers thereby enabling us to maintain our brand image and quality of our products in the market.

**Experienced Management Team:** Our Company is led by a strong management team sound experienced and expertise in the business and industry in which we operate and has been in many ways responsible for the growth of our operations. Our experienced directors have in-depth knowledge of the products and industry. The key managerial personnel consist of persons qualified in their respective fields and provide complementary support to the successful implementation of management strategies. Our promoters Mr. Anoop Kumar Bansal, Mr. Manoj Kumar Bansal, Mr. Kishore Kumar Bansal and Mr. Sanjay Shah are well experienced in the business and industry and are actively involved in the day to day management of our business operations. Besides the promoters our company is ably assisted by senior professionals in areas of Production, Marketing, Administration and Finance.

For further details on the experience of our management, please refer to the chapter “Our Management” on page 113 of this Draft Prospectus.

**Strong Customer Base:** Our Company exports its products to various geographies such as Turkey, Brazil, South Africa, Oman, Bulgaria, Australia and South Korea to various companies of several industries. We have a strong customer base in India as well as internationally which includes international Companies like BSRM Iron & Steel

Co. Ltd., Iskenderun Demir Ve Celik A.S, Gerdau Acominas, Gfe-Mir Alloys & Minerals Sa (Pty) Ltd, Shaded Iron & Steel Co. Llc, Stomana Industry Sa –Pernik, Commercial Metals Pty Ltd and Yh Trading Co. Ltd. etc and domestic companies like Bhushan Steel & Power Ltd, Jindal Steel & Power Ltd , Tata Steels Limited , Usha Martin Ltd, etc. These customers have been a part of the growth story of our Company which we believe is essentially due to the product quality and customer centric approach of our Company.

***Cordial relationship with suppliers:*** We believe that our strong relationships with our suppliers will enable us to continue to grow our business. We have acquired raw materials from several suppliers. Due to our relationships with our suppliers, we get quality and timely supplies of raw materials. This enables us to manage our inventories and supply quality products on timely basis to our customers. This in turn has enabled us to generate repeat business.

***Locational Advantages:*** The location of our manufacturing units at Bhilai and Raipur are well connected by road and rail .This facilitates efficient movement of raw materials and finished products. Our location also helps us to service wide array of customers.

#### **OUR BUSINESS STRATEGY:**

***Diversifying and increasing penetration in markets:*** Our Company's products are sold in domestic market and global market. The domestic market also offers opportunities in term of sub-geographic penetration and product/market diversification. Our Company will seek to grow its marketing reach domestically to explore hither to untapped markets and segments as part of its strategy to mitigate market risk and widen growth prospects. Our Company will continue to explore opportunities in various countries where it can supply value added products to enhance its geographical reach.

***Enhancing production and product quality:-***We believe quality is an important factor when it comes to any product or service. With the high market competition, quality product at an affordable price has become the market differentiator for almost all products and services. We constantly work to enhance the existing quality of our products by optimizing the existing production processes and introducing new processes. We train our employees to consistently design and deliver client focused solutions.

***Strengthening of Brand:*** We intend to invest in developing and enhancing our brand image, through brand building efforts, communication and promotional initiatives such as advertisements in print media, hoardings, televisions, organizing events, and participation in industry events, etc. This is a continuous exercise which would increase the brand image resulting in an increase of sales and profitability.

***Optimal Utilization of Resources:-***Our Company constantly endeavors to improve our production process, skill up-gradation of workers, modernization of machineries to optimize the utilization of resources. We regularly analyze our existing raw material procurement policy and manufacturing processes to identify the areas of bottlenecks and correct the same. This helps us in improving efficiency and putting resources to optimal use.

***Human Resources Development:*** We place particular emphasis on attracting and retaining the best talents in the industry. We have implemented various human resource programmes at every level in the organization, which has helped in developing and retaining our talent pool. We believe it is imperative that we have a well trained and experienced pool of resources in order to manage the substantial business and capacity growth that is expected.

#### **Our Product Portfolio**

1. Cored Wires
2. Industrial Oxygen Gas Plant
3. Wire Feeder Machine
4. Trading of Carbon di Oxide gas
5. Trading of iron and Steel related products.

#### **Key factors affecting our results of Operation**

1. General economic and business conditions in India and in the markets in which we operate and in the local, regional and national economies;
2. Changes in laws and regulations relating to the Sectors in which we operate;
3. Realization of Contingent Liabilities, if any;

4. Dependence on imported raw materials;
5. Exchange rate fluctuations;
6. Our ability to successfully implement our growth strategy by using working capital requirement for which funds are being raised through this Issue;
7. Fluctuations in operating costs due to raw material prices;
8. Our ability to attract and retain the services of our senior management, key managerial personnel and capable employees;
9. Dependent upon sales of the main products that are Core wires, and Industrial Oxygen Gas
10. Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
11. Occurrence of natural disasters or calamities affecting the areas in which we have operations;
12. Conflicts of interests with affiliated companies, the promoter group and other related parties; and
13. The performance of the financial markets in India and globally.
14. Any adverse outcome in the legal proceedings in which we are involved;
15. Failure to obtain any applicable approvals, licenses, registrations and permits in a timely manner.
16. Our ability to meet our capital expenditure requirements.
17. Our ability to manage risks that arise from these factors.
18. Developments affecting the Indian economy.
19. Market fluctuations and industry dynamics beyond our control;

#### **Our Significant Accounting Policies:**

Our significant accounting policies are described in the section entitled “*Financial Information*” on page 139 of this Draft Prospectus.

#### **Change in accounting policies in previous 3 (three) years**

Except as mentioned in chapter “*Financial Information*” on page 139 of this Draft Prospectus, there has been no change in accounting policies in last 3 (three) years.

#### **DISCUSSION ON THE RESULTS OF OPERATIONS**

The following discussion on the financial operations and performance is based on our restated financial statements for the FY 2013-2014, 2014-15 and 2015-16.

#### **Summary of the Standalone Results of Operation**

The following table sets forth select financial data from restated standalone profit and loss accounts for the period ended September 30, 2016 and for the years ended March 31, 2016, 2015, 2014 and 2013 and the components of which are also expressed as a percentage of total income for such periods.

Particulars	For the period ended September 30, 2015	% of Total Income	For the year ended March 31							
			2016	% of Total Income	2015	% of Total Income	2014	% of Total Income	2013	% of Total Income
<b>INCOME</b>										
Revenue from Operations	7312.58	98.87	12776.98	99.26	15092.31	99.62	14,677.53	99.70	11,290.57	99.66
Other Income	83.67	1.13	94.76	0.74	57.05	0.38	44.25	0.30	38.67	0.34
<b>Total Income (A)</b>	<b>7396.25</b>	<b>100</b>	<b>12871.74</b>	<b>100</b>	<b>15149.36</b>	<b>100</b>	<b>14,721.78</b>	<b>100</b>	<b>11,329.24</b>	<b>100</b>
<b>EXPENDITURE</b>										
Cost of Material Consumed	6246.92	84.46	11035.74	85.74	13401.32	88.46	13,364.80	90.78	10,012.93	88.38
Purchase of Stock in Trade	6.64	0.09	6.66	0.05	8.12	0.05	52.52	0.36	15.35	0.14
Changes in inventories of finished goods,	130.70	1.77	(75.14)	(0.58)	111.93	0.74	(148.25)	(1.01)	30.07	0.27

traded goods and work-in-progress										
Employee benefit expenses	164.17	2.22	383.44	2.98	346.44	2.29	236.78	1.61	203.34	1.79
Finance costs	164.20	2.22	278.16	2.16	259.49	1.71	320.97	2.18	255.25	2.25
Depreciation and amortisation expense	39.91	0.54	97.34	0.76	108.36	0.72	117.50	0.80	120.90	1.07
Other Expenses	272.59	3.69	595.40	4.63	489.53	3.23	390.34	2.65	350.91	3.10
<b>Total Expenses (B)</b>	<b>7025.13</b>	<b>94.98</b>	<b>12321.6</b>	<b>95.74</b>	<b>14725.19</b>	<b>97.20</b>	<b>14,334.66</b>	<b>97.37</b>	<b>10,988.75</b>	<b>97.00</b>
<b>Net Profit/(Loss) before exceptional item and Tax</b>	<b>371.12</b>	<b>5.03</b>	<b>550.14</b>	<b>4.27</b>	<b>424.17</b>	<b>2.80</b>	<b>387.12</b>	<b>2.63</b>	<b>340.40</b>	<b>3.00</b>
<b>Less: Exceptional items</b>	2.40	0.03	-	-	-	-	-	-	-	-
<b>Net Profit/(Loss) before Tax</b>	<b>368.72</b>	<b>4.99</b>	<b>550.14</b>	<b>4.27</b>	<b>424.17</b>	<b>2.80</b>	<b>387.12</b>	<b>2.63</b>	<b>340.40</b>	<b>3.00</b>
<b>Less : Provision for Taxation</b>										
Current Years Income Tax	123.87	1.67	186.08	1.45	144.02	0.95	124.05	0.84	105.40	0.93
Deferred Tax	(1.96)	(0.03)	(2.49)	(0.02)	(7.3)	(0.05)	3.01	0.02	(4.01)	(0.04)
Short / Excess Provision of Earlier Years	0.00	0.00	-	-	-	-	-	-	-	-
<b>Net Profit after Tax</b>	<b>246.81</b>	<b>3.34</b>	<b>366.55</b>	<b>2.85</b>	<b>287.45</b>	<b>1.90</b>	<b>260.06</b>	<b>1.77</b>	<b>239.01</b>	<b>2.11</b>

### **Key Components of Our Profit And Loss Statement**

**Revenue from operations:** Revenue from operations mainly consists of sale of materials.

**Other Income:** Other income primarily comprises Interest Income, DIC interest subsidy, Transport and delivery charges and dividend Income etc.

**Expenses:** Our expenses majorly consist of cost of material consumed, employee benefits expense, finance costs, depreciation and amortization expense and other expenses.

**Employee benefits expense:** Employee benefit expense includes salaries and wages, staff welfare expenses, bonus, Directors remuneration and Contribution to Provident Fund and Gratuity.

**Finance Costs:** Finance cost comprises Interest on Indebtedness, bank and other Finance charges.

**Depreciation and amortization expense:** We recognize depreciation and amortization expense on a Written down value method as per the provisions set forth in the Companies Act 2013 from 1st April 2014 and rates set forth in Companies Act, 1956 for prior period to 1st April 2014.

**Other expenses:** Other expenses consist of Manufacturing and Operating Costs, Sales & Distribution expenses and Other Administrative Expenses.

### **Financial Performance for the Nine Months Period ended September 30, 2016**

#### **Income**

#### **Revenue from Operations**

During the period ended September 30, 2016 our Net Revenue from Operations is Rs. 7312.58 lacs which is 98.87% of Total Income.

**Other Income**

During the period ended September 30, 2016 our Other Income is Rs. 83.43 lacs which is 1.13% of the Total Income.

**Expenditure****Total Expenses**

The Total Expenditure for the period ended September 30, 2016 is Rs. 7027.41 lacs which is about 95.02% of the Total Income.

**Cost of Material Consumed**

Our Company has incurred Rs. 6246.92 Lacs for cost of Material consumed during the period ended September 30, 2016 which is about 84.46 % of Total Income.

**Employee Benefits Expenses**

Our Company has incurred Rs. 164.16 lacs as employee benefit expenses during the period ended September 30, 2016 which is about 2.22% of the Total Income

**Finance Costs**

Finance cost for the period ended September 30, 2016 is Rs. 164.20 lacs which is about 2.22% of the Total Income

**Depreciation and Amortization Expense**

Depreciation for the period ended September 30, 2016 Rs. 42.44 lacs calculated at WDV method as per companies Act, is about 0.57% of the Total Income.

**Other Expenses**

Our Company has incurred Rs. 272.35 lacs for the period ended September 30, 2016 which is about 3.68% of the Total Income.

**Profit before Tax**

The Profit before tax for the period ended September 30, 2016 stood at Rs. 368.60 lacs which is 4.98% of the Total Income.

**Profit after Tax**

The Profit after tax for the period ended September 30, 2016 stood at Rs. 368.60 lacs which is 4.98% of the Total Income.

Since, the results are for Nine Months, Comparison with previous financial year would not reflect actual performance of the Company so the comparison has not been provided.

**COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2016 WITH FISCAL 2015****Revenue from Operations:**

During the F.Y. 2015-16 the net revenue from operation of the Company decreased to Rs. 12776.98 lacs as against previous financial year is Rs. 15092.31 lacs, representing the decrease of 15.34%. This decrease was mainly due to decrease in revenue from sale of the products.

### **Other Income**

During the F.Y. 2015-16 the Other Income of our company increased to Rs. 94.76 lacs as against Rs. 57.05 lacs for the F.Y. 2014-15, representing increase by 66.10%. Such increase was attributed to increase in interest income, DIC interest subsidy, profit on foreign currency transaction and transport and delivery charges income.

### **Total Expenses:**

The Total Expenditure for the F.Y. 2015-16 decreased to Rs. 12321.60 lacs from Rs. 14725.20 lacs during the F.Y. 2015-16. The decrease of 16.32% is in line with scale of operations. This decrease is due to decrease in the production activity and other expenses

### **Raw material consumed**

Our company has incurred Rs. 1103.74 lacs as Raw material consumed during the FY 2015-16 as against Rs. 13404.32 lacs during the FY 2014-15. The decrease of 17.98% was primarily due to decrease in production.

### **Employee Benefits Expenses:**

The employee benefit expense comprises of salaries, allowances, contribution to, staff welfare expenses and other benefits to the employees. Our Company has incurred Rs. 383.44 lacs as employee benefit expenses during the FY 2015-16 as compared to Rs. 346.44 lacs during the FY 2014-15. The increase of 10.68% as compared to previous year is due to increase in number of employees and increase in salaries.

### **Finance Costs:**

Finance cost for the FY 2015-16 increased to Rs. 278.16 lacs as against Rs. 259.49 lacs of the FY 2014-15. The increase of 7.19 % is mainly due to increase in payment of Commission charges of LC/ BC.

### **Depreciation and Amortization Expense:**

Depreciation for the FY 2015-16 stood at Rs. 97.34 lacs calculated at WDV method as per companies Act. For the FY 2014-15 the same was Rs. 108.36 lacs. The decrease of 10.17% is mainly due to decrease in Fixed Assets.

### **Other Expenses:**

Other expenses include administrative, selling & distribution expenses etc. Our Company has incurred Rs. 595.40 lacs during the FY 2015-16 as compared to Rs. 489.83 lacs during FY 2014-15. The increase of 21.63% is majorly due to increase in on expenditure.

### **Profit before Tax**

The Profit before tax for the FY 2015-16 increased to Rs. 550.14 lacs from Rs. 424.17 lacs in FY 2014-15. The increase is due to above mentioned reasons.

### **Profit after Tax**

The Profit after Tax for the FY 2015-16 stood at Rs. 366.55 lacs as against Rs. 287.45 lacs for the FY 2014-15.

## **COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2015 WITH FISCAL 2014**

### **Income**

#### **Revenue from Operations**

During the F.Y. 2014-15 the Revenue from Operations of our company increased to Rs. 15092.31 lacs as against Rs. 14677.53 lacs for the F.Y. 2013-14, representing increase of 2.83%. Such increase was attributed to increased in sales.



### **Other Income**

During the F.Y. 2014-15 the Other Income of our company increased to Rs. 57.05 lacs as against Rs. 44.25 lacs for the F.Y 2013-14, representing increase by 28.93%. Such increase was attributed to increase in interest income, DIC interest subsidy, profit on foreign currency transaction and transport and delivery charges income.

### **Expenditure**

#### **Total Expenses**

The Total Expenditure for the F.Y. 2014-15 increased to Rs. 14725.19 lacs from Rs. 14334.66 lacs during the F.Y. 2013-14. The increase of 2.72% is in line with scale of operations.

#### **Raw Material Consumed**

Our Company has incurred Rs. 13401.32 lacs as Raw material consumed during the F.Y. 2014-15 as against Rs. 13364.80 lacs during the FY 2013-14. The increase of 0.27% is in line with increase in scale of operations.

#### **Employee Benefits Expenses:**

The employee benefit expense comprises of salaries, allowances, contribution to, staff welfare expenses and other benefits to the employees. Our Company has incurred Rs. 346.44 lacs as employee benefit expenses during the FY 2014-15 as compared to Rs. 236.78 lacs during the FY 2013-14. The increase of 46.31% as compared to previous year is due to increase in employee cost.

#### **Finance Costs:**

Finance cost for the FY 2014-15 decreased to Rs. 259.49 lacs as against Rs. 320.97 lacs of the FY 2013-14. The decrease of 19.15 % is mainly due to decrease in borrowings and commission cost.

#### **Depreciation and Amortization Expense**

Depreciation for the FY 2014-15 stood at Rs. 108.36 lacs the same was Rs. 117.50 lacs for the FY 2013-14. The decrease of 7.78% is mainly due to decrease in fixed assets.

#### **Other Expenses**

Our Company has incurred Rs. 489.53 lacs during the FY 2014-15 on Other Expenses as compared to Rs. 390.34 lacs during FY 2013-14. The increase of 25.41% is in the normal course of business.

#### **Profit Before Tax**

The Profit before tax for the FY 2014-15 increased to Rs. 424.17 lacs from Rs. 387.12 lacs in FY 2013-14. The increase of 9.57% due to better management control.

#### **Profit After Tax**

The Profit After Tax for the FY 2014-15 stood at Rs. 287.45 lacs as against Rs. 260.06 lacs for the FY 2013-14. The increase of 10.53% is due to better management control.

### **COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2014 WITH FISCAL 2013**

#### **Income**

##### **Revenue from Operations**

During the F.Y. 2013-14 the Revenue from Operations of our company increased to Rs. 14677.53 lacs as against Rs. 11290.77 lacs for the F.Y 2012-13, representing increase of 30.00%. The increase is mainly due to increase sales and production.



### **Other Income**

During the F.Y. 2013-14 the Other Income of our company increased to Rs. 44.25 lacs as against Rs. 38.67 lacs for the F.Y. 2012-13, representing increase of 14.43%. The increase is mainly due to increase in interest and profit on sale of fixed assets.

### **Expenditure**

#### **Total Expenses**

The Total Expenditure for the F.Y. 2013-14 increased to Rs. 14334.66 lacs from Rs. 10988.75 lacs during the F.Y. 2012-13. The increase of 30.45% is in line with the increase in income during the FY 2013-14. This increase is due to increase in production activities and other expenses.

#### **Raw Material Consumed**

Our Company has incurred Rs. 13364.80 lacs as Raw Material Consumed during the F.Y. 2013-14 as against Rs. 10012.93 lacs during the FY 2012-13. The increase of 33.48% is in line with scale of operations.

#### **Employee Benefits Expenses**

Our Company has incurred Rs. 236.78 lacs during the FY 2013-14 on Employee Benefit Expenses as compared to Rs. 203.34 lacs during the FY 2012-13. The increase of 16.45% as compared to FY 2012-13 is due to increase in Manpower in the Company and increase in salaries and wages.

#### **Finance Costs**

Finance cost for the FY 2013-14 increased to Rs. 320.97 lacs as against Rs. 255.25 lacs of the FY 2012-13. The increase of 25.75 % is due to increase in borrowings.

#### **Depreciation and Amortization Expense**

Depreciation for the FY 2013-14 stood at Rs. 117.50 lacs For the FY 2012-13 the same was Rs. 120.90 lacs. The decrease of 2.81% is in the normal course of business.

#### **Other Expenses**

Our Company has incurred Rs. 390.34 lacs on Other Expenses during the FY 2013-14 as compared to Rs. 350.91 lacs during FY 2012-13. The increase of 11.24% is mainly due to overall increase in the pricing trend.

#### **Profit Before Tax**

The Profit before tax for the FY 2013-14 increased to Rs. 387.12 lacs from Rs. 340.40 lacs in FY 2012-13. The increase of 13.73% is due to better management control.

#### **Profit after Tax**

The Profit after Tax for the FY 2013-14 stood at Rs. 260.06 lacs as against Rs. 239.01 lacs for the FY 2012-13 representing increase of 8.81% due to increase in sales.

### **COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2013 WITH FISCAL 2012**

#### **Income**

##### **Revenue from Operations**

During the F.Y. 2012-13 the Revenue from Operations of our company increased to Rs. 11290.57 lacs as against Rs. 10055.25 lacs for the F.Y. 2011-12, representing the increase of 12.29%. The increase is mainly due to increase in Sale of products and services.

### **Other Income**

During the F.Y. 2012-13 the Other Income of our company increased to Rs. 38.67 lacs as against Rs. 0.00 lacs for the F.Y. 2011-12. The increase is mainly due to increase in profit of sale of land, interest subsidy received.

### **Expenditure**

#### **Total Expenses**

The Total Expenditure for the F.Y. 2012-13 increased to Rs. 1098.75 lacs from Rs. 9805.07 lacs during the F.Y. 2011-12. The increase of 12.07% is due to Increase in overall scale of operations during the year.

#### **Raw Material Consumed**

Our Company has incurred Rs. 10012.93 lacs as Raw material consumed of during the F.Y. 2012-13 as against Rs. 8441.63 lacs during the FY 2011-12. The increase of 18.61% is in line with increase in scale of operations

#### **Employee Benefits Expenses**

Our Company has incurred Rs. 203.34 lacs on Employee Benefit Expenses during the FY 2012-13 as compared to Rs. 166.85 lacs during the FY 2011-12. The increase of 21.87% as compared to previous year is due to increase in number of employees and increase in salaries and wages.

#### **Finance Costs**

Finance cost for the FY 2012-13 increased to Rs. 255.25 lacs as against Rs. 253.11 lacs of the FY 2011-12. The increase of 0.85% is in due to increase in interest expenses.

#### **Depreciation and Amortization Expense**

Depreciation for the FY 2012-13 stood at Rs. 120.90 lacs. For the FY 2011-12 the same was Rs. 82.28 lacs. The increase represented by 46.94% due to purchase of fixed assets.

#### **Other Expenses**

Our Company has incurred Rs. 350.91 lacs as Other Expenses during the FY 2012-13 as compared to Rs. 437.09 lacs during FY 2011-12. The decrease of 19.72% is in line with increase in scale of operation.

#### **Profit Before Tax**

The Profit before tax for the FY 2012-13 increased to Rs. 340.40 lacs from Rs. 250.18 lacs in FY 2011-12. The increase of 36.06% is due to increase in revenue from operations.

#### **Profit after Tax**

The Profit after Tax for the FY 2012-13 stood at Rs. 239.01 lacs from Rs. 166.78 lacs for the FY 2011-12. The increase of 43.31% is due to increase in revenue from operations.

### **INFORMATION REQUIRED AS PER ITEM (2) (IX) (E) (5) OF PART A OF SCHEDULE VIII TO THE SEBI REGULATIONS:**

**An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:**

- ***Unusual or infrequent events or transactions***

Except as described in this Draft Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

- **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 139 and 168 respectively of this Draft Prospectus respectively, to our knowledge there are no Significant economic changes that materially affected or are likely to affect income from continuing Operations. Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could affect the business, including the future financial performance, shareholders’ funds and ability to implement strategy and the price of the Equity Shares.

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

Apart from the Risks disclosed under the section titled “Risk Factors” no known trends or uncertainties are envisaged or are expected to have a material adverse impact on sales, revenue or income from continuing operations to Company’s knowledge.

- ***Future changes in relationship between costs and revenues in case of events such as future increase in labor or material cost or prices that will cause material change.***

Other than as described in the chapter titled “Risk Factors” beginning on page 13 of this Draft Prospectus, to our knowledge there are no factors, which will affect the future relationship between costs and income or which are expected to have a material adverse impact on our operations and finances.

- ***The extent to which material increases in net sales / revenue is due to increase in sales volume, introduction of new products or services or increased sales prices.***

The increase in revenues is by and large linked to increases in volume of all the activities carried out by the Company.

- ***Total turnover of each major industry segment in which the Company operated***

As per accounting standards 17 on Segment Reporting issued by ICAI the Company has two primary reportable segments i.e. Cored Wire Division & Gas Division.

- ***Status of any publicly announced New Products or Business Segment***

Please see the chapter titled “Our Business” beginning on page 88 of this Draft Prospectus.

- ***The extent to which our Company’s business is seasonal***

Our Company’s business is not seasonal in nature.

- ***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 textile 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 fabric processing companies. This we believe may impact our financial condition and operations.

- ***Any significant dependence on a single or few suppliers or customers***

We are a Manufacturing company offering various products such as cored wire, and industrial gases to our clients / customers and hence our clients/customers are repetitive in nature. We are not dependent on a single or few suppliers.

- ***Related Party Transactions***

For further details please refer to “Annexure XXVII - Related Party Transactions” forming part of the chapter titled “Financial Information” beginning on page 162 of this Draft Prospectus.

- ***Details of material developments after the date of last balance sheet i.e. September 30, 2016***

No circumstances have arisen since the date of last financial statement until the date of filing this Draft Prospectus, which materially and adversely affect or are likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months. There is no subsequent development after the date of the Auditor's Report, which will have a material impact on the reserves, profits, earnings per share and book value of the Equity Shares of the Company. Significant developments since the last audited balance sheet as on September 30, 2016 till the date of this Draft Prospectus.

## **SECTION VI: LEGAL AND OTHER INFORMATION**

### **OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS**

*Except as stated herein, there are no outstanding or pending litigation, suits, civil prosecution, criminal proceedings or tax liabilities against our Company, our Directors, our Promoters and Promoter Group and there are no defaults, non-payment of statutory dues, over dues to banks and financial institutions, defaults against bank and financial institutions and there are no outstanding debentures, bonds, fixed deposits or preference shares issued by our Company; no default in creation of full security as per the terms of the Offer, no proceedings initiated for economic or 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), and no disciplinary action has been taken by SEBI or any stock exchanges against our Promoters, our Directors or Promoter Group Companies.*

***The Company has a policy for identification of Material' Outstanding Dues to Creditors in terms of the SEBI(ICDR) Regulations,2009 as amended for creditors where outstanding due to any one of them exceeds 5% of consolidated trade payables as per the last consolidated audited financial statements of the Issuer.***

***Further in terms of the SEBI (ICDR) Regulations,2009 as amended the Company has a policy for providing consolidated information for outstanding dues to small scale undertakings and micro, small and medium enterprise giving details of number of cases and amount involved.***

***The Company has a policy for identification of Material' Litigation in terms of the SEBI (ICDR) Regulations,2009 as amended for disclosure of all pending litigation involving the Issuer, its directors, promoters, group companies and subsidiaries, other than criminal proceedings, statutory or regulatory actions and taxation matters where the monetary amount of claim by or against the entity or person in any such pending matter(s) is in excess of 5% of the net profits after tax of the Company for the most recent audited fiscal period whichever is higher and such pending cases are material from the perspective of the Issuer's business, operations, prospects or reputation.***

***The Company has a policy for identification of Material' Related Party Transactions in terms of the SEBI (ICDR) Regulations, 2009 as amended for transactions with a related party where the transaction/transactions to be entered into individually or taken together with the previous transactions during the financial year exceed 10 percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.***

### **LITIGATIONS INVOLVING OUR COMPANY**

#### **Litigations against our Company**

**1. Civil Suit:** Nil

**2. Labours matters:** Nil

**3. Custom:** Nil

**4. Criminal:** Nil

#### **5. Income Tax**

1. Joint Commissioner of Income Tax Bhilai Range, vide its Assessment Order dated 27.07.2011 in respect to Assessment year 2009-10 has demanded a sum of Rs. 1,31,648, as income Tax (after giving credit to the prepaid taxes) upon Assessment under Section 143(3) of Income Tax Act 1961. The company has made a prayer before the said authority for rectification of the said assessment order. The reply against the said rectification request is still pending from the income tax department.
2. Deputy Commissioner of Income Tax -1(1) Bhilai vide its Assessment Order dated 30.03.2016 in respect to Assessment year 2014-15 has demanded a sum of Rs. 2,48,060.00 as income Tax (after giving credit to the prepaid taxes) upon Assessment under Section 143(3) of Income Tax Act 1961. The company has made a prayer before the said authority for rectification of the said assessment order. The reply against the said rectification request is still pending from the income tax department.

**Litigations by our Company**

1. Civil Suit: Nil
2. Labours matters: Nil
3. Custom: Nil
4. Criminal: Nil

**LITIGATION INVOLVING OUR PROMOTER GROUP COMPANIES**

**Litigations against our Promoter Group Companies**

1. Civil Suit: Nil
2. Labours matters: Nil
3. Custom: Nil
4. Criminal: Nil

**Litigations by our Promoter Group Companies**

**NIL**

**LITIGATIONS INVOLVING OUR PROMOTERS**

**Litigations against our Promoters**

**Income Tax**

NIL

**Litigations by our Promoters**

NIL

**LITIGATION INVOLVING OUR DIRECTORS (OTHER THAN PROMOTERS)**

**Litigations against our Directors**

NIL

**Litigations by our Directors (Other than Promoters)**

NIL

**PENALTIES LEVIED UPON OUR COMPANY / PROMOTER / PROMOTER GROUP COMPANIES IN THE PAST FIVE YEARS**

NIL

**MATERIAL FRAUDS AGAINST OUR COMPANY**

There have been no material frauds committed against our Company in the five years preceding the year of this Draft Prospectus.

## PROCEEDINGS INITIATED AGAINST OUR COMPANY FOR ECONOMIC OFFENCES

There are no proceedings initiated against our Company for any economic offences.

## NON PAYMENT OF STATUTORY DUES

As on the date of this Draft Prospectus there have been no (i) instances of non-payment or defaults in payment of statutory dues by our Company, (ii) overdues to companies or financial institutions by our Company, (iii) defaults against companies or financial institutions by our Company, or (iv) contingent liabilities not paid for.

## OUTSTANDING DUES TO CREDITORS

As per the Materiality Policy, our Board has approved that each creditor, to whom our Company individually owes a net aggregate amount that exceeds 5.00.% of the trade payables as per the Restated Financial Statements for the most recent financial year, shall be considered as a material creditor of our Company. Our Board has also approved that dues owed by our Company to small scale undertakings as per the Restated Financial Statements for the most recent financial year shall be disclosed in a consolidated manner.

As of September 30, 2016, our Company, in its ordinary course of business, has an aggregate amount of Rs. 269.95 lakhs, which is due towards sundry and other creditors. As per the above policy, consolidated information of outstanding dues, as at September 30, 2016, owed to small scale undertakings, material dues to creditors and other dues to creditors separately, giving details of number of cases and aggregate amount for such dues is as under:

Particulars	Number of cases	Amount Outstanding (Rs. In lacs)
Dues to small scale undertakings	Not Available	Not Available
Material dues to creditors	21	264.15
Other dues to creditors	34	5.81
<b>Total</b>	<b>55</b>	<b>269.95</b>

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 year end together with interest payable as required under the said Act have not been furnished. Our Company does not owe any small scale industries or any MSMEs any amounts exceeding Rs.1 lakh which is outstanding for more than 30 days. There are no disputes with such entities in relation to payments to be made to them.

The details pertaining to net outstanding dues towards our creditors are available on the website of our Company at [http:// www.sarthakmetals.com](http://www.sarthakmetals.com). It is clarified that such details available on our website do not form a part of this Draft Prospectus. Anyone placing reliance on any other source of information, including our Company's website, <http://www.sarthakmetals.com>, would be doing so at their own risk.

## MATERIAL DEVELOPMENTS

Except as stated in “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*” on page 168 of this Draft Prospectus, there have not arisen, since the date of the last financial statements disclosed in this Draft Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our liabilities within the next 12 months.

## ADVERSE EVENTS

There has been no adverse event affecting the operations of our Company occurring within one year prior to the date of filing Draft Prospectus/Prospectus with the Registrar of Companies.

## **GOVERNMENT & OTHER STATUTORY APPROVALS**

*Our Company has received the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/regulatory authorities/certification bodies required to undertake the Offer or continue our business activities. In view of the approvals listed below, we can undertake the Offer and our current/ proposed business activities and no further major approvals from any governmental/regulatory authority or any other entity are required to be undertaken, in respect of the Offer or to continue our business activities. It must, however, be distinctly understood that in granting the above approvals, the Government of India and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed in this behalf.*

*The main objects clause of the Memorandum of Association of the Company and the objects incidental, enable our Company to carry out its activities.*

### **Approvals for the Offer**

1. The Board of Directors have, pursuant to Section 62(1) (c) of the Companies Act 2013, by a resolution passed at its meeting held on August 24, 2016 authorized the Offer, subject to the approval of the shareholders and such other authorities as may be necessary.
2. The shareholders of our Company have, pursuant Section 62(1) (c) of the Companies Act, 2013, by a special resolution passed in the Extra Ordinary General Meeting held at shorter notice on August 26, 2016 authorized the Offer.
3. The Offer for Sale has been authorised by the Selling Shareholders as follows:

Sr.No.	Name of Selling Shareholders	Maximum number of Equity Shares being offered in the Offer for Sale	Date of consent letter/Board Resolution
1	Sarthak Energy Private Limited	16,12,000	August 27, 2016
2	Prashant Kumar Srivastava	2,25,000	August 27, 2016
3	Saroj Grover	1,54,000	August 27, 2016
4	R. S. N. Murthy	45,000	August 27, 2016

4. In-principle approval letter dated [●] from the BSE for listing of the Equity Shares issued by our Company pursuant to the Offer.
5. Our Company's International Securities Identification Number ("ISIN") is INE017W01010.

### **Approvals pertaining to Incorporation, name and constitution of our Company**

1. Certificate of Incorporation dated July 28, 1995 issued by the Registrar of Companies, Gwalior, Madhya Pradesh, ("RoC") in the name of "Sarthak Metals Marketing Private Limited".
2. A fresh Certificate of Incorporation consequent upon change of name from "Sarthak Metals Marketing Private Limited" to "Sarthak Metals Private Limited" was issued on August 22, 2016 by the Registrar of Companies, Chhattisgarh.
3. A fresh Certificate of Incorporation dated August 23, 2016 issued by the RoC to our Company, consequent upon conversion to a public company and consequent upon change of our Company's name to Sarthak Metals Limited
4. The Corporate Identity Number (CIN) of the Company is U51102CT1995PLC009772.



## I. GENERAL APPROVALS

Sr. No.	Nature of Registration/ License	Registration /License No.	Issuing Authority	Date of issue/ Last Renewal	Date of Expiry
<b>General Approvals</b>					
1.	Certificate of Importer-Exporter Code (IEC) IEC Number	1102002232	Joint Director General of Foreign Trade, Ministry of Commerce		Valid until cancelled
2.	Sanction for power load of 90HP under Chhattisgarh State Power Distribution Company Limited (CSPDCL) for the unit situated at 17-N, Heavy Industrial Area, Hathkhoj, Bhilai - 490 026, Chhattisgarh, India	1000442124/37491690-19-901019	Superintending Engineer (O), CSPDCL		N.A.
3.	Sanction for power load of 400 KVA under Chhattisgarh State Power Distribution Company Limited (CSPDCL) for the unit situated at 9 B, Gondwara, Urla Industrial Area, Raipur-493221, Chhattisgarh, India	1000765/0515000-5731047	Superintending Engineer (O), CSPDCL		N.A.

## I. TAX RELATED APPROVALS

<b>i. General</b>				
Sr. No.	Description	Authority	Registration Number	Date of Expiry
1.	Permanent Account Number (PAN)	Income Tax Department, Government of India	AADCS2008J	Valid until cancelled
2.	Tax Deduction Account Number (TAN)	Income Tax Department, Government of India	JBPS03184G	Valid until cancelled
3.	Certificate of Excise Registration	Office of the Deputy Commissioner Central Excise Division –Officer – II, Bhilai	AADCS2008JXM003	Till the business is discontinued
4.	Certificate of VAT Registration (TIN) (17 N, Heavy Industrial Area, Hathkhoj) - (Cored Wire Division)	Assistant Commissioner of Commercial Tax, Bhilai, Durg, (CH)	22293300587	Valid until cancelled
5.	Certificate of VAT Registration (TIN) (B B C Colony, G E Road, Post Office Khursipar, Bhilai) – (Gas Division)	Assistant Commissioner of Commercial Tax, Bhilai, Durg, (CH)	22773200801	Valid until cancelled
6.	Certificate of VAT Registration (TIN) (B B C Colony, G E Road, Post Office Khursipar, Bhilai) – (Trading Division)	Assistant Commissioner of Commercial Tax, Bhilai, Durg, (CH)	22343200796	Valid until cancelled
5.	Service Tax Registration	Superintendent (Service Tax) Central Excise Range Jamul 1, Bhilai	AADCS2008JST002	Valid until cancelled

## II. LABOUR RELATED APPROVALS/ REGISTRATIONS

The Company has obtained the following approvals related to Labour/employment related registrations:

Sr. No.	Authority	Registration Number	Issuing Authority	Date of Expiry
1.	Registration under Employees' State Insurance Corporation under Employees' State Insurance Act, 1948.	59000001550000502	Deputy Director, Regional Office, Employees State Insurance Corporation	Valid until cancelled
2.	Employees' Provident Fund registration	18967	Assistant Provident Fund Commissioner, Raipur, Chhattisgarh	Valid until cancelled

## III. FACTORY/ PREMISES/ELECTRICITY RELATED APPROVALS:

Sr. No.	Detail of license/certificate	Registration Number	Issuing Authority	Date of Expiry
1.	License to work a Factory issued under Chhattisgarh Factories Rules, 1962. (Hathkhoj Plant) for Plant located at plot no. 17-N, 18-S, 18-L and 18-M.	2782/2782/G-O/DRG/2m (i)	Deputy Chief Inspector of Factories, Chhattisgarh	Renewed upto December 31, 2020
2	Certificate of Registration under the Maharashtra Shops and Establishment Act, 1948 for the Branch office of the Company situate at 2 <sup>nd</sup> Floor, S.K. Tower, Near Nelson Square, Chindwara Road, Nagpur-440 013, Maharashtra, India	II-77-1118	Inspector under the Maharashtra Shops and Establishment Act, 1948	Renewed upto April 04, 2017

## IV. ENVIRONMENT RELATED APPROVALS:

Sr. No.	Detail of license/certificate	Registration Number	Issuing Authority	Date of Expiry
1.	License to store compressed gas in cylinders for the plant situated at 9 B, Gondwara, Urla Industrial Area, Raipur- 493221, Chhattisgarh, India	G/HO/CG/06/57 (G21239)	Chief Controller of Explosives	September 30, 2020
2.	License to fill compressed gas in cylinders for the plant situated at 9 B, Gondwara, Urla Industrial Area, Raipur- 493221, Chhattisgarh, India	G/HO/CG/06/67 (G21239)	Chief Controller of Explosives	September 30, 2020
3	License to Store Compressed gas in pressure vessel or vessels for the plant situated at 9 B, Gondwara, Urla Industrial Area, Raipur-493221, Chhattisgarh, India	S/HO/CG/03/106 (S50200)	Chief Controller of Explosives	25-05-2021

## V. OTHER APPROVALS

1. Our Company received an acknowledgement from the District Trade & Industries centre, Durg, Chattisgarh-Part II on February 27, 2008 for registering our Company as a "Manufacturing Enterprise"

*Cored wire and Aluminium wire Flipping coils* under the Small Category and issued Industrial Entrepreneur's Memorandum No. (IEM) 220101200484.



2. Our Company received an acknowledgement from the District Trade & Industries centre, Raipur-Part II on dated March 15, 2011 for registering of our Company as a "Manufacturing Enterprise" for Oxygen Gas under the Small Category and issued Industrial Entrepreneur's Memorandum No. (IEM) 220111201289. Further Our Company received an acknowledgement from the District Trade & Industries centre, Raipur on dated March 17, 2011 & October 15, 2012 for capacity expansion of Carbondioxide Gas Refilling and Oxygen gas.
3. Our Company has obtained the permission from Chief Electricity officer, Raipur for 250KVA, 415 volt D.G. set, Make Brushless serial no. LDS3L6131174672 for 17-N, Heavy Industrial Area, Hathkhøj, Bhilai - 490 026, Chhattisgarh, India dated April 29, 2015
4. Our Company has obtained the Certificate of Membership from Federation of Indian Export Organisations dated Januray 08, 2016 having validity upto March 31, 2017.
5. Our Company has obtained Certificate of registration bearing Certificate number: 13712/A/0001/UK/En from BSI India, certifying Quality Management System in compliance with the requirements of ISO 9001:2008 for the manufacture and supply of steel wire ropes, stainless steel wire ropes, non-ferrous wire ropes, slings, relevant conductors, wire for specialised applications and rope fittings in domestic and international market. The certificate was issued on September 8, 2014 and is valid until: September 21, 2017.
6. Report of Examination of various equipments using by our company:

Detail	Description	Date of Report / certification	Date of Validity
Rule 67 of M.P. & C.G. Factories Rules, 1962 -Report of examination of pressure vessel	Air receiver compressor	11-12-16	External Test upto 10-06-17 & Hydraulic test upto 01-02-2018
Section 29 of MP & CG Factories Act & Rules, 1962- Report of Examination of the Lifting Machines, Chains, Ropes & Lifting Tackles	Polyster Belt slings	11-12-16	Upto 10-12-17
Section 29 of MP & CG Factories Act & Rules, 1962- Report of Examination of the Lifting Machines, Chains, Ropes & Lifting Tackles	EOT Crane, EOT-01, SWL-05MT, Span-10m, Lift-7m, Rope Dia-12 mm, Mfr-Suntech	11-12-16	Upto 10-12-17
Section 29 of MP & CG Factories Act & Rules, 1962-Report of Examination of the Lifting Machines, Chains, Ropes & Lifting Tackles	EOT Crane, EOT-02, SWL-05MT, Span-10m, Lift-7m, Rope Dia-12 mm, Mfr-Suntech	11-12-16	Upto 10-12-17
Section 29 of MP & CG Factories Act & Rules, 1962- Report of Examination of the Lifting Machines, Chains, Ropes & Lifting Tackles	EOT Crane, EOT-03, SWL-05MT, Span-11m, Lift-5.5m, Rope Dia-12 mm, Mfr-Power control	11-12-16	Upto 10-12-17
Section 29 of MP & CG Factories Act & Rules, 1962- Report of Examination of the Lifting Machines, Chains, Ropes & Lifting Tackles	EOT Crane, EOT-04, SWL-05MT, Span-10m, Lift-6m, Rope Dia-12 mm, Mfr-Gearcon	11-12-16	Upto 10-12-17
Section 29 of MP & CG Factories Act & Rules, 1962 -Report of Examination of the Lifting Machines, Chains, Ropes & Lifting Tackles	EOT Crane, EOT-05, SWL-03MT, Span-11m, Lift-5.5m, Rope Dia-12 mm, Mfr-Power control	11-12-16	Upto 10-12-17
Section 29 of MP & CG Factories Act & Rules, 1962 Report of Examination of the Lifting Machines, Chains, Ropes & Lifting Tackles	EOT Crane, EOT-06, SWL-05MT, Span-10m, Lift-7m, Rope Dia-10 mm, Mfr-JASO	11-12-16	Upto 10-12-17

As per Form 33 [See Rule 61(1)] Report of Examination of Hoist or Lift	Fork Lift No -1, S NO. 34797, SWL-3000 Kg, Model – G X300D, Mfr- Godrej	11-12-16	Upto 10-06-17
As per Form 33 [See Rule 61(1)] Report of Examination of Hoist or Lift	Fork Lift No -2, S NO. 34797, SWL-3000 Kg, Model – G X300D, Mfr- Godrej	11-12-16	Upto 10-06-17

## VI. PENDING APPROVALS

### TRADEMARKS

Sr. No.	Particulars of the mark	Word / Label mark	Applicant	Trademark/ Application Number	Date of Filing	Class	Status
1.		Mark	Sarthak Metals Marketing Pvt. Limited	3320893	27/07/2016	6	Formalities Chk Pass
2		Mark	Sarthak Metals Marketing Pvt. Limited	3312944	19/07/2016	6	Formalities Chk Pass

### FACTORY LICENSE

Sr. No.	Detail of license/certificate	Registration Number	Issuing Authority	Application date for Renewal	Status
1	License to work a Factory issued under Chhattisgarh Factories Rules, 1962. (Raipur Plant)	72/72/B-17/RPR/2M(i)	Deputy Chief Inspector of Factories, Chhattisgarh	18-11-16 and payment of renewal fees vide E-challan no 66161116000366 dated 18-11-16	Under process of renewal

## VII. Material licenses / approvals for which our Company is yet to apply for / Statutory Approvals / Licenses required:

- Registration under The Chhattisgarh Shops and Establishment Act, 1958 for the Registered Office situated at BBC Colony, G E Road, PO Khursipur, Bhilai.

## **SECTION VII- OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Offer**

Our Board of Directors have, pursuant to Section 62(1) (c) of the Companies Act 2013, by a resolution passed at its meeting held on August 24, 2016, authorized the Offer.

The Shareholders of Our Company approved the Offer by a special resolution in accordance with Section 62(1) (c) of the Companies Act, 2013 passed at the Extra Ordinary General Meeting of our Company held with a shorter notice on August 26, 2016.

The Offer for Sale has been authorized by the Selling Shareholders by way of their consent letters and board resolution as provided in the table set forth below:

<b>Sr. No.</b>	<b>Name of the Selling Shareholders</b>	<b>No. of Equity Shares Offered</b>	<b>Date of the consent letter / Board Resolution</b>
1	Sarthak Energy Private Limited	16,12,000	August 27, 2016
2	Prashant Kumar Srivastava	2,25,000	August 27, 2016
3	Saroj Grover	1,54,000	August 27, 2016
4	R.S.N. Murthy	45,000	August 27, 2016
	<b>Total</b>	<b>20,36,000</b>	

The Selling Shareholders have severally confirmed that the Equity Shares proposed to be offered and sold in the offer are eligible in term of SEBI (ICDR) Regulations and that they have not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights. The Selling Shareholders have also severally confirmed that they are the legal and beneficial owners of the Equity Shares being offered by them under the Offer for Sale.

### **In-principle listing approval**

The Company has obtained approval from BSE pursuant to letter dated [●] to use the name of BSE in this Offer Document for listing of equity shares on the SME platform of the BSE. BSE is the designated stock exchange.

### **Prohibition by SEBI**

We confirm that our Company, our Promoters, our Promoter Group, our Directors, our Group entities, the Selling Shareholders and persons in control of our Company are or have ever been prohibited from accessing or operating in the capital market under any order or direction passed by SEBI. The listing of any securities of our Company has never been refused by any of the stock exchanges in India.

None of our Directors are in any manner associated with the securities market and there has been no action taken by SEBI against our Directors or any entity in which our Directors are involved as promoters or directors.

### **Prohibition by RBI**

Neither our Company, the Selling Shareholders, our Promoters, our Promoter Group, our Group Companies, relatives of our Promoters (as defined under the Companies Act, 2013), our Directors and companies with which our Directors are associated as directors or promoters have not been declared as willful defaulters by RBI / government authorities and there are no violations of securities laws committed by them in the past and no proceedings are pending against them.

### **Association with Securities Market**

We confirm that none of our Directors are associated with the Securities Market in any manner except for trading on day to day basis for the purpose of investment.

### **Eligibility for the Offer**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations; and this Issue is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Offer in accordance with Regulation 106(M) (2) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as we are an Issuer whose post issue paid up capital exceed ten crores rupees but do not exceed twenty five crores and we shall hence issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (“SME Exchange”, in this case being the SME Platform of BSE).

We confirm that:

a) In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this Offer has been hundred percent underwritten and that the Lead Manager to the Offer has underwritten more than 15% of the Total Offer Size. For further details pertaining to said underwriting, please refer to “*General Information – Underwriting*” on page 43 of this Draft Prospectus.

b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed Allottees in the Offer is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under Section 40 of the Companies Act, 2013.

c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, we have not filed any Draft Offer Document with SEBI nor has SEBI Offerd any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.

d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead Manager and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this Offer. For further details of the arrangement of market making please refer to “*General Information – Details of the Market Making Arrangements for this Offer*” on page 43 of this Draft Prospectus.

We further confirm that we shall be complying with all the other requirements as laid down for such an Offer under Chapter X-B of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines Offerd by SEBI and the Stock Exchange.

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

Our Company is also eligible for the Offer in accordance with eligibility norms for Listing on SME Exchange / Platform BSE circular dated April 01, 2015, which states as follows:

**BSE ELIGIBILITY NORMS:** (<http://www.bsesme.com/static/getlisted/criteriaisting.aspx?expandable=0>)

1. The Company has Net Tangible assets of at least Rs. 3 crore as per the latest audited financial results.
2. The Net worth (excluding revaluation reserves) of the Company is at least Rs. 3 crore as per the latest audited financial results.
3. The Company has track record of distributable profits in terms of section 123 of Companies Act for at least two years out of immediately preceding three financial years and each financial year has a period of at least 12 months or has network of Rs. 5 crore.
4. The distributable Profit, Net tangible Assets and Net worth of the Company as per the restated financial statements is as set forth below:-

(Rs. In lakhs)

Particulars	For the period ended September 30, 2016	For the period ended March 31, 2016	For the period ended March 31, 2015	For the period ended March 31, 2014
Distributable Profits*	246.81	366.55	287.45	260.06
Net Tangible Assets**	2,767.27	2,505.88	2,171.45	1,932.89
Net Worth***	2,667.94	2,421.13	2,053.28	1,769.20

\* "Distributable profits" have been computed in terms section 123 of the Companies Act, 2013.

\*\* "Net tangible assets" are defined as the sum of all net assets (i.e. non current assets, current assets less current liabilities) of our Company, excluding deferred tax asset and intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

\*\*\* "Net Worth" has been defined as the aggregate of the paid up share capital, share application money (excluding the portion included in other current liabilities) and reserves and surplus excluding revaluation reserve and after deducting miscellaneous expenditure, if any.

5. The Post-Offer paid up capital of the Company shall be at least Rs. 3 Crore. The post-Offer paid - up capital of the Company shall be Rs. 1,368.98 lakhs.

#### 6. Other Requirements

- i. **The post-Offer paid up capital of the company shall be at least Rs. 3 crore.**

As on the date of Draft Prospectus i.e. February 10, 2017, the Post Offer Capital of our Company shall be Rs. 13.68 Crores which is in excess of Rs. 3 Crore.

- ii. **The company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.**

Our Company has entered into the tripartite agreements with NSDL & CDSL along with our Registrar for facilitating trading in dematerialized mode.

- iii. **Companies shall mandatorily have a website.**

Our Company has a website: [www.sarthakmetals.com](http://www.sarthakmetals.com)

#### 7. Certificate from the applicant company / promoting companies stating the following:

- a. **The Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).**

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

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

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

- c. **There is no change in the promoters of the Company in the preceding one year from date of filing application to BSE for listing on SME segment.**

There is 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.

#### Disclosure

Neither the Company nor its Promoters, Group Companies, Relatives (as defined under Companies Act, 2013) of Promoters and Group Companies have been identified as willful defaulters by the Reserve Bank of India or any other Authority.



#### **DISCLAIMER CLAUSE OF SEBI**

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

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT PROSPECTUS AND THE SELLING SHAREHOLDERS WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY EACH OF THEM IN THE DRAFT PROSPECTUS IN RELATION TO THEMSELVES FOR THEIR RESPECTIVE PROPORTION OF THE EQUITY SHARES OFFERED BY WAY OF THE OFFER FOR SALE, THE LEAD MERCHANT BANKER, GUINNESS CORPORATE ADVISORS PRIVATE LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, GUINNESS CORPORATE ADVISORS PRIVATE LIMITED HAS FURNISHED, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 10, 2017 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 THIS DRAFT PROSPECTUS PERTAINING TO THE SAID OFFER;**
- 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 AND THE SELLING SHAREHOLDERS,**

**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 SECURITIES AND EXCHANGE BOARD OF INDIA, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - (C) THE DISCLOSURES MADE IN THE DRAFT 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 DRAFT PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**



- 4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
- 5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT 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 DRAFT PROSPECTUS.
- 7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE
- 8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
- 9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE STOCK EXCHANGE MENTIONED IN THE DRAFT 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 ALL THE SHARES SHALL BE ISSUED IN DEMATERIALIZED FORM IN COMPLIANCE WITH THE PROVISIONS OF SECTION 29 OF THE COMPANIES ACT, 2013 AND THE DEPOSITORY ACT, 1996 AND THE REGULATIONS MADE THEREUNDER.
- 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 DRAFT PROSPECTUS:
  - (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
  - (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
- 13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
- 14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
- 15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
- 16) WE ENCLOSE STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS, AS PER FORMAT SPECIFIED BY THE SEBI THROUGH CIRCULAR.
- 17) WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS

**ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE**

- (1) WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE DRAFT 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 DRAFT 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
- (4) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.
- (5) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA

**(ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE DRAFT PROSPECTUS. – NOT APPLICABLE**

- (6) WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.**

*The filing of this Draft Prospectus does not, however, absolve our Company from any liabilities under section 34 and 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 LM any irregularities or lapses in the Draft Prospectus.*

*All legal requirements pertaining to the Offer will be complied with at the time of registration of this Draft Prospectus with the Registrar of Companies, Chattisgarh in terms of Section 26, 28 and 30 of the Companies Act, 2013.*

Sr. No.	Issuer Name	Issue size (Rs. in cr.)	Issue price (Rs.)	Listing Date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark k]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark k]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark k]- 180th calendar days from listing
1	Gala Print City Limited	3.04	24	16.07.15	24.45	2.50% [-1.33%]	0.00% [-5.62%]	-2.92% [-2.73%]
2	P. B. Films Limited	5.00	10	22.09.15	9.50	-12.00% [+6.38%]	-20.00% [+0.33%]	-50.00% [-1.43%]
3	Nintec Systems Limited	1.88	10	18.04.16	11.70	15.00% [-0.43%]	41.50% [+7.48%]	110.00% [+7.19%]
4	Shanti Educational Initiatives Limited	39.60	90	14.06.16	90.00	3.33% [+5.86%]	5.56% [+7.42%]	7.22% [+0.45%]
5	Kwality Pharmaceuticals Limited	6.21	45	18.07.16	45.00	0.11% [+1.15%]	15.11% [-0.78%]	75.11% [-1.83%]
6	Riddhi Steel and Tube Limited	8.89	38	14.09.16	37.70	2.63% [-2.57%]	-3.03% [-6.55%]	NA
7	Aditya Consumer Marketing Limited	6.00	15	17.10.16	15.70	28.33% [-4.45%]	40.67% [-0.88%]	NA
8	India Green Reality Limited	10.38	30	18.10.16	31.50	-0.33% [-6.25%]	18.67% [-2.72%]	NA
9	Aditya Vision Ltd.	5.76	15	12.12.16	15.50	16.67% [+1.45%]	NA	NA
10	Super Fine Knitters Limited	4.08	12	02.02.17	12.60	NA	NA	NA

Note: The 30th , 90th, and 180th calendar days has been taken as listing date plus 29, 89, 179 calendar days respectively. Where the 30th day / 90th day / 180th day of a particular year falls on a BSE trading holiday, the immediately following trading day has been considered. Where the 30th day / 90th day / 180th of a particular year falls on the day when there is no trade in equity share of the Company, preceding trading day has been considered. BSE SENSEX has been considered as the benchmark index. We have taken the Offer price to calculate the % change in closing price as on 30th, 90th and 180th day.

**Summary Statement on Price Information of Past Issues handled by Guinness Corporate Advisors Private Limited:**

Financial Year	Total no. of IPOs	Total Funds raised (in cr.)	Nos. of IPOs trading at discount as on 30th calendar day from listing date			Nos. of IPOs trading at premium as on 30th calendar day from listing date			Nos. of IPOs trading at discount as on 180th calendar day from listing date			Nos. of IPOs trading at premium as on 180th calendar day from listing date		
			Over	Between	Less than	Over	Between	Less than	Over	Between	Less than	Over	Between	Less than
			50 %	25-50 %	25 %	50 %	25-50 %	25 %	50 %	25-50 %	25 %	50 %	25-50 %	25 %
April 1, 2016 – date of filing of this Draft Prospectus	8	82.80	NA	NA	1	NA	1	5	NA	NA	NA	2	NA	1
2015-16	3	9.60	NA	NA	1	NA	NA	2	NA	1	2	NA	NA	NA
2014-15	4	28.20	NA	NA	2	NA	1	1	NA	1	1	NA	NA	2

**Track records of past issues handled by the Guinness Corporate Advisors Private Limited**

For details regarding the track record of the Guinness Corporate Advisors Private Limited, as specified under Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the website of Guinness Corporate Advisors Private Limited at [www.guinnessonline.net](http://www.guinnessonline.net)

**Disclaimer Clause of BSE**

BSE Limited (“BSE”) has given vide its letter dated [●] permission to this Company to use its name in this offer document as the stock exchange on which this company’s securities are proposed to be listed on the SME Platform. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter for granting the aforesaid permission to this company. BSE does not in any manner:-

- Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- Warrant that this company’s securities will be listed or will continue to be listed on BSE; or
- Take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities in this Company may do so pursuant to independent inquiry, investigations and analysis and shall not have any claim against BSE whatsoever by reason of loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

**Disclaimer from our Company, our Directors, Selling Shareholders and the Lead Manager**

Our Company, its Directors and the Lead Manager accept no responsibility for statements made otherwise than those contained in this Draft Prospectus or, in case of the Company, in any advertisements or any other material

issued by or at our Company's instance and anyone placing reliance on any other source of information including our website [www.sarthakmetals.com](http://www.sarthakmetals.com) would be doing so at his or her own risk.

The Selling Shareholder assumes responsibility only for statements in this Draft Prospectus specifically in relation to itself as a Selling Shareholder and the Equity Shares being offered by it through the Offer for Sale. The Selling Shareholder do not assume any responsibility for any other statement in this Draft Prospectus, including without limitation, any and all of the statements made by or relating to the Company or its business.

### **Caution**

The Lead Manager accepts no responsibility, save to the limited extent as provided in the MOU for Issue Management entered into among the Lead Manager, the Selling Shareholders and our Company dated August 24, 2016, the Underwriting Agreement August 24, 2016 entered into among the Underwriters, the Selling Shareholders and our Company and the Market Making Agreement dated August 24, 2016 entered into among the Lead Manager, Market Maker and our Company.

All information shall be made available by our Company, the Selling Shareholders and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centers or elsewhere.

The Lead Manager and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in investment banking transactions with our Company, affiliates or associates or third parties, for which they have received, and may in future receive, compensation. Guinness Corporate Advisors Private Limited is not an associate of the Company and is eligible to Lead Manager this Issue, under the SEBI (Merchant Bankers) Regulations, 1992.

### **Note:**

Investors who apply in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, 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 Selling Shareholders, 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 majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in section 4A of the Companies Act, state industrial development corporations, Venture Capital Funds (VCFs) registered with SEBI, Insurance Companies registered with Insurance and Regulatory Development Authority, Provident Funds (subject to applicable law) with minimum corpus of Rs. 2,500 Lacs and pension funds with minimum corpus of Rs. 2,500 Lacs, and to permitted non residents including FIIs, eligible NRIs, multilateral and bilateral development financial institutions, foreign venture capital investors registered with SEBI and eligible foreign investors provided they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. This Draft Prospectus does not, however, constitute an offer to sell an invitation to subscribe to or purchase Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform him or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Chhattisgarh only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or

indirectly, and this Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been any change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

#### **Disclaimer Clause under Rule 144A of The U.S. Securities Act**

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) in the United States only to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

#### **Filing**

This Draft Prospectus is being filed with BSE Limited, P. J. Towers, Dalal Street, Fort, Mumbai – 400 001.

This Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Reg. 106(M) (3) of SEBI (ICDR) Regulations. However, a copy of the Prospectus shall be filed with SEBI at SEBI Head Office, SEBI Bhavan, Plot No. C4-A, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, Maharashtra, India. A copy of this Draft Prospectus, along with the documents required to be filed under Section 26 & 28 of the Companies Act, 2013, will be delivered to the RoC situated at 1<sup>st</sup> Floor, Ashok Pingley Bhawan, Municipal Corporation, Nehru Chowk, Bilaspur- 495001, Chhattisgarh, India

#### **Listing**

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, application shall be made to BSE for obtaining permission for listing of the Equity Shares being offered and sold in the SME Platform of BSE after allotment in the Offer.

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 this Draft Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within six Working Days of the Offer Closing Date. If our Company does not allot Equity Shares pursuant to the Offer within six Working Days from the Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest all monies received from applicant within the timelines prescribed under applicable laws, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

The Company has obtained approval from BSE vide letter dated [●] to use the name of BSE in this Offer document for listing of equity shares on SME Platform of BSE.

#### **Consents**

Consents in writing of: (a) The Selling Shareholders, the Directors, the Company Secretary and Compliance Officer, the Chief Financial Officer, the Statutory Auditors and Bankers to the Company; and (b) The Lead Manager, Registrar to the Offer, the Legal Advisors to the Offer, Peer Review Auditor, Banker to the Offer\*, Share Escrow Agent\*, Market Maker and Underwriters 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.

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

In accordance with the Companies Act and the SEBI (ICDR) Regulations, M/s. B. Vishwanath & Co, Chartered Accountants, have agreed to include their report on statement of funds deployed as on January 31, 2017 dated February 09, 2017, as applicable. M/s Jain Ambavat & Associates., Peer Review Auditor have agreed to provide their written consent to the include their report dated January 30, 2017 on restated financial statements and the Statement of Tax Benefits dated January 30, 2017 relating to the possible tax benefits, which may be available to the Company and its shareholders, included in this Draft Prospectus in the form and context in which they appear therein and such consent and reports will not be withdrawn up to the time of delivery of this Draft Prospectus.

### Expert Opinion

Except as stated below, our Company has not obtained any expert opinions:

- The report of the Peer Reviewed Auditor on the Restated Financial Statements and on the Statement of Tax Benefits.

### Offer Related Expenses

The total estimated offer expenses are Rs. 42.38 Lacs which is 3.88 % of Offer Size. The details of Offer expenses are tabulated below:

Sr. No.	Particulars	Rs. In Lacs	% of Total expenses	% of Total Offer Size
1.	Offer management fees including fees and reimbursement of underwriting fees, selling commissions, brokerages, and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	34.38	81.12%	3.15%
2.	Printing & Stationery, Distribution, Postage, etc	2.00	4.72%	0.18%
3.	Advertisement & Marketing Expenses	2.50	5.90%	0.23%
4.	Regulatory & other expenses	3.50	8.26%	0.32%
	<b>Total Issue Expenses*</b>	<b>42.38</b>	<b>100.00</b>	<b>3.88%</b>

*\*The Total Issue Expense of Rs.42.38 lacs which will be borne by the Selling Shareholders and Company in proportionate basis of the Share offered, except the Regulatory Fees which will be borne by the Company. Any payments by our Company in relation to the Offer on behalf of the Selling Shareholders shall be reimbursed by the Selling Shareholders to our Company in proportion to the Equity Shares being offered for sale by each of the Selling Shareholders in the Offer. The Selling shareholders will be entitled to the proceeds of the offer for sale after deducting their proportion of Issue related expenses.*

### Fees Payable to Lead Manager to the Offer

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding and Underwriting Agreement among our Company, Selling Shareholder and the Lead Manager, copy of which is available for inspection at the Registered Office of our Company.

### Fees Payable to the Registrar to the Offer

The fees payable by the Company to the Registrar to the Offer for processing of application, data entry, printing of CAN/, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company, copy of which is available for inspection at the Registered Office of our Company.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Offer to enable them to send allotment advice by registered post/ speed post/ under certificate of posting.

#### **Fees Payable to Others**

The total fees payable to the Legal Advisor, Peer Review Auditor and Advertisers, etc. will be as per the terms of their respective engagement letters, if any

#### **Underwriting Commission, Brokerage and Selling Commission**

The underwriting commission and the selling commission for the Offer are as set out in the Underwriting Agreement amongst the Company and Underwriter.

#### **Commission and Brokerage Paid on Previous Issues of Our Equity Shares**

Since this is the Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

#### **Capital Issue during the Last Three Years**

Sarthak Metals Limited and its Group Companies have not made any capital issue viz. initial public offering, rights issue or composite issue during the last three years.

#### **Previous Public or Rights Issue**

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

#### **Previous Issues of Equity Shares Otherwise Than For Cash**

Except as stated in the section titled “*Capital Structure*” on page 46 of this Draft Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.

#### **Promise Vis-À-Vis Performance**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the “SEBI ICDR Regulations. Therefore, data regarding promise versus performance is not applicable to us.

#### **Particulars In Regard To Our Company And Other Listed Companies Under The Same Management Within The Meaning of Section 370(1) (B) of The Companies Act, 1956 / Section 186 of The Companies Act, 2013 Which Made Any Capital Issue During The Last Three Years**

There are no listed companies under the same management within the meaning of Section 370(1)(b) of the Companies Act, 1956 / Section 186 of the Companies Act, 2013 that made any capital issue viz. initial public offering, rights issue or composite issue during the last three years.

#### **Outstanding Debentures or Bonds and Redeemable Preference Shares and Other Instruments**

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the Company as on the date of this Draft Prospectus.

#### **Stock Market Data for Our Equity Shares**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the “SEBI ICDR Regulations. Thus there is no stock market data available for the Equity Shares of our Company.



## Investor Grievances and Redressal System

The Company and the Selling Shareholders has appointed Big Share Services Private Limited as the Registrar to the Offer, 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 Offer, namely, Big Share Services Private Limited, will handle investor's grievances pertaining to the Offer. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company.

The Company would also be co-coordinating with the Registrar to the Offer 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 Offer 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 August 24, 2016 constituted a Stakeholders Relationship Committee. The composition of the Stakeholders Relationship Committee is as follows:

The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of Complaint	Time Table
1.	Non receipt of Demat Credit of Shares	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

Redressal of investors' grievance is given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialization/ rematerialization are handled by professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

We have appointed Ms. Brinda Sethi, as Company Secretary and Compliance Officer and she may be contacted in case of any pre-issue or post-issue problems. He can be contacted at the following address:

**Ms. Brinda Sethi,**  
 Company Secretary & Compliance Officer,  
 G.E. Road, Khursipar,  
 Bhilai - 490 011,  
 Chhattisgarh, India  
 Tel: +91-788-3290584/2296495  
 Fax: +91-788-2225874  
 Website: [www.sarthakmetals.com](http://www.sarthakmetals.com)  
 E-Mail: [cs@sarthakmetals.com](mailto:cs@sarthakmetals.com)

Investors can contact the Compliance Officer or the Registrar to the Offer or the Lead Manager in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary accounts and refund orders

Pursuant to the press release no. PR. No. 85/2011 dated June 8, 2011, SEBI has launched a centralized web based complaints redress system “**SCORES**”. This would enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. For more details, investors are requested to visit the website [www.scores.gov.in](http://www.scores.gov.in).

#### **Status of Investor Complaints**

We confirm that we have not received any investor complaint during the three years preceding the date of this Draft Prospectus and hence there are no pending investor complaints as on the date of this Draft Prospectus.

#### **Disposal of Investor Grievances by Listed Companies under the Same Management as the Company**

As on the date of this draft Prospectus our Company do not have any Listed Group Company.

#### **Capitalization of Reserves or Profits during Last Five (5) Years**

Except as stated in the chapter titled “*Capital Structure*” beginning on page 46 of this Draft Prospectus, our Company has not capitalised our reserves or profits during the last five years.

#### **Changes in Auditors**

There has been no change in the auditors of our Company for the last three years.

#### **Revaluation of Assets during the Last Five (5) Years**

Our Company has not revalued its assets during the last five (5) years.

#### **Servicing Behavior**

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

#### **Purchase of Property**

Other than as disclosed in this Draft Prospectus, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Prospectus. Except as stated elsewhere in this Draft Prospectus, our Company has not purchased any property in which the Promoter and/or Directors have any direct or indirect interest in any payment made there under.

## **SECTION VIII – OFFER RELATED INFORMATION**

### **TERMS OF THE OFFER**

*The Equity Shares being offered pursuant to the offer shall be subject to the provisions of the Companies Act, SEBI Regulations, SCRA, SCRR, the Memorandum and Articles of Association, the terms of this Draft Prospectus, the Prospectus, Application Form, the Revision Form, the CAN/ Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents/ certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the Offer of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchange, Registrar of Companies, RBI and/or other authorities, as in force on the date of the Offer and to the extent applicable, or such other conditions as may be prescribed by SEBI, RBI, the Government of India, the Stock Exchange, the Registrar of Companies and/or any other authorities while granting its approval for the Offer.*

*Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November, 10, 2015, all the applicants have to compulsorily apply through the ASBA Process.*

*Further vide the said circular Registrar to the Offer and Depository Participants have been also authorised to collect the Application forms. Investor may visit the official website of the concerned for any information on operationalization of this facility of form collection by the Registrar to the Offer and Depository Participants as and when the same is made available.*

#### **Approval for the Offer**

This Offer has been authorized by the Board of Directors pursuant to a board resolution August 24, 2016 and by the shareholders of our Company pursuant to a special resolution dated August 26, 2016 passed at the EGM of shareholders on shorter notice under section 62 (1) (c) of the Companies Act, 2013.

The Offer for Sale has been authorized by the Selling Shareholders by way of their consent letters and board resolution as provided in the table set forth below:

<b>Sr. No.</b>	<b>Name of the Selling Shareholders</b>	<b>No. of Equity Shares Offered for Offer for sale</b>	<b>Total number of Equity Shares currently held</b>	<b>Date of the consent letter / Board Resolution</b>
1	Sarthak Energy Private Limited	16,12,000	16,13,250	August 27, 2016
2	Prashant Kumar Srivastava	2,25,000	2,25,000	August 27, 2016
3	Saroj Grover	1,54,000	1,55,250	August 27, 2016
4	R.S.N. Murthy	45,000	45,000	August 27, 2016
	<b>Total</b>	<b>20,36,000</b>		August 27, 2016

#### **Offer for Sale**

The offer comprises of Offer for Sale by the Selling Shareholders. The fees and expenses relating to the offer shall be borne by the Selling Shareholders and Company in proportionate basis of the Share offered. Any payments by our Company in relation to the Offer on behalf of the Selling Shareholders shall be reimbursed by the Selling Shareholders to our Company in proportion to the Equity Shares being offered for sale by each of the Selling Shareholders in the Offer.

#### **Ranking of Equity Shares**

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment.

For further details, please refer to the section titled “*Main Provisions of the Articles of Association*” on page 253 of this Draft Prospectus.

### **Mode of Payment of Dividend**

The declaration and payment of dividend will be as per the provisions of Companies Act, the Articles of Association and the provisions of the Listing Agreement executed with the Stock Exchange, and shall be 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 refer to the section titled “*Dividend Policy*” on page 138 of this Draft Prospectus.

### **Face Value and Offer Price**

The Equity Shares having a face value of Rs. 10 each are being offered in terms of this Draft Prospectus at the price of Rs.30 per Equity Share. The Offer Price is determined by our Company and the Selling Shareholders, in consultation with the Lead Manager and is justified under the section titled “*Basis for Offer Price*” beginning on page 71 of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

### **Compliance with the disclosure and accounting norms**

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

### **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, terms of SEBI Listing Regulations and the Memorandum and Articles of Association of the 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*” beginning on page 253 of this Draft Prospectus.

### **Minimum Application Value; Market Lot and Trading Lot**

In terms of section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI ICDR Regulations, trading in the Equity Shares shall only be in dematerialized form for all investors.

The trading of the Equity Shares will happen in the minimum lot 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 Offer shall be 50 shareholders. In case the minimum number of prospective Allottees is less than 50, no allotment will be made pursuant to this Offer and the monies blocked by the SCSBs shall be unblocked within 6 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 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 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 the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 72 of the Companies Act, 2013, 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.

## Withdrawal of the Offer

Our Company and the Selling Shareholders, in consultation with the Lead Manager, reserves the right not to proceed with the Offer at any time after the Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-offer advertisements were published, within two days of the Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Lead Manager, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Applicants within one day of receipt of such notification. Our Company shall also promptly inform the Stock Exchange on which the Equity Shares were proposed to be listed.

If our Company and/or the Selling Shareholders withdraws the Offer after the Offer Closing Date and thereafter determines that it will proceed with an offer of the Equity Shares, our Company shall file a fresh Draft Offer Document. Notwithstanding the foregoing, the offer is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment.

## Period of Operation of Subscription List of Public Offer

<b>OFFER OPENS ON</b>	[●]
<b>OFFER CLOSES ON</b>	[●]

## Minimum Subscription

This Offer is not restricted to any minimum subscription level. This Offer is 100% underwritten. If the Offer does not receive the subscription of 100% of the Offer through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Offer, 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.

*In accordance with Regulation 106 P (1) of the SEBI (ICDR) Regulations, our Offer shall be hundred percent underwritten. Thus, the underwriting obligations shall be for the entire hundred percent of the offer through this Draft Prospectus and shall not be restricted to the minimum subscription level.*

*In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will not be less than 50 (Fifty).*

*Further, the minimum application size in terms of number of specified securities shall not be less than Rupees One Lakh per application.*

#### **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 lot 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 refer to the section titled “Main Provisions of the Articles of Association” on Page 253 of this Draft Prospectus.

#### **New Financial Instruments**

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

#### **Option to receive Equity Shares in Dematerialized Form**

As per section 29 of Companies Act 2013, allotment of Equity Shares will be made only in dematerialised form.

#### **Migration to Main Board**

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

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

OR

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

#### **Market Making**

The shares offered through this Offer are proposed to be listed on the SME Platform of BSE (SME Exchange), wherein the Lead Manager to this Offer 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 the Company, the Lead Manager and the Market

Maker please refer to “General Information - Details of the Market Making Arrangement for this Offer” on page 43 of this Draft Prospectus.

In accordance with the SEBI Circular No.CIR/MRD/DSA/31/2012 dated November 27, 2012; it has decided to make applicable limits on the upper side for the Market Maker during market making process taking into consideration the Offer size in the following manner:

Offer size	Buy quote exemption threshold (including mandatory initial inventory of 5% of Offer size)	Re-entry threshold for buy quotes (including mandatory initial inventory of 5% of Offer size)
Upto Rs. 20 Crore, (as applicable in our case)	25%	24%
Rs. 20 Crore to Rs. 50 Crore	20%	19%
Rs. 50 Crore to Rs. 80 Crore	15%	14%
Above Rs. 80 Crore	12%	11%

Further, the following shall apply to market makers while managing their inventory during the process of market making:

The exemption from threshold shall not be applicable for the first three months of market making and the market maker shall be required to provide two way quotes during this period irrespective of the level of holding.

Any initial holdings over and above such 5% of Offer size would not be counted towards the inventory levels prescribed.

Apart from the above mandatory inventory, only those shares which have been acquired on the platform of the exchange during market making process shall be counted towards the Market Maker's threshold. Threshold limit will take into consideration, the inventory level across market makers

The Market Maker shall give two way quotes till it reaches the upper limit threshold; thereafter it has the option to give only sell quotes. Two way quotes shall be resumed the moment inventory reaches the prescribed re-entry threshold.

In view of the Market Maker obligation, there shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts its inventory through market making process on the platform of the exchange, the concerned stock exchange may intimate the same to SEBI after due verification.

## Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with the competent courts / authorities in Chattisgarh, India.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (“**Securities Act**”) or any state securities laws in the United States, and may not be offered or sold within the United States (**as defined in Regulation S under the Securities Act**), 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 Regulations 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.



## **OFFER STRUCTURE**

This Offer is being made in terms of Regulation 106(M)(2) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, An issuer whose post-issue face value capital is more than ten crores rupees and upto twenty five crores rupees shall Offer shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (SME Exchange, in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such an Offer please refer the section titled “*Terms of the Offer*” and “*Offer Procedure*” on page 204 and 211 of this Draft Prospectus.

### **Following is the Offer structure:**

Public Offer of 36,36,000 Equity Shares of Rs.10/- each for cash at a price of Rs. 30/- per Equity Share (including a Share premium of Rs. 20 per Equity Share) aggregating to Rs. 1090.80 Lacs consisting of a fresh Offer upto 16,00,000 Equity Shares aggregating upto Rs. 480.00 lakhs and an Offer for Sale upto 20,36,000 equity shares by Selling Shareholders aggregating to Rs. 610.80 lakhs.

The Offer comprises reservation of 1,96,000 Equity Shares for subscription by the designated Market Maker (“the Market Maker Reservation Portion”) and Net Offer to Public of 34,40,000 Equity Shares (“the Net Offer”).

The Offer and the Net Offer will constitute 26.56% and 25.13%, respectively of the post offer paid up equity share capital of the company. The Offer is being made through the Fixed Price Process:

<b>Particulars of the Offer</b>	<b>Net Offer to Public*</b>	<b>Market Maker Reservation Portion</b>
<b>Number of Equity Shares available for allocation</b>	34,40,000 Equity Shares	1,96,000 Equity Shares
<b>Percentage of Offer Size available for allocation</b>	94.61% of the Offer Size	5.39% of the Offer Size
<b>Basis of Allotment</b>	Proportionate subject to minimum allotment of 4,000 Equity Shares and further allotment in multiples of 4,000 Equity Shares each.  For further details please refer to the section titled “ <i>Offer Procedure – Basis of Allotment</i> ” on page 221 of this Draft Prospectus.	
<b>Mode of Application</b>	Through ASBA Process Only	Through ASBA Process Only
<b>Minimum Application Size</b>	<b>For QIB and NII:</b> Such number of Equity Shares in multiples of 4,000 Equity Shares such that the Application Value exceeds Rs. 2,00,000/-  <b>For Retail Individuals:</b> 4,000 Equity Shares	1,96,000 Equity Shares
<b>Maximum Application Size</b>	<b>For QIB and NII:</b> Such number of equity shares in multiples of 4,000 Equity Shares such that the Application Size does not exceed 34,40,000 Equity Shares.  <b>For Retail Individuals:</b> 4,000 Equity Shares	1,96,000 Equity Shares
<b>Mode of Allotment</b>	Dematerialized Form only	Dematerialized Form only
<b>Trading Lot</b>	4,000 Equity Shares	4,000 Equity Shares, However the Market Maker may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
<b>Terms of Payment</b>	The entire Application Amount will be payable at the time of submission of the Application Form. Full Application Amount shall be blocked by the SCSBs in the	



	bank account of the ASBA Applicant that is specified in the Application Form at the time of submission of the Application Form.
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\*As per Regulation 43(4) of the SEBI (ICDR) Regulations, as amended, as present offer is a fixed price offer 'the Allocation' in the net offer to the public category shall be made as follows:

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

**If the retail individual investor category is entitled to more than fifty per cent on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.**

#### **Withdrawal of the Offer**

Our Company and the Selling Shareholders, in consultation with the Lead Manager, reserves the right not to proceed with the Offer at any time after the Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-offer advertisements were published, within two days of the Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Lead Manager, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Applicants within one day of receipt of such notification. Our Company shall also promptly inform the Stock Exchange on which the Equity Shares were proposed to be listed.

If our Company and/or the Selling Shareholders withdraws the Offer after the Offer Closing Date and thereafter determines that it will proceed with an offer of the Equity Shares, our Company shall file a fresh Draft Offer Document. Notwithstanding the foregoing, the offer is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment.

#### **Offer Programme**

<b>Offer Opening Date</b>	[•]
<b>Offer Closing Date</b>	[•]

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 Offer 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 Offer 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 day i.e. all trading days of stock exchange excluding Sunday and bank holidays as per SEBI circular No. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.***

## **OFFER PROCEDURE**

*All Applicants should review the General Information Document for Investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("General Information Document"), included below under "Part B – General Information Document", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 and certain notified provisions of the Companies Act 2013, to the extent applicable to a public issue. The General Information Document would be made available with the Lead Manager and would also be made available on the websites of the Stock Exchange and the Lead Manager before opening of Offer. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.*

*Our Company, the Selling Shareholders and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and shall not be liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that their Applications are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Prospectus.*

*Please note that all the Applicants can participate in the Offer only through the ASBA process. All Applicants shall ensure that the ASBA Account has sufficient credit balance such that the full Application Amount can be blocked by the SCSB at the time of submitting the Application. Applicants should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Applicants are required to make payment of the full Application Amount along with the Application Form.*

*ASBA Applicants are required to submit ASBA Applications to the Selected Branches / Offices of the RTAs, DPs, Designated Bank Branches of SCSBs. 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. The list of Stock Brokers, Depository Participants ("DP"), Registrar to an Offer and Share Transfer Agent ("RTA") that have been notified by BSE Ltd to act as intermediaries for submitting Application Forms are provided on <http://www.bseindia.com>. For details on their designated branches for submitting Application Forms, please see the above mentioned BSE website. Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) (Fifth Amendment) Regulations, 2015, the ASBA process become mandatory for all investors w.e.f. January 1, 2016 and it allows the registrar, share transfer agents, depository participants and stock brokers to accept application forms.*

### **Part A**

#### **Fixed Price Offer Procedure**

The Offer is being made under Regulation 106 (M) (2) of Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via Fixed Price Process. Applicants are required to submit their Applications to designated intermediaries. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

**Investors should note that according to section 29(1) of Companies Act, 2013, allotment of Equity Shares to all successful Applicants will only be in dematerialized 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 liable to be rejected. In case DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic application system of the stock exchange 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. Applicants will not have the option of getting allotment of the Equity**

**Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchange.**

Applicants are required to ensure that the PAN (of the sole/ first Applicant) provided in the Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held. In case of joint Applications, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders.

**Application Form**

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Draft Prospectus/the Prospectus. Copies of the ASBA Form and the abridged prospectus will be available with the Designated Intermediaries at the Collection Centres and the Registered Office of our Company. An electronic copy of the ASBA Form will also be available for download on the websites of BSE (www.bseindia.com), at least one day prior to the Offer Opening Date.

Upon completing and submitting the Application Form to the SCSB, the Applicant is deemed to have authorized our Company to make the necessary changes in the Prospectus and the Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Applicant.

Pursuant to SEBI Circular dated November 10, 2015 and bearing Reference No. CIR/CFD/POLICYCELL/11/2015 which shall be applicable for all public issues opening on or after January 01, 2016, all the investors shall apply through ASBA Process only.

Applicants shall submit an Application Form either in physical or electronic form to the SCSB's authorizing blocking funds that are available in the bank account specified in the Application Form used by applicants. Upon completing and submitting the Application Form for Applicants to the SCSB, the Applicant is deemed to have authorized our Company to make the necessary changes in this Draft Prospectus and the Application as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Applicant.

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)	White
NRIs, FVCIs, FIIs, their sub-accounts (other than sub-accounts which are foreign corporate(s) or foreign individuals bidding under the QIB) FPIs, on a repatriation basis	Blue

Applicants must provide bank account details and authorisation to block funds in the relevant space provided in the Application Form and the Application Forms that do not contain such details are liable to be rejected.

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Draft Prospectus. Pursuant to SEBI Circular dated November 10, 2015 and bearing Reference No. CIR/CFD/POLICYCELL/11/2015, an investor intending to subscribe to this Offer shall submit a completed application form to any of the following intermediaries (collectively called as "Designated Intermediaries")

Sr. No.	Designated Intermediaries
1.	SCSB with whom the bank account is maintained which is to be blocked
2.	Syndicate Member (including sub syndicate member)
3.	A stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) (broker)
4.	A depository participant (DP) (whose name is mentioned on the website of the stock exchange as eligible for this Activity)
5.	A registrar to an Issue and Share transfer agent (RTA)

The aforesaid intermediary shall, at the time of receipt of application, give an acknowledgement to investor, as a proof of having accepted the application form in physical or electronic mode respectively.

### **Processing of Applications by Designated Intermediaries**

**Applications submitted to SCSBs:** After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system of the stock exchange and block the necessary funds available in the bank account as specified in the application form.

**Applications submitted to Designated Intermediary other than SCSBs:** After accepting the application form, respective Designated Intermediary shall capture and upload the relevant details in the electronic bidding system of the stock exchange. Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue.

### **Who Can Apply?**

Persons eligible to invest under all applicable laws, rules, regulations and guidelines;

1. Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors as natural/legal guardian;
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: Name of Sole or First applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
3. Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;
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 Offer;
6. Indian Financial Institutions, Scheduled Commercial Banks, Regional Rural Banks, Co-operative Banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
7. FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual under the QIB portion;
8. Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals only under the Non-Institutional applicant's category;
9. FPIs other than Category III foreign portfolio investor;
10. Category III foreign portfolio investors, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
11. Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;
12. Venture Capital Funds registered with SEBI;
13. Foreign Venture Capital Investors registered with SEBI;
14. Eligible QFIs;
15. Multilateral and Bilateral Development Financial Institutions;
16. State Industrial Development Corporations;

17. Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
18. Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
19. Insurance Companies registered with Insurance Regulatory and Development Authority, India;
20. Provident Funds with minimum corpus of Rs. 25 Crores and who are authorized under their constitution to hold and invest in equity shares;
21. Pension Funds with minimum corpus of Rs. 25 Crores and who are authorized under their constitution to hold and invest in equity shares;
22. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
23. Nominated Investor and Market Maker
24. Insurance funds set up and managed by army, navy or air force of the Union of India
25. Any other person eligible to apply in this Issue, under the laws, rules, regulation, 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 Offer.**

**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

The information below is given for the benefit of the applicants. Our Company and the Lead Manager do not accept responsibility for the completeness and accuracy of the information stated. Our Company and the Lead Manager is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for does not exceed the limits prescribed under laws or regulations.

**Availability of Prospectus and Application Forms**

The Memorandum Form 2A containing the salient features of the Prospectus together with the Application Forms and copies of the Prospectus may be obtained from the Registered office of our Company, Lead Manager to the Offer, Registrar to the Offer and the collection centres of the Bankers to the Offer, as mentioned in the Application Form. The application forms may also be downloaded from the website of BSE Limited i.e. [www.bseindia.com](http://www.bseindia.com)

**Option to subscribe in the Offer**

- a. As per Section 29 of the Companies Act, 2013, allotment of Equity Shares will in dematerialized form only.
- b. The equity shares, on allotment, shall be traded on Stock Exchange in demat segment only.
- c. A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines and applicable law.

### **Participation by Associates of LM**

The LM shall not be entitled to subscribe to this Offer in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the LM may subscribe to or purchase Equity Shares in the Offer, where the allotment is on a proportionate basis.

### **Application by Indian Public Including Eligible NRI's Applying on Non-Repatriation**

Application must be made only in the names of Individuals, Limited Companies or Statutory Corporations/ Institutions and not in the names of Minors (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 HUFs application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of securities exceeding the number of securities offered to the public.

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Applicants make application on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non- Resident ("FCNR") ASBA Accounts, and eligible NRI Applicants make application on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full Application Amount, at the time of the submission of the Application Form.

Eligible NRIs Applicants make application on non-repatriation basis are advised to use the Application Form for residents (white in colour).

Eligible NRIs Applicants make application on a repatriation basis are advised to use the Application Form meant for Non-Residents (blue in colour).

### **Applications by Eligible NRIs on Repatriation basis**

Application Forms have been made available for eligible NRIs at our registered office.

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.

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 Rs. 2,00,000 would be considered under the Retail Portion for the purposes of allocation and Applications for a payment amount of more than Rs. 2,00,000 would be considered under Non-Institutional Portion for the purposes of allocation.

### **Application by Mutual Funds**

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid up share capital carrying voting rights.



In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

#### **Applications by 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 Offer in accordance with Schedule 2 of the FEMA Regulations. An FII shall not be eligible to invest as an FPI 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 Offer 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 Offer 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-Offer 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 Offer 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 Offer 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 Offer 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, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof. Limited liability partnerships can participate in the Offer only through the ASBA process.

### **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 Rs. 2,500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

### **Applications by Banking Companies**

In case of Applications made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Application Form, failing which our Company and the Selling Shareholders reserve the right to reject any Application without assigning any reason.

The investment limit for banking companies as per the Banking Regulation Act, 1949, as amended, is 30.00% of the paid up share capital of the investee company or 30.00% of the banks' own paid up share capital and reserves, whichever is less (except in certain specified exceptions, such as setting up or investing in a subsidiary, which requires RBI approval). Further, the RBI Master Circular of July 1, 2015 sets forth prudential norms required to be followed for classification, valuation and operation of investment portfolio of banking companies.

### **Applications by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs.



Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

### **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, insurance companies and provident funds with minimum corpus of Rs. 25 Crores (subject to applicable law) and pension funds with a minimum corpus of Rs. 25 Crores a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Application Form. Failing this, 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 Rs. 25 Crores (subject to applicable law) and pension funds with a minimum corpus of Rs. 25 Crores, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject such application, in whole or in part, in either case without assigning any reasons thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form, subject to such terms and conditions that our Company, the lead manager may deem fit.

*Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Offer that, for the purpose of printing particulars on the Allotment Advice / CANs / letters and mailing of the same 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 Offer shall use Demographic Details as given on the Application Form instead of those obtained from the Depositories.*

*The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.*

### **Maximum and Minimum Application Size**

#### **(a) For Retail Individual Applicants**

The Application must be for a minimum of 4,000 Equity Shares and in multiples of 4,000 Equity Share thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed Rs. 2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed Rs. 2,00,000.

#### **(b) For Other Applicants (Non Institutional Applicants and QIBs):**

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 200,000 and in multiples of 4,000 Equity Shares thereafter. An Application cannot be submitted for

more than the Offer size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB or Non Institution Applicant cannot withdraw or lower its Application at any stage of Offer.

In case of revision in Applications, the Non Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non Institutional Portion.

**Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus.**

**Information for the Applicants:**

1. Our Company and the Lead Managers shall declare the Offer Opening Date and Offer Closing Date in the Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in a regional newspaper with wide circulation. This advertisement shall be in prescribed format.
2. Our Company will file the Prospectus with the RoC at least 3 (three) days before the Offer Opening Date.
3. Copies of the Application Form along with Abridge Prospectus and copies of the Prospectus will be available with the, the Lead Managers, the Registrar to the Offer, and at the Registered Office of our Company. Electronic Application Forms will also be available on the websites of the Stock Exchange.
4. Any applicant who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our Registered Office / Corporate Office.
5. Applicants who are interested in subscribing for the Equity Shares should approach Designated Intermediaries to register their applications.
6. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch, or the respective Designated Intermediaries. Application Form submitted by Applicants whose beneficiary account is inactive shall be rejected.
7. The Application Form can be submitted either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained, or other Designated Intermediaries (Other than SCSBs). SCSBs may provide the electronic mode of collecting either through an internet enabled collecting and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the ASBA Account.
8. Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of SCSB, where the ASBA Account is maintained. Applications submitted directly to the SCSBs or other Designated Intermediaries (Other than SCSBs), the relevant SCSB, shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form, before entering the ASBA application into the electronic system.

Except for applications by or on behalf of the Central or State Government and the Officials appointed by the courts and by investors residing in the State of Sikkim, the Applicants, or in the case of application in joint names, the first Applicant (the first name under which the beneficiary account is held), should mention his/her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participating transacting in the securities market, irrespective of the amount of transaction. Any Application Form without PAN is liable to be rejected. The demat accounts of Applicants for whom PAN details have not been verified, excluding persons resident in the State of Sikkim or persons who may be exempted from specifying their PAN for transacting in the securities market, shall be —suspended for credit and no credit of Equity Shares pursuant to the Offer will be made into the accounts of such Applicants.

**The Applicants may note that in case the PAN, the DP ID and Client ID mentioned in the Application Form and entered into the electronic collecting system of the Stock Exchange Designated Intermediaries do not match with PAN, the DP ID and Client ID available in the Depository database, the Application Form is liable to be rejected.**

### **Method and Process of Applications**

1. The Designated Intermediaries shall accept applications from the Applicants during the Offer Period.
2. The Offer Period shall be for a minimum of 3 Working Days and shall not exceed 10 Working Days. The Offer Period may be extended, if required, by an additional three Working Days, subject to the total Offer Period not exceeding 10 Working Days.
3. During the Offer Period, Applicants who are interested in subscribing to the Equity Shares should approach the Designated Intermediaries to register their applications.
4. The Applicant cannot apply on another Application Form after applications on one Application Form have been submitted to the Designated Intermediaries. Submission of a second Application form to either the same or to another Designated Intermediaries will be treated as multiple applications and is liable to be rejected either before entering the application into the electronic collecting system or at any point prior to the allocation or Allotment of Equity Shares in this Offer.
5. Designated Intermediaries accepting the application forms shall be responsible for uploading the application along with other relevant details in application forms on the electronic bidding system of stock exchange and submitting the form to SCSBs for blocking of funds (except in case of SCSBs, where blocking of funds will be done by respective SCSBs only). All applications shall be stamped and thereby acknowledged by the Designated Intermediaries at the time of receipt.
6. The Designated Intermediaries will enter each application option into the electronic collecting system as a separate application and generate a TRS and give the same to the applicant.
7. Upon receipt of the Application Form, submitted whether in physical or electronic mode, the Designated Intermediaries shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form, prior to uploading such applications with the Stock Exchange.
8. If sufficient funds are not available in the ASBA Account, the Designated Intermediaries shall reject such applications and shall not upload such applications with the Stock Exchange.
9. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form and will enter each application option into the electronic collecting system as a separate application and generate a TRS for each price and demand option. The TRS shall be furnished to the Applicant on request.
10. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal/ failure of the Offer or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Offer shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Applicants to the Public Offer Account. In case of withdrawal/ failure of the Offer, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Offer.

### **Procedure and Time Schedule for Transfer of Equity Shares**

The Offer will be conducted through the “Fixed Price Method” pursuant to which the Designated Intermediary will accept Applications for the Equity Shares during the Offer Period. The Offer Period will commence on [●] and expire on [●]. Following the expiration of the Offer 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 Exchange. 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 4 days of the expiration of the Offer 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 Exchange, the Equity Shares will be listed and trading will commence.

## Payment Instructions

All Applicants are required to use the ASBA facility to make payment.

## 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; and

b) The successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of shares allotted in that category is equal to the number of shares worked out as per (2) above.

4. If the proportionate allotment to an applicant works out to a number that is not a multiple of 4,000 equity shares, the number in excess of the multiple of 4,000 would be rounded off to the nearest multiple of 4,000, subject to minimum allotment of 4,000 Equity Share.

5. If the shares allotted on a proportionate basis to any category is more than the shares allotted to the applicants in that category, the balance available shares for allocation shall be first adjusted against any category, where the allotted shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of shares. If as a result of the process of rounding off to the lower nearest multiple of 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 Draft Prospectus.

6. The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:

a) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.

b) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.

c) The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall/may be made available for allocation to applicants in the other category, if so required.

As per Regulation 43 (4) of 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 Rs.2,00,000/- Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE.

The Executive Director / Managing Director of BSE - the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

**As per the RBI regulations, OCBs are not permitted to participate in the Offer.**

**There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.**

#### **Terms of Payment / Payment Instructions**

The entire Offer Price of Rs. 30/- per share is payable on application. In case of allotment of lesser number of Equity shares than the number applied, the Registrar shall instruct the SCSBs to unblock the excess amount paid on Application to the Applicants.

SCSBs will transfer the amount as per the instruction of the Registrar to the Public Offer Account, the balance amount after transfer will be unblocked by the SCSBs. The applicants should note that the arrangement with Bankers to the Offer or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, Selling Shareholders, Banker to the Offer and the Registrar to the Offer to facilitate collections from the Applicants.

#### **Payment Mechanism**

The applicants shall specify the bank account number in their Application Form and the SCSBs shall block an amount equivalent to the Application Amount in the bank account specified in the Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the Application or receipt of instructions from the Registrar to unblock the Application Amount. However Non Retail Applicants shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Application Form or for unsuccessful Application Forms, the Registrar to the Offer shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Offer and consequent transfer of the Application Amount to the Public Offer Account, or until withdrawal/ failure of the Offer or until rejection of the Application by the ASBA Applicant, as the case may be.

*Please note that pursuant to SEBI circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 potential investors shall invest in the public issue through ASBA Mode only.*

#### **Electronic Registration of Applications**

1. The Designated Intermediaries will register the applications using the on-line facilities of the Stock Exchange.
2. The Designated Intermediaries will undertake modification of selected fields in the application details already uploaded before 1.00 p.m. of next Working Day from the Offer Closing Date.
3. The Designated Intermediaries shall be responsible for any acts, mistakes or errors or omissions and commissions in relation to,
  - (i) the applications accepted by them,
  - (ii) the applications uploaded by them
  - (iii) the applications accepted but not uploaded by them or
  - (iv) With respect to applications by Applicants, applications accepted and uploaded by any Designated Intermediary other than SCSBs, the Application form along with relevant schedules shall be sent to the SCSBs or the Designated Branch of the relevant SCSBs for blocking of funds and they will be responsible for blocking the necessary amounts in the ASBA Accounts. In case of Application accepted and Uploaded by SCSBs, the SCSBs or the Designated Branch of the relevant SCSBs will be responsible for blocking the necessary amounts in the ASBA Accounts
4. Neither the Lead Managers nor our Company nor the Registrar to the Offer, shall be responsible for any acts, mistakes or errors or omission and commissions in relation to
  - (i) the applications accepted by any Designated Intermediaries
  - (ii) the applications uploaded by any Designated Intermediaries or

(iii) the applications accepted but not uploaded by any Designated Intermediaries

5. The Stock Exchange will offer an electronic facility for registering applications for the Offer. This facility will be available at the terminals of Designated Intermediaries and their authorized agents during the Offer Period. The Designated Branches or agents of Designated Intermediaries 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 online facilities on a regular basis. On the Offer Closing Date, the Designated Intermediaries shall upload the applications till such time as may be permitted by the Stock Exchange. This information will be available with the Lead Manager on a regular basis.

6. With respect to applications by Applicants, at the time of registering such applications, the Bakers, DPs and RTAs shall forward a Schedule along with the Application Forms to Designated Branches of the SCSBs for blocking of funds.

7. With respect to applications by Applicants, at the time of registering such applications, the Designated Intermediaries shall enter the following information pertaining to the Applicants into the on-line system:

- Name of the Applicant;
- IPO Name;
- Application Form Number;
- Investor Category;
- PAN (of First Applicant, if more than one Applicant);
- DP ID of the demat account of the Applicant;
- Client Identification Number of the demat account of the Applicant;
- Number of Equity Shares Applied for;
- Bank Account details;
- Locations of the Banker to the Offer or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
- Bank account number

8. In case of submission of the Application by an Applicant through the Electronic Mode, the 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.

9. The aforesaid Designated Intermediaries shall, at the time of receipt of application, give an acknowledgment to the investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form in physical as well as electronic mode. The registration of the Application by the Designated Intermediaries does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.

10. Such acknowledgment will be non-negotiable and by itself will not create any obligation of any kind.

11. In case of Non Retail Applicants and Retail Individual Applicants, applications would not be rejected except on the technical grounds as mentioned in this Draft Prospectus. The Designated Intermediaries shall have no right to reject applications, except on technical grounds.

12. The permission given by the Stock Exchange to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Manager are cleared or approved by the Stock Exchange; 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 Promoters, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus, nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchange.

13. The Designated Intermediaries will be given time till 1.00 p.m. on the next working day after the Offer Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Offer Period, after which the Registrar to the Offer will receive this data from the Stock Exchange 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, Client ID and PAN, then such applications are liable to be rejected.



14. The SCSBs shall be given one day after the Offer Closing Date to send confirmation of Funds blocked (Final certificate) to the Registrar to the Offer.

15. The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details for applications.

### **General Instructions**

#### **Do's:**

- 1) Check if you are eligible to apply as per the terms of this Draft Prospectus and under applicable law, rules, regulations, guidelines and approvals;
- 2) Read all the instructions carefully and complete the Application Form in the prescribed form;
- 3) Ensure that the details about the PAN, DP ID and Client ID are correct and the Applicants depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
- 4) Ensure that your Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary;
- 5) If the first applicant is not the account holder, ensure that the Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Application Form;
- 6) Ensure that the signature of the First Applicant in case of joint Applications, is included in the Application Forms;
- 7) Ensure that the name(s) given in the Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. 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;
- 8) Ensure that you request for and receive a stamped acknowledgement of your Application;
- 9) Ensure that you have funds equal to the Application Amount in the ASBA Account maintained with the SCSB before submitting the Application Form under the ASBA process to the respective member of the SCSBs, the Registered Broker (at the Broker Centres), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations);
- 10) Submit revised Applications to the same Designated Intermediary, through whom the original Application was placed and obtain a revised acknowledgment;
- 11) Except for Applications (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Applications by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Applicants should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
- 12) Ensure that the Demographic Details are updated, true and correct in all respects;
- 13) Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
- 14) Ensure that the category and the investor status is indicated;
- 15) Ensure that in case of Applications under power of attorney or by limited companies, corporates, trust etc., relevant documents are submitted;
- 16) Ensure that Applications submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
- 17) Applicants should note that in case the DP ID, Client ID and the PAN mentioned in their Application Form and entered into the online IPO system of the Stock Exchange by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Applications are liable to be rejected. Where the Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Application Form;
- 18) Ensure that the Application Forms are delivered by the Applicants within the time prescribed as per the Application Form and the Prospectus;
- 19) Ensure that you have mentioned the correct ASBA Account number in the Application Form;

- 20) Ensure that you have correctly signed the authorisation/undertaking box in the Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form at the time of submission of the Application;
- 21) Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Application Form; and
- 22) The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Don'ts:**

- 1) Do not apply for lower than the minimum Application size;
- 2) Do not apply at a Price different from the Price mentioned herein or in the Application Form;
- 3) Do not pay the Application Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
- 4) Do not send Application Forms by post; instead submit the same to the Designated Intermediary only;
- 5) Do not submit the Application Forms to any non-SCSB bank or our Company;
- 6) Do not apply on a Application Form that does not have the stamp of the relevant Designated Intermediary;
- 7) Do not instruct your respective Banks to release the funds blocked in the ASBA Account under the ASBA process;
- 8) Do not apply for a Application Amount exceeding ₹ 200,000 (for Applications by Retail Individual Applicants);
- 9) Do not fill up the Application Form such that the Equity Shares applied for exceeds the Offer size and / or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Prospectus;
- 10) Do not submit the General Index Register number instead of the PAN;
- 11) Do not submit the Application without ensuring that funds equivalent to the entire Application Amount are blocked in the relevant ASBA Account;
- 12) Do not submit Applications on plain paper or on incomplete or illegible Application Forms or on Application Forms in a colour prescribed for another category of Applicant;
- 13) Do not submit a Application in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
- 14) Do not apply if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
- 15) Do not submit more than five Application Forms per ASBA Account;

The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**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 Offer to detect multiple applications are given below:

- i. All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications.



- ii. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- iii. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of “know your client” norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

#### **Permanent Account Number or PAN**

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (“PAN”) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

#### **Right to Reject Applications**

In case of QIB Applicants, the Company in consultation with the LM may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicants, Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

#### **Grounds of Rejections**

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

- Amount paid does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of the Offer;
- Applications for number of Equity Shares which are not in multiples of 4,000;
- Category not ticked;
- Multiple Applications as defined in this Draft Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application

- Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole Applicant;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Form/Application Form at the time of blocking such Application Amount in the bank account;
- Where no confirmation is received from SCSB for blocking of funds;
- Applications by Applicants not submitted through ASBA process;
- Applications not uploaded on the terminals of the Stock Exchange;
- Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Application Form.

### **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."**

### **Signing of Underwriting Agreement**

Our Company, the Selling Shareholders, the Lead Manager and the Market Maker have entered into an Underwriting Agreement August 24, 2016.

### **Filing of the Prospectus with the ROC**

The Company will file a copy of the Prospectus with the RoC in terms of Section 26, 28 & 30 of the Companies Act, 2013.

### **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, 2013 the Company shall, after registering the Prospectus with the RoC, publish a pre-Offer 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 regional newspaper with wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Offer Price.

### **Issuance of a Confirmation of Allocation Note (“CAN”)**

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the Lead Manager or Registrar to the Offer shall send to the Brokers a list of their Applicants who have been allocated Equity Shares in the Offer.
2. The Registrar will then dispatch a CAN to their Applicants who have been allocated Equity Shares in the Offer. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Applicant.

### **Designated Date and Allotment of Equity Shares**

(a) **Designated Date:** On the Designated Date, the SCSBs shall transfer the funds represented by allocation of Equity Shares into the Public Offer Account with the Bankers to the Offer.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Applicants Depository Account will be completed within six Working Days of the Offer Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within five Working Days from the Offer Close Date.

### **Disposal of Applications and Application Moneys and Interest in Case of Delay**

The Company shall ensure the dispatch of Allotment advice and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

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 6 working days of closure of the Offer.

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 3 (three) working days of the Offer Closing Date;
- 2) Giving of Instructions for refund by unblocking of amount via ASBA not later than 4(four) working days of the Offer Closing Date, would be ensured; and
- 3) If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under SEBI (ICDR) Regulations, the Companies Act, 2013 and applicable law. Further, in accordance with Section 40 of the Companies Act, 2013, the Company and each officer in default may be punishable with fine and/or imprisonment in such a case.

### **Issuance of a Confirmation of Allocation Note (“CAN”)**

3. Upon approval of the basis of allotment by the Designated Stock Exchange, the Lead Manager or Registrar to the Offer shall send to the Brokers a list of their Applicants who have been allocated Equity Shares in the Offer.
4. The Registrar will then dispatch a CAN to their Applicants who have been allocated Equity Shares in the Offer. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Applicant.

### **Undertakings by our Company**

The Company undertakes the following:

- 1) That the complaints received in respect of the Offer shall be attended to by us expeditiously and satisfactorily;
- 2) That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within 6 (six) Working days of Offer Closing Date;
- 3) That funds required for unblocking to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by the Company;
- 4) That if the Company do not proceed with the Offer, the reason thereof shall be given as a public notice to be issued by our Company within two days of the Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
- 5) That the promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public;
- 6) That no further Offer of Equity Shares shall be made till the Equity Shares offered through the Prospectus are listed or until the Application monies are unblocked on account of non-listing, under subscription etc. and
- 7) That if the Company withdraws the Offer after the Offer Closing Date, our Company shall be required to file a fresh offer document with the RoC/ SEBI, in the event our Company subsequently decides to proceed with the Offer;

### **Undertakings by the Selling Shareholders**

The Selling Shareholder undertake that:

- 1) It shall deposit Equity Shares in an escrow account opened with the Registrar and Share Transfer Agent to the Offer at least one Working Day prior to the date of the Prospectus or as disclosed in the Prospectus;
- 2) It shall sign, and cause their authorized signatories (by way of powers of attorney or otherwise) to sign the offer documents and agreements in relation to the Offer, and confirm that their duly authorized signatories who have signed a declaration, that the statements made by them in the offer documents about or in relation to them as well as any Offer related materials are true and correct as of the date of this Draft Prospectus and as will be included in the Prospectus, or such Offer related material, as the case may be;
- 3) The Equity Shares being sold by it pursuant to the Offer are free and clear of any encumbrances and shall be transferred to the Applicants within the time specified under applicable law;
- 4) It shall not offer, lend, pledge, charge, transfer or otherwise encumber, sell, any of the Equity Shares held by them except the Equity Shares being offered by them in the Offer for Sale until such time that the lock-in remains effective save and except as may be permitted under the SEBI Regulations;
- 5) It shall not have any recourse to the proceeds of the Offer for Sale until final listing and trading approvals have been received from the Stock Exchange;
- 6) It shall ensure that they shall make available the funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed in the Offer Documents;
- 7) It shall take all steps and provide all assistance to the Company and the LM, as may be required and necessary by the Selling Shareholders, for the completion of the necessary formalities for listing and commencement of trading at all the stock exchange where the Equity Shares are proposed to be listed within six Working Days from the Closing Date of the Offer, failing which they shall forthwith repay without interest all monies received from Applicants to the extent of their Offered Shares. In case of delay, interest as per applicable law shall be paid by them to the extent of their Offered Shares;
- 8) It shall disclose and furnish to the LM all information relating to any pending litigation, arbitration, complaint or notice that may affect the ownership or title to the Equity Shares or their ability to offer the Equity Shares in the Offer for Sale;

- 9) It shall ensure that the Equity Shares being offered by them in the Offer for Sale, shall be transferred to the successful Applicants within the time specified under applicable law; and
- 10) It shall give appropriate instructions for dispatch of the refund orders or Allotment Advice to successful Applicants within the time specified under applicable law.

#### **Utilization of Offer Proceeds**

The Board of Directors of our Company certifies that:

- 1) All monies received out of the Offer 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 Offer referred above shall be disclosed and continue to be disclosed till the time any part of the Offer proceeds remains unutilized, under an appropriate head in our balance sheet of our company indicating the purpose for which such monies have been utilized;
  - 3) Details of all unutilized monies out of the Offer, if any shall be disclosed under the appropriate separate head in the balance sheet of our company indicating the form in which such unutilized monies have been invested;
  - 4) Our Company shall comply with the requirements of SEBI Listing Regulations in relation to the disclosure and monitoring of the utilization of the proceeds of the Offer;
  - 5) Our Company shall not have recourse to the Offer Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received and
  - 6) The Lead Manager undertakes that the complaints or comments received in respect of the Offer shall be attended by our Company expeditiously and satisfactorily.
- The Selling Shareholders along with our Company declare that all monies received out of the Offer for Sale 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.

The Selling Shareholders along with our Company shall not have recourse to the Offer Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

#### **Withdrawal of the Offer**

Our Company, selling shareholders in consultation with the LM reserves the right not to proceed with the Offer at anytime, including after the Offer Closing Date but before the Board meeting for Allotment, without assigning any reason. Notwithstanding the foregoing, the Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment.

In case, the Company wishes to withdraw the Offer after Offer Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Offer. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper. The Stock Exchange where the Equity Shares are proposed to be listed shall also be informed promptly.

If the Company withdraws the Offer after the Application Closing Date, the Company will be required to file a fresh Offer Document with the Stock Exchange.

#### **Equity Shares in Dematerialised Form with NSDL or CDSL**

To enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- (a) Agreement dated November 05, 2016 between NSDL, the Company and the Registrar to the Offer;
- (b) Agreement dated October 26, 2016 between CDSL, the Company and the Registrar to the Offer;

The Company's shares bear an ISIN No. INE017W01010.

Our company initiated the process of Dematerialisation. Presently it is in process of entering the agreement with NSDL and CDSL.

- An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.

- The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.

**Communications**

All future communications in connection with the Applications made in this Offer should be addressed to the Registrar to the Offer 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 Offer 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 Offer in case of any pre Offer or post Offer related problems such as non receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts.

## Part B GID

### General Information Document for Investing in Public Offers

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 and Companies Act, 1956 to the extent applicable, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read the Prospectus before investing in the Offer.*

#### Section 1: Purpose of the General Information Document (GID)

This document is applicable to the public issues undertaken through to the Fixed Price Issues. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Applicants in IPOs, on the processes and procedures governing IPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations, 2009”).

Applicants should note that investment in equity and equity related securities involves risk and Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in the Prospectus filed by the Issuer with the Registrar of Companies (“RoC”). Applicants should carefully read the entire Prospectus and the Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the Prospectus, the disclosures in the Prospectus shall prevail. The Prospectus of the Issuer is available on the website of stock exchange, on the website(s) of the LM to the Offer and on the website of Securities and Exchange Board of India (“SEBI”) at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalized terms and abbreviations used herein Applicants may refer to the section “Glossary and Abbreviations” on page 248 of this Draft Prospectus.

#### SECTION 2: Brief introduction to IPOs on SME Exchange

##### 2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) or the Applicable Regulations of Chapter XB of the SEBI ICDR Regulations, 2009, as amended. For details of compliance with the eligibility requirements by the Issuer Applicants may refer to the Prospectus.

##### 2.2 Other Eligibility Requirements

In addition to the eligibility requirements specified in paragraphs 2.1, an Issuer proposing to undertake an IPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 2013 and the Companies Act, 1956 to the extent applicable (the “Companies Act”), The Securities Contracts (Regulation) Rules, 1957 (the “SCRR”), industry- specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Applicants may refer to the Prospectus.

##### a. Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Offer



Price through the Book Building Process (“**Book Built Offer**”) or undertake a Fixed Price Offer (“**Fixed Price Offer**”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Offer) and a Price or Price Band in this Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-Offer advertisement was given at least five Working Days before the Offer Opening Date, in case of an IPO and at least one Working Day before the Offer Opening Date, in case of an FPO.

The Floor Price or the Offer price cannot be lesser than the face value of the securities.

Applicants should refer to the Prospectus or Offer advertisements to check whether the Offer is a Book Built Offer or a Fixed Price Offer.

## **2.4 Offer Period**

The Offer may be kept open for a minimum of three Working Days (for all category of Applicants) and not more than ten Working Days. Applicants are advised to refer to the Application Form and Abridged Prospectus or Prospectus for details of the Offer Period. Details of Offer Period are also available on the website of Stock Exchange(s).

## **2.5 Migration to Main Board**

SME Issuer may migrate to the Main Board of Stock Exchange from the SME Exchange at a later date subject to the following:

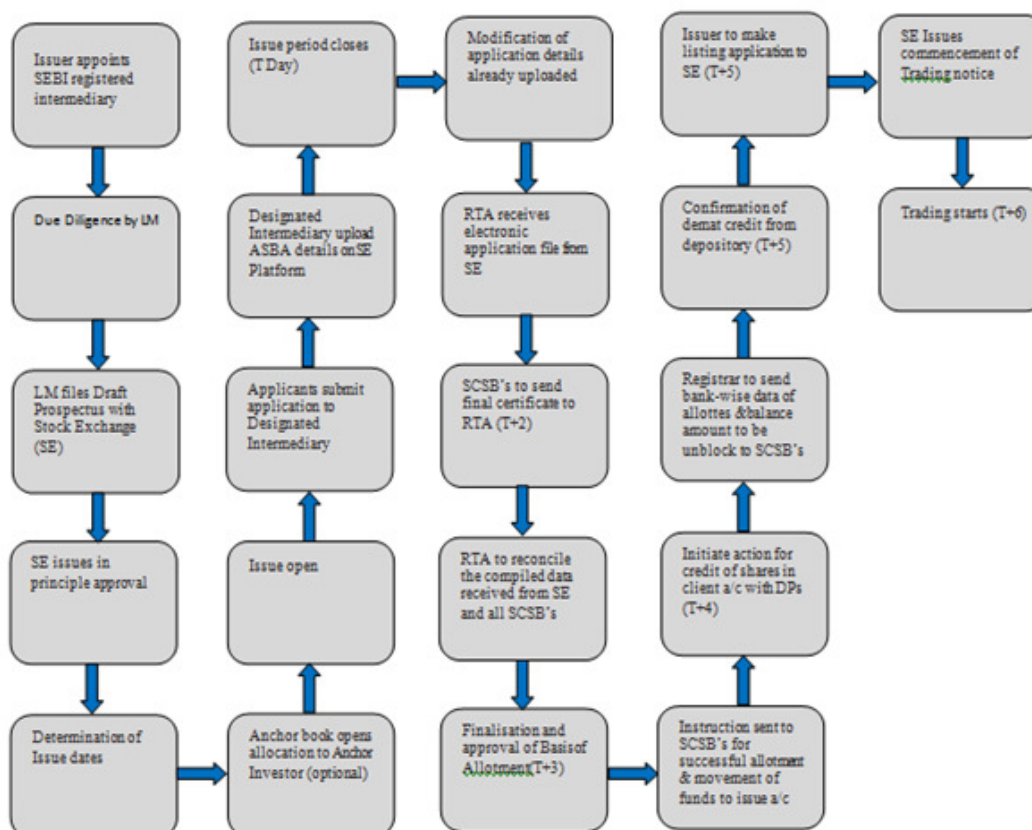
(a) If the Paid up Capital of the Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other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

Or

(b) If the Paid up Capital of the company is more than 10 crores and upto Rs. 25 crores, the Company 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 Promoter 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.

## **2.6 Flowchart of Timelines**

A flow chart of process flow in Fixed Price Issues is as follows:



### Section 3: Category of Investors eligible to participate in an Offer

**Each Applicant should check whether it is eligible to apply under applicable law.** Furthermore, certain categories of Applicants, such as NRIs, FIIs/FPIs, QFIs and FVCIs may not be allowed to apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.

Subject to the above, an illustrative list of Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Applications belonging to an account for the benefit of a minor (under guardianship);
- 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/Application Form as follows: “Name of sole or first Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Applications by HUFs may be considered at par with Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law ;
- Qualified Foreign Investors subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or

- foreign individual, applying under the QIBs category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- FPIs other than Category III Foreign Portfolio Investors applying under the QIBs category;
- FPIs which are Category III Foreign Portfolio Investors, applying under the NIIs category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008; and
- Any other person eligible to apply in the Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.
- As per the existing regulations, OCBs are not allowed to participate in an Offer.

#### Section 4: Applying in the Offer

**Fixed Price Offer:** Applicants should only use the specified Application Form either bearing the stamp of Collection Bank(s) or SCSBs as available or downloaded from the website of the Stock Exchange. Application Forms are available with the Branches of Collection Banks or Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Applicants should ensure that they apply in the appropriate category. The prescribed color of the Application Form for various categories of Applicants is as follows:

Category	Color of the application form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals applying under the QIB), FPIs, QFIs, on a repatriation basis	Blue

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

#### 4.1 Instructions for filing the application form (fixed price Offer)

Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the Prospectus and the Application Form are liable to be rejected.

Instructions to fill each field of the Application Form can be found on the reverse side of the Application Form. Specific instructions for filling various fields of the Resident Application Form and Non-Resident Application Form and samples are provided below. The samples of the Application Form for resident Applicants and the Application Form for non-resident Applicants are reproduced below:

<b>COMMON BID CUM APPLICATION FORM</b>		<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - NR</b>		For Eligible NRI, FI, FVCI, applying on Restriction Basis:	
Address : _____		Contact Details : _____		CTN No : _____	
TO, THE BOARD OF DIRECTORS XYZ LIMITED		FIXED PRICE GAME BOGGIE INE00000000000		Bid cum Application Form No. _____	
LOGO					
TEAR HERE					
SYNDICATE MEMBER'S STAMP & CODE		BROKER/SCSB/DP/RTA STAMP & CODE		1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER	
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE		ESCROW BANK/SCSB BRANCH STAMP & CODE		Mr. / Ms. _____	
BANK BRANCH SERIAL NO.		SCSB SERIAL NO.		Address : _____	
				Email : _____	
				Tel. No (with STD code) / Mobile : _____	
				2. PAN OF SOLE / FIRST BIDDER	
3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL					
For NSDL, enter 8 digit DP ID followed by 3 digit Client ID / For CDSL, enter 16 digit Client ID					
4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")					
Bid Options:		No. of Equity Shares Bid (in Figures) (Must be in multiples of Bid Lot as advertised)		Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (in Figures)	
		Bid Price:		Retail Discount: Net Price:	
		Cut-off (Please tick)		Category:	
Option 1				<input type="checkbox"/> Retail Investor Bidder	
(OR) Option 2				<input type="checkbox"/> Non-Institutional Bidder	
(OR) Option 3				<input type="checkbox"/> QIB	
5. INVESTOR STATUS					
<input type="checkbox"/> Non-Resident Indian (Repatriation Basis) NRI					
<input type="checkbox"/> Foreign Institutional Investor FI					
<input type="checkbox"/> Foreign Venture Capital Investor FVCI					
<input type="checkbox"/> FI Sub Account Corporate/Individual FI SA					
<input type="checkbox"/> Others (Please Specify) OTH					
6. PAYMENT DETAILS					
Amount paid (₹ in figures) _____ (₹ in words) _____					
PAYMENT OPTION (FULL PAY)					
ASBA Bank A/c No. _____					
Bank Name & Branch : _____					
I/WE HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ANNEXES, PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVITING IN PUBLIC SUBS (GID) AND HEREBY AGREE AND CONFIRM THE BIDDERS UNDERTAKING AS GIVEN OVERLEAF. I/WE, ON BEHALF OF JOINT APPLICANTS, IF ANY HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.					
7A. SIGNATURE OF SOLE / FIRST BIDDER		7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)		BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)	
Date : _____		I/We authorize the SCSB to do all acts as an necessary to make the Application in the line			
		1) _____			
		2) _____			
		3) _____			
TEAR HERE					
LOGO		XYZ LIMITED INITIAL PUBLIC ISSUE - NR		Acknowledgement Slip for Bidder/SCSB/DP/RTA	
DPID / CLID		PAN of Sole / First Bidder		Bid cum Application Form No. _____	
Amount paid (₹ in figures)		Bank & Branch		Stamp & Signature of SCSB Branch	
ASBA Bank A/c No.		Received from Mr./Ms. _____		Stamp & Signature of Bidder	
Telephone / Mobile		Email		TEAR HERE	
XYZ LIMITED - INITIAL PUBLIC ISSUE - NR		Option 1 Option 2 Option 3		Stamp & Signature of Bidder / SCSB / DP / RTA	
No. of Equity Shares		Bid Price		Name of Sole / First Bidder	
Amount Paid (₹)		ASBA Bank A/c No.		Acknowledgement Slip for Bidder	
Bank & Branch		Bid cum Application Form No.		1.	

#### 4.1.1 Field Number 1: Name and contact details of the sole/first applicant

- (a) Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.
- (b) **Mandatory Fields:** Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Applicants should note that the contact details mentioned in the Application Form may be used to dispatch communications (including letters notifying the unblocking of the bank accounts of ASBA Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Application Form may be used by the Issuer, the Registered Broker and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.
- (c) **Joint Applications:** In the case of Joint Applications, the Applications should be made in the name of the Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. 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. All payments may be made out in favor of the Applicant whose name appears in the Application Form or the Revision Form and all communications may be addressed to such Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- (d) **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.”*

- (e) **Nomination Facility to Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Applicants should inform their respective Depository Participant.

#### 4.1.2 Field Number 2: PAN number of sole/first applicant

- (a) PAN (of the sole/ first Applicant) provided in the Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories’ records.
- (b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Applications on behalf of the Central or State Government, Applications by officials appointed by the courts and Applications by Applicants residing in Sikkim (“PAN Exempted Applicants”). Consequently, all Applicants, other than the PAN Exempted Applicants, are required to disclose their PAN in the Application Form, irrespective of the Application Amount. An Application Form without PAN, except in case of Exempted Applicants, is liable to be rejected. Applications by the Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.
- (c) The exemption for the PAN Exempted Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- (d) Application Forms which provide the General Index Register Number instead of PAN may be rejected.

- (e) Applications by Applicants whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and demographic details are not provided by depositories.

#### 4.1.3 Field Number 3: Applicants Depository Account Details

- (a) Applicants should ensure that DP ID and the Client ID are correctly filled in the Application Form. The DP ID and Client ID provided in the Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Application Form is liable to be rejected.**
- (b) Applicants should ensure that the beneficiary account provided in the Application Form is active.
- (c) Applicants should note that on the basis of DP ID and Client ID as provided in the Application Form, the Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to an Offer.
- (d) Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicants' sole risk.

#### 4.1.4 Field Number 4: Application details

- (a) The Issuer mentions Price in this draft Prospectus and in the Prospectus to be registered with RoC.

- (b) Minimum And Maximum Application Size

- i. For Retail Individual Applicants

The Application must be for a minimum of 4,000 Equity Shares. As the Application Price payable by the Retail Individual Applicants cannot exceed Rs. 2,00,000, they can make Application for only minimum Application size i.e. for 4,000 Equity Shares.

- ii. For Other Applicants (Non Institutional Applicants and QIBs):

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 200,000 and in multiples of 4,000 Equity Shares thereafter. An Application cannot be submitted for more than the Offer Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB and a NII Applicant cannot withdraw or lower its quantity or price in its application once the application is submitted and is required to pay 100% Margin upon submission of Application. In case of revision in Applications, the Non Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non Institutional Portion. Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this draft Prospectus.

- (c) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to different Collection Bank(s) or SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- (d) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:
  - i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FPI sub-accounts, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.



- ii. For applications from Mutual Funds and FPI sub-accounts, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- (e) The following applications may not be treated as multiple Applications:
- i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Offer portion in public category.
  - ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Application has been made.
  - iii. Applications by Mutual Funds, and sub-accounts of FPIs (or FPIs and its subaccounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

#### **4.1.5 Field Number 5: Category of applicants**

- i. The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of application, allocation and allotment in the Offer are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- ii. An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Offer, applicants may refer to the Prospectus.
- iii. The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. For details pertaining to allocation and Issue specific details in relation to allocation, applicant may refer to the Prospectus.

#### **4.1.6 Field Number 6: Investor Status**

- (a) Each Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Offer is in compliance with the investment restrictions under applicable law.
- (b) Certain categories of Applicants, such as NRIs, FIIs/FPIs and FVCIs may not be allowed to Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.
- (c) Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Application Form and Non-Resident Application Form.
- (d) Applicants should ensure that their investor status is updated in the Depository records.

#### **4.1.7 Field Number 7: Payment Details**

- (a) All Applicants are required to make payment of the full Amount (net of any Discount, as applicable) along-with the Application Form. If the Discount is applicable in the Offer, the RIIs should indicate the full amount in the Application Form and the payment shall be made for Amount net of Discount. Only in cases where the Prospectus indicates that part payment may be made, such an option can be exercised by the Applicant.
- (b) All Applicants can participate in the Offer only through the ASBA mechanism.
- (c) Application Amount cannot be paid in cash, , cheque , through money order or through postal order or through stock invest.



- (d) 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.

#### **4.1.7.1 Payment instructions for Applicants**

- (a) Applicants may submit the Application Form either
- i. in physical mode to the Designated Branch of an SCSB where the Applicants have ASBA Account, or
  - ii. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Application Form
  - iii. in physical mode to any Designated Intermediary.
- (b) Applicants should specify the Bank Account number in the Application Form. The Application Form submitted by an Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.
- (c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;
- (d) Applicants shall note that that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one ASBA Account, a maximum of five Application Forms can be submitted.
- (f) ASBA Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- (g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.
- (h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.
- (i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.
- (j) Upon submission of a completed Application Form each ASBA Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.
- (k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Application, as the case may be.
- (l) SCSBs applying in the Offer must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

#### **4.1.7.2 Unblocking of ASBA Account**

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application , (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Application, (iii) the date by which funds referred to in (ii) above may be

transferred to the Public Offer Account, and (iv) details of rejected ASBA Applications, if any, along with reasons for rejection, if any to enable the SCSBs to unblock the respective bank accounts.

- (b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful ASBA Applicant to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Offer may give instructions to the SCSB to unblock the Amount in the relevant ASBA Account within 6 Working Days of the Offer Closing Date.

#### **4.1.7.3 Additional Payment Instructions for NRIs**

The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Applications by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

#### **4.1.7.4 Discount (if applicable)**

- (a) The Discount is stated in absolute rupee terms.
- (b) Applicants applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Offer, Applicants may refer to the Prospectus.
- (c) the Applicants entitled to the applicable Discount in the Offer may make payment for an amount i.e. the Amount less Discount (if applicable).

Applicant may note that in case the net payment (post Discount) is more than two lakh Rupees, the system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

#### **4.1.8 Field Number 8: Signatures and Other Authorisations**

- (a) Only the First Applicant is required to sign the Application Form. Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the ASBA Applicant, then the Signature of the ASBA Account holder(s) is also required.
- (c) Signature has to be correctly affixed in the authorization/undertaking box in the Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Amount mentioned in the Application Form.
- (d) Applicants must note that Application Form without signature of Applicant and /or ASBA Account holder is liable to be rejected.

#### **4.1.9 Acknowledgement and future communication**

- (a) Applicants should ensure that they receive the acknowledgment duly signed and stamped, designated intermediary as applicable, for submission of the Application Form.
- (b) All communications in connection with Applications made in the Offer should be addressed as under:
  - i In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, unblock of fund, the Applicants should contact the Registrar to the Offer.
  - ii. In case of Applications submitted to the Designated Branches of the SCSBs, the Applicants should contact the relevant Designated Branch of the SCSB.
  - iii. In case of queries relating to uploading of Applications by a Registered Broker, the Applicants should contact the relevant Registered Broker.
  - iv. In case of Applications submitted to the RTA, the Applicants should contact the relevant RTA.
  - v. In case of Applications submitted to the DP, the Applicants should contact the relevant DP.

(c) The following details (as applicable) should be quoted while making any queries -

- i. full name of the sole or First Applicant, Application Form number, Applicants' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.
- ii. name and address of the Designated Branch, as the case may be, where the application was submitted
- iii. ASBA Account number in which the amount equivalent to the Amount was blocked.

For further details, Applicant may refer to the Prospectus and the Application Form.

#### **4.2 Instructions for filing the revision form**

- (a) During the Offer Period, any Applicant (other than QIBs and NIIs, who can only revise their application amount upwards) who has registered his or her interest in the Equity Shares for a particular number of shares is free to revise number of shares applied using revision forms available separately.
- (b) RII may revise their applications till closure of the Offer period or withdraw their applications until finalization of allotment.
- (c) Revisions can be made only in the desired number of Equity Shares by using the Revision Form.
- (d) The Applicant can make this revision any number of times during the Offer Period. However, for any revision(s) in the Application, the Applicants will have to use the services of the SCSB through which such Applicant had placed the original Application.

A sample Revision form is reproduced below:

<b>COMMON BID REVISION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>	<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS</b>
TO, THE BOARD OF DIRECTORS XYZ LIMITED	Address : ..... Contact Details: ..... CIN No. ....	Bid cum Application Form No. ....
LOGO	BOOK BUILT ISSU ISIN : .....	

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE	1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER
		Mr./Ms. ....
		Address : ..... Email : .....
		Tel. No (with STD code) / Mobile : .....
		2. PAN OF SOLE / FIRST BIDDER
		.....
		3. BIDDER'S DEPOSITORY ACCOUNT DETAILS
		NSDL <input type="checkbox"/> CDSL <input type="checkbox"/>
		For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID									
4 FROM (AS PER LAST BID OR REVISION)									
Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised)								
	(In Figures)								
	8	7	6	5	4	3	2	1	
Option 1									
(OR) Option 2									
(OR) Option 3									
5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")									
Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised)								
	(In Figures)								
	8	7	6	5	4	3	2	1	
Option 1									
(OR) Option 2									
(OR) Option 3									

6. PAYMENT DETAILS		PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/>	
Additional Amount Paid (₹ in figures) : .....		(₹ in words) : .....	
ASBA Bank A/c No. ....			
Bank Name & Branch : .....			

7A. SIGNATURE OF SOLE / FIRST BIDDER		7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)		BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)	
Date : .....		1) ..... 2) ..... 3) .....			

LOGO	<b>XYZ LIMITED</b> BID REVISION FORM - INITIAL PUBLIC ISSUE - R	Acknowledgement Slip for Broker/SCSB/ DP/RTA	Bid cum Application Form No. ....
------	--	--	---

DPID / CLID	PAN of Sole / First Bidder	Stamp & Signature of SCSB Branch
Additional Amount Paid (₹) : .....		
ASBA Bank A/c No. ....		
Received from Mr./Ms. ....		
Telephone / Mobile : ..... Email : .....		

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th></th> <th>Option 1</th> <th>Option 2</th> <th>Option 3</th> </tr> <tr> <td>No. of Equity Shares</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bid Price</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Additional Amount Paid (₹)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>ASBA Bank A/c No.</td> <td colspan="3"></td> </tr> <tr> <td>Bank &amp; Branch</td> <td colspan="3"></td> </tr> </table>		Option 1	Option 2	Option 3	No. of Equity Shares				Bid Price				Additional Amount Paid (₹)				ASBA Bank A/c No.				Bank & Branch				Stamp & Signature of Broker / SCSB / DP / RTA Name of Sole / First Bidder ..... Acknowledgement Slip for Bidder Bid cum Application Form No. ....
	Option 1	Option 2	Option 3																							
No. of Equity Shares																										
Bid Price																										
Additional Amount Paid (₹)																										
ASBA Bank A/c No.																										
Bank & Branch																										

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

#### **4.2.1 Fields 1, 2 and 3: Name and Contact Details Of Sole/First Applicant, PAN of Sole/First Applicant & Depository Account Details of the Applicant**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

#### **4.2.2 Field 4 & 5: Application Form Revision ‘From’ and ‘To’**

- (a) Apart from mentioning the revised number of shares in the Revision Form, the Applicant must also mention the details of shares applied for given in his or her Application Form or earlier Revision Form.
- (b) In case of revision of applications by RIIs, Employees and Retail Individual Shareholders, such Applicants should ensure that the application amount should exceed Rs. 2,00,000/- due to revision and the application may be considered, subject to eligibility, for allocation under the Non-Institutional Category.

#### **4.2.3 Field 6: Payment Details**

- (a) All Applicants are required to make payment of the full application amount along with the Revision Form.
- (b) Applicant may Issue instructions to block the revised amount in the ASBA Account, to Designated Branch through whom such Applicant had placed the original application to enable the relevant SCSB to block the additional application amount, if any.

#### **4.2.4 Field 7: Signatures and Acknowledgements**

Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

### **4.3 Submission of Application Form/ Revision Form/Application Form**

#### **4.3.1 Applicants may submit completed application form / Revision Form in the following manner:-**

Mode of Application	Submission of Application Form
All Applications	To the Designated intermediaries

## **Section 5: Offer Procedure in Fixed Price Offer**

**5.1 Applicants may note that there is no Bid cum Application Form in a Fixed Price Offer.** As the Offer Price is mentioned in the Fixed Price Offer therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through collection centres/SCSB and/or Bankers to the Offer .

Applicants may submit an Application Form either in physical form to any of the Designated Intermediary or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (“ASBA Account”). The Application Form is also made available on the website of the Stock Exchange at least one day prior to the Offer Opening Date.

In a fixed price Offer, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

## **5.2 Grounds of Rejections**

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical

grounds:

- Amount paid does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of the Offer;
- Applications for number of Equity Shares which are not in multiples of 4,000;
- Category not ticked;
- Multiple Applications as defined in this Draft Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Offer Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole Applicant;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Inadequate funds in the bank account to block the Application Amount specified in the Application Form/Application Form at the time of blocking such Application Amount in the bank account;
- Where no confirmation is received from SCSB for blocking of funds;
- Applications by Applicants not submitted through ASBA process;
- Applications not uploaded on the terminals of the Stock Exchange;
- Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Application Form.

**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 exchange do not match with PAN, the DP ID and client ID available in the depository database, the application form is liable to be rejected.**

For details of instructions in relation to the Application Form, Applicants may refer to the relevant section of the GID.

#### **Section 6: Offer Procedure in Book Built Offer**

This being Fixed Price Offer, this section is not applicable for this Offer.



## Section 7: Allotment procedure and Basis of Allotment

### 7.1 Basis of Allotment

Allotment will be made in consultation with the BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth hereunder:

(a) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of Applicants in the category x number of Shares applied for).

(b) 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).

(c) For applications where the proportionate allotment works out to less than 4,000 equity shares the allotment will be made as follows:

- i. Each successful Applicant shall be allotted 4,000 equity shares; and
- ii. The successful Applicants out of the total applicants for that category shall be determined by the withdrawal 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.

(d) 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 nearest multiple of 4,000 equity shares subject to a minimum allotment of 4,000 equity shares.

(e) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Applicants in that category, the balance available Shares or allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful Applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising Applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the 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 draft Prospectus.

(f) The above proportionate allotment of Shares in an Issue that is oversubscribed shall be subject to the reservation for Retail individual Applicants as described below:

- i. As per Regulation 43 (4) of SEBI (ICDR), as 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.
- ii. The balance net offer of shares to the public shall be made available for allotment to
  - individual applicants other than retails individual investors and
  - other investors, including corporate bodies/ institutions irrespective of number of shares applied for.
- iii. The unsubscribed portion of the net offer to any one of the categories specified in a) or b) shall/may be made available for allocation to applicants in the other category, if so required. 'Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/-. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE.

The Executive Director / Managing Director of BSE - the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Offer shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with SEBI (ICDR) Regulations.

### 7.2 Designated Date and Allotment of Equity Shares

(a) **Designated Date:** On the Designated Date, the SCSBs shall transfer the funds represented by allocation of Equity Shares into the Public Offer Account with the Bankers to the Offer.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock



Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Applicants who have been Allotted Equity Shares in the Offer.

- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Applicants Depository Account will be completed within 5 Working Days of the Offer Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within 5 Working Days of the Offer Closing Date.

## **Section 8: Interest and unblocking**

### **8.1 Completion of formalities for Listing & commencement of Trading**

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within six Working Days of the Offer Closing Date. The Registrar to the Offer may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within six Working Days of the Offer Closing Date.

### **8.2 Grounds for Unblocking of Funds**

#### **8.2.1 Non receipt of Listing permission**

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. The Stock Exchange from where such permission is sought are disclosed in Prospectus. The Designated Stock Exchange may be as disclosed in the Prospectus with which the Basis of Allotment may be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith initiate action to unblock the application amount from the Investors accounts.

If such money is not repaid within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate as disclosed in this Draft Prospectus.

#### **8.2.2 Non receipt of Minimum Subscription**

This Offer is not restricted to any minimum subscription level. This Offer is 100% underwritten. As per Section 39 of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, if the "stated minimum amount" has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of this Draft Prospectus, the application money has to be returned within such period as may be prescribed. If the Issuer does not receive the subscription of 100% of the Offer through this offer document including devolvement to Underwriters within sixty days from the date of closure of the Offer, 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 at the rate of 15% p.a.

#### **8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allotees to whom Equity Shares may be allotted may not be less than 50 failing which the entire application monies may be unblocked.

### **8.3 Mode of unblocking of funds**

Within 6 Working Days of the Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for

unblocking the amount in ASBA Account on unsuccessful Application and also for any excess amount blocked on Application.

#### 8.4 Interest in case of delay in allotment or refund

##### Interest in case of delay in allotment or Unblocking of Funds

The Issuer may pay interest at the rate of 15% per annum if demat credits are not made to Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 6 Working days of the Offer Closing Date.

The Issuer may pay interest at 15% per annum if Allotment is not made in accordance with timelines prescribes under applicable law.

### Section 9: Glossary and Abbreviations

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

Term	Description
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Offer to successful Applicants
Allottee	An Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchange
Applicant	Any prospective investor who makes a Application pursuant to the terms of this Draft Prospectus and the Application Form.
Application	An indication to make an offer during the Offer Period by a prospective investor pursuant to submission of Application Form, to subscribe for or purchase the Equity Shares of the Issuer at a price including all revisions and modifications thereto.
Application Amount	The value indicated in Application Form and payable by the Applicant upon submission of the Application, less discounts (if applicable).
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues
Application Supported by Blocked Amount / ASBA) /ASBA	An application, whether physical or electronic, used by Applicants to make an Application authorising the SCSB to block the Application Amount in the specified bank account maintained with such SCSBs
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant
Banker(s) to the Offer	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Escrow Account(s) may be opened, and as disclosed in this Draft Prospectus and Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Applicants under the Offer
Business Day	Monday to Saturday (except 2nd and 4th Saturday of a month and public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Companies Act	The Companies Act, 1956 and the Companies Act, 2013 to the extent notified
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited

Demographic Details	Details of the Applicants including the Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Application Forms used by the ASBA Applicants applying through the ASBA and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a>
Designated Date	The date on which the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Applicants in the fresh Offer, may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Stock Exchange	The designated stock exchange as disclosed in this draft Prospectus/Prospectus of the Issuer
Discount	Discount to the Offer Price that may be provided to Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The Draft Prospectus to be filed with the Designated Stock Exchange in case of Fixed Price Offers and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details Applicant may refer to this draft Prospectus/Prospectus
Equity Shares	Equity shares of the Issuer
FCNR Account	Foreign Currency Non-Resident Account
First Applicant	The Applicant whose name appears first in the Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Offer/ Fixed Price Process / Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Offer is being made
FPI(s)	Foreign portfolio investors, as defined under the FPI Regulations, including FIIs and QFIs, which are deemed to be foreign portfolio investors
FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Offer	Public Offer of Equity Shares of the Offerr including the Offer for Sale if applicable
Offerr/ Company	The Offerr proposing the initial public offering/further public offering as applicable
Offer Closing Date	The date after which the Designated Intermediary may not accept any Applications for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Offerr is situated, each with wide circulation. Applicants may refer to this Draft Prospectus for the Offer Closing Date
Offer Opening Date	The date on which the Designated Intermediary may start accepting Applications for the Offer, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants may refer to this Draft Prospectus for the Offer Opening Date
Offer Period	The period between the Offer Opening Date and the Offer Closing Date inclusive of both days and during which prospective Applicants can submit their application inclusive of any revisions thereof. The Issuer may consider closing the Offer

	Period for QIBs one working day prior to the Offer Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants may refer to this Draft Prospectus for the Offer Period
Offer Price	The Price at which Equity Shares will be issued and allotted by our Company being Rs. 30/- per Equity Share.
Lead Manager(s)/Lead Manager/ LM	The Lead Manager to the Offer as disclosed in this Draft Prospectus/Prospectus and the Application Form of the Issuer.
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Lot size. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Lot size.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom this draft Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Offer	The Offer less reservation portion
Non-Institutional Investors or NIIs	All Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or RIBs and who have applied for Equity Shares for an amount of more than Rs. 200,000 (but not including NRIs other than Eligible NRIs), FPIs which are category III FPIs
Non-Institutional Category	The portion of the Offer being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in this draft Prospectus/Prospectus and the Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs/FPIs registered with SEBI and FVCIs registered with SEBI
OCB/Overseas Corporate Body	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 had taken benefits under the general permission granted to OCBs under FEMA
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Offer. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Prospectus	The Prospectus to be filed with the RoC in accordance with Section 26 & 28 of the Companies Act 2013, containing the Offer Price, the size of the Offer and certain other information
Public Offer Account	An account opened with the Banker to the Offer to receive monies from the ASBA Accounts on the Designated Date
Qualified Financial Investors or QFIs	<p>Non-Resident investors, other than SEBI registered FIIs/FPIs or sub-accounts or SEBI registered FVCIs, who meet 'know your client' requirements prescribed by SEBI and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI.</p> <p>Provided that such non-resident investor shall not be resident in country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic anti-money laundering/combating the financing of terrorism deficiencies to which counter measures apply; (ii)</p>

	jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies
QIB Category	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchange having nationwide terminals
Registrar to the Offer/RTI	The Registrar to the Offer as disclosed in this draft Prospectus/Prospectus and Application Form
Reserved Category/ Categories	Categories of persons eligible for making application under reservation portion
Reservation Portion	The portion of the Offer reserved for category of eligible Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors / RIIs	Investors who applies or Applications for a value of not more than Rs. 200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies for a value of not more than Rs. 200,000.
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum lot size, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Applicants in an Offer to modify the quantity of Equity Shares indicates therein in any of their Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
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/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a>
Stock Exchange/ SE	The stock exchange as disclosed in this draft Prospectus/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed.
Underwriters	The Lead Manager(s)
Underwriting Agreement	The agreement amongst the Issuer and the Underwriters
Working Day	Working Day shall be all trading days of stock exchange excluding Sunday and bank holidays as per SEBI circular No. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

## **RESTRICTION 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 the 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. The government bodies responsible for granting foreign investment approvals are the FIPB and the RBI.

The Government has from time to time made policy pronouncements on foreign direct investment (“FDI”) through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“DIPP”), issued the Consolidated FDI Policy Circular of 2016 (“**FDI Circular 2016**”), which, with effect from June 7, 2016, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on June 7, 2016. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2016 will be valid until the DIPP issues an updated circular.

Subject to certain conditions, the transfer of shares between an Indian resident and 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 foreign direct investment policy 2016 and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy 2016; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

**The Equity Shares have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A under the Securities Act) pursuant to 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 applicable laws of the jurisdictions where such offers and sales occur.**

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

## **SECTION IX - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

### **CAPITAL AND SHARES**

3. The Authorized Share Capital of the Company is as per clause V of the Memorandum of Association of the Company with all rights to the company to alter the same in any way it thinks fit.
4. The Board may, from time to time, with the sanction of the Company in a general meeting, increase the share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.
5. The shares capital shall be distinguished by its appropriate number provided that nothing in this clause shall apply to the shares held with a depository.

### **SHARES AT THE DISPOSAL OF THE DIRECTORS**

6. Subject to the provisions of Section 62 of the Act and these Articles, the shares capital of Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 53 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in General Meeting.

### **FURTHER ISSUE OF SHARES**

7. (1) Where at any time the company proposes to increase its subscribed capital by the Offer of further shares, such shares shall be offered –
  - (a) to persons who at the date of the offer are holders of equity shares of the company in proportion, as nearly as circumstances admit to the paid-up share capital on those shares by sending a letter of offer subject to the following conditions, namely:-
    - (i) the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;
    - (ii) unless the articles of the company otherwise provide, the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred to in clause (i) shall contain a statement of this right;
    - (iii) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose them of in such manner which is not disadvantageous to the shareholders and the company;
  - (b) to employees under a scheme of employees' stock option, subject to special resolution passed by company and subject to such conditions as may be determined by Central Government; or
  - (c) to any persons, if it is authorized by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be determined by central government.



- (2) The notice referred to in sub-clause (i) of clause (1) (a) shall be dispatched through registered post or speed post or through electronic mode to all the existing shareholders at least three days before the opening of the Offer.
- (3) Nothing in this section shall apply to the increase of the subscribed capital of a company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the company to convert such debentures or loans into shares in the company.  
The terms of Offer of such debentures or loan containing such an option have been approved before the Offer of such debentures or the raising of loan by a special resolution passed by the company in general meeting.

#### **POWER TO OFFER SHARES/OPTIONS TO ACQUIRE SHARES**

- 8. (i) Without prejudice to the generality of the powers of the Board under any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified there under and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount, in case of shares issued as sweat equity shares as per section 54 of the Act or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.
- (ii) In addition to the powers of the Board under Article 9(i), the Board may also allot the Shares referred to in Article 9(i) to any trust, whose principal objects would inter alia include further transferring such Shares to the Company's employees including by way of options, as referred to in Article 9(i) in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.

The Board, or any Committee thereof duly authorized for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 9(i) and (ii) above.

#### **REDEEMABLE PREFERENCE SHARES**

- 9. Subject to the provisions of Section 55 of the Act, the Company shall have the power to Offer preference shares which are or at the option of the Company, are liable to be redeemed and the resolution authorizing such issues shall prescribe the manners, terms and conditions of redemption.

#### **PROVISIONS APPLICABLE IN CASE OF REDEEMABLE SHARES**

- 10. On the Offer of redeemable preference shares under the provisions of Article 10 hereof, the following provisions shall take effect.
  - (a) No such shares shall be redeemed except out of the profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh Offer of shares made for the purposes of such redemption;
  - (b) No such shares shall be redeemed unless they are fully paid;
  - (c) where such shares are proposed to be redeemed out of the profits of the company, there shall, out of such profits, be transferred, a sum equal to the nominal amount of the shares to be redeemed, to a reserve, to be called the Capital Redemption Reserve Account and the provisions of this Act relating to reduction of share capital of a company shall apply as if the Capital Redemption Reserve Account were paid-up share capital of the company.

### **NEW CAPITAL SAME AS ORIGINAL CAPITAL**

11. Except so far as otherwise provided by the conditions of Offer or by these Articles any capital raised by the creation of new shares shall be considered part of the initial capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments; transfer and transmission, forfeiture, lien, surrender, voting and otherwise.

### **RESTRICTIONS ON PURCHASE BY COMPANY OR GIVING OF LOANS BY IT FOR PURCHASE OF ITS SHARES**

12. (1) The company shall not have power to buy its own shares unless the consequent reduction of share capital is effected in accordance with provisions of the Companies Act, 2013 or other applicable provisions (if any) of the Act as applicable at the time of application.

This Article is not to delegate any power which the Company would have if it were omitted.

(2) The company shall not give, whether directly or indirectly and whether by means of a loan, guarantee the provision of security or otherwise, any financial assistance for the purpose of, or in connection with, a purchase or subscription made or to be made, by any person of or for any shares in the company or in its holding company.

- (3) Nothing in sub-clause (2) shall apply to –
- (a) the company in accordance with any scheme approved by company through special resolution and in accordance with such requirements as may be determined by Central Government, for the purchase of, or subscription for, fully paid up shares in the company or its holding company, if the purchase of, or the subscription for, the shares held by trustees for the benefit of the employees or such shares held by the employee of the company;
  - (b) the giving of loans by a company to persons in the employment of the company other than its directors or key managerial personnel, for an amount not exceeding their salary or wages for a period of six months with a view to enabling them to purchase or subscribe for fully paid-up shares in the company or its holding company to be held by them by way of beneficial ownership:  
Provided that disclosures in respect of voting rights not exercised directly by the employees in respect of shares to which the scheme relates shall be made in the Board's report in such manner as may be determined by Central Government.

### **REDUCTION OF CAPITAL**

13. The Company may, subject to the provisions of the Companies Act, 2013 or other applicable provisions (if any) of the Act, as applicable at the time of application from time to time by special resolution, reduce its capital and any capital redemption reserve account or any share premium account in any manner for the time being authorized by law and in particular, capital may be paid off on the footing that it may be called up again or otherwise.

### **CONSOLIDATION AND DIVISION OF CAPITAL**

14. The Company may in general meeting alter the conditions of its Memorandum of Association as follows:
- (a) Consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares but no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner;
  - (b) Sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;

- (c) Cancel shares which at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled. The cancellation of shares in pursuance of this sub-clause, shall not be deemed to be reduction of share capital within the meaning of the Act.

#### **SALE OF FRACTIONAL SHARES**

- 15. If and whenever as a result of Offer of new shares of any consolidation or sub-division of shares any share become held by members in fractions, the Board shall, subject to the provisions of the Act and the Articles and to the directions of the Company in General Meeting, if any, sell those shares which members hold in fractions for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportions the net proceeds of the sale thereof. For the purpose of giving effect to any such sale, the Board may authorise any person to transfer the shares and 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.

#### **MODIFICATION OF RIGHTS**

- 16. Whenever the capital, by reason of the Offer of Preference Shares or otherwise, is divided into classes of shares all or any of the rights and privileges attached to each class may subject to the provisions of the Companies Act, 2013 be modified, commuted, affected or abrogated, or dealt with by Agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three-fourths in nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at a separate general meeting of the holders of shares of the class

#### **ISSUE OF FURTHER SHARES ON PARI PASSU BASIS**

- 17. The rights conferred upon the holders of shares of any class issued with preferred or other rights, not unless otherwise expressly provided by the terms of the Offer of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

#### **NO ISSUE WITH DISPROPORTIONATE RIGHTS**

- 18. The Company shall not issue any shares (not being preference shares) which carry voting right or rights in the Company as to dividend, capital or otherwise which are disproportionate to the rights attached to the holders of other shares (not being preference shares).

#### **POWER OF COMPANY TO DEMATERIALIZE AND REMATERIALIZE**

- (a) “Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing shares, debentures and other securities and rematerialize its such shares, debentures and other securities held by it with the Depository and/ or offer its fresh shares and debentures and other securities in a dematerialized form pursuant to the Depositories Act, 1996 and the Rules framed there under if any”

#### **DEMATERIALIZATION OF SECURITIES**

- (b) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialized form, the Company shall enter into an agreement with the depository to enable the investor to dematerialize the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

#### **INTIMATION TO DEPOSITORY**

- (c) “Notwithstanding anything contained in this Article, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities to Depository immediately on allotment of such Securities”

### **OPTION FOR INVESTORS**

- (d) “Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. A beneficial owner of any security can at any time opt out of a Depository, if permitted by law, in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.”

### **THE COMPANY TO RECOGNIZE UNDER DEPOSITORIES ACT, INTEREST IN THE SECURITIES OTHER THAN THAT OF REGISTERED HOLDER**

- (e) “The Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with Depository in electronic form and the certificates in respect thereof shall be, dematerialized in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996.”

### **SECURITIES IN DEPOSITORIES AND BENEFICIAL OWNERS**

- (f) “All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 89 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.”

### **RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS**

- (g) (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
- (ii) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities 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.

### **DEPOSITORY TO FURNISH INFORMATION**

- (h) Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

### **SHARES AND CERTIFICATES**

#### **REGISTER AND INDEX OF MEMBERS**

19. The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Sections 88 and other applicable provisions of the Act and the Depositories Act, 1996 with details of shares held in physical and dematerialized forms in any media as may be permitted by law including in any form of electronic media.

The Register and Index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or country.

#### **SHARES TO BE NUMBERED PROGRESSIVELY**

20. The shares in the capital shall be numbered progressively according to their several denominations and except in the manner herein before mentioned, no share shall be sub-divided.

### **DIRECTORS MAY ALLOT SHARES FULLY PAID-UP**

21. Subject to the provisions of the Act and of these Articles, the Board may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred, goods or machinery supplied or for services rendered to the company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up shares and if so issued shall be deemed to be fully paid up shares.

### **APPLICATION OF PREMIUM RECEIVED ON SHARES**

22. (1) Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to a “securities premium account” and the provisions of this Act relating to reduction of share capital of a company shall, except as provided in this article, apply as if the securities premium account were the paid-up share capital of the company.
- (2) Notwithstanding anything contained in clause (1), the securities premium account may be applied by the company -
- (a) towards the Offer of unissued shares of the company to the members of the company as fully paid bonus shares;
  - (b) in writing off the preliminary expenses of the company;
  - (c) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company;
  - (d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the company; or
  - (e) for the purchase of its own shares or other securities under section 68.

### **ACCEPTANCE OF SHARES**

23. Subject to the provisions of these Articles, any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these articles and every person who thus or otherwise accept any shares and whose name is on the Register of Members shall, for the purposes of these Articles, be a member, provided that no share shall be applied for or allotted to a minor, insolvent or person of unsound mind.

### **LIABILITY OF MEMBERS**

24. Every member or his heir, executors or administrators shall pay to the Company the proportion of the capital represented by his share or shares which may, for the time being remain unpaid thereon in such amounts, at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company’s regulations require or fix for the payment thereof.

### **LIMITATION OF TIME FOR ISSUE OF CERTIFICATE**

25. The Company shall, unless the conditions of issue otherwise provide, within three months after the allotment of any of its shares or debentures and within one month after the application for the transfer of any such shares or debentures, complete and have ready for delivery the certificates of all shares and debentures allotted or transferred.

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of

a 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 to all such holder.

#### **ISSUE OF NEW CERTIFICATE IN PLACE OF DEFACED, LOST OR DESTROYED**

26. If any certificate be worn out, defaced mutilated or torn or if there be no further space on the back thereof 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 lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, an a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every Certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.20/- for each certificate) as the Directors shall prescribe. Provided that no fees shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

#### **RIGHT TO OBTAIN COPIES OF AND INSPECT TRUST DEED**

27. (i) A copy of any Trust Deed for securing any issue of debentures shall be forwarded to the holders of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment not exceeding Rs.10/- (Rupees Ten) per page.
- (ii) The Trust Deed referred to in item (i) above also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of these same fees, as if it were the Register of members of the Company.

#### **JOINT ALLOTTEES OF HOLDERS**

28. Any two or more joint allottees or holders of shares shall, for the purpose of Articles, be treated as a single member and the certificate for any share, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them.

#### **COMPANY NOT BOUND TO RECOGNISE ANY INTEREST IN SHARE OTHER THAN THAT OF REGISTERED HOLDER**

29. (i) The Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share or (except only as is by these presents, otherwise expressly provided) any right in respect of a share other than an absolute right there to, in accordance with these presents in the person from time to time registered as the holder thereof, but the Board shall be at liberty at its sole discretion to register any share in the joint names of two or more persons or survivors of them.
- (ii) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or as by Law required) be bound to recognize any benami trust or equitable, contingent, future, partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

### **WHO MAY HOLD SHARES**

30. Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or in the name of a person of unsound mind.
31. The Directors shall have the power to offer, issue and allot Equity Shares in or Debentures (whether fully/partly convertible or not into Equity Shares) of the Company with or without Equity Warrants to such of the Officers, Employees, Workers of the Company or of its Subsidiary and / or Associate Companies or Managing and Whole Time Directors of the Company (hereinafter in this Article collectively referred to as “the Employees”) as may be selected by them or by the trustees of such trust as may be set up for the benefit of the Employees in accordance with the terms and conditions of the Scheme, trust plan or proposal that may be formulated, created, instituted or set up by the Board of Directors or the Committee thereof in that behalf on such terms and conditions as the Board may in its discretion deem fit.

### **SWEAT EQUITY**

32. Subject to the provisions of the Act (including any statutory modification or re-enactment thereof, for the time being in force), shares of the Company may be issued at a discount or for consideration other than cash to Directors or employees who provide know-how to the Company or create an intellectual property right or other value addition.

### **DECLARATIONS IN RESPECT OF BENEFICIAL INTEREST IN ANY SHARES**

33. (1) In pursuance of Section 89 of the Act, where the name of a person is entered in the register of members of a company as the holder of shares in that company but who does not hold the beneficial interest in such shares, such person shall make a declaration (within such time and in such form as may be determined by Central Govt.) to the company specifying the name and other particulars of the person who holds the beneficial interest in such shares.
- (2) Every person who holds or acquires a beneficial interest in share of the company shall make a declaration to the company specifying the nature of his interest, particulars of the person in whose name the shares stand registered in the books of the company and such other particulars (as may be determined by Central Govt.)
- (3) Where any change occurs in the beneficial interest in such shares, the person referred to in clause (1) and the beneficial owner specified in clause (2) shall, within a period of thirty days from the date of such change, make a declaration to the company in such form and containing such particulars (as may be determined by Central Govt.)
- (4) The Company has be bound to follows the rules as may be made by the Central Government to provide for the manner of holding and disclosing beneficial interest and beneficial ownership under this section.
- (5) Where any declaration under this article is made to a company, the company shall make a note of such declaration in the register concerned and shall file, within thirty days from the date of receipt of declaration by it, a return in the prescribed form with the Registrar in respect of such declaration with such fees or additional fees as may be determined by Central Government, within the time specified under section 403.
- (6) No right in relation to any share in respect of which a declaration is required to be made under this article but not made by the beneficial owner, shall be enforceable by him or by any person claiming through him.
- (7) Nothing in this article shall be deemed to prejudice the obligation of a company to pay dividend to its members under this Act and the said obligation shall, on such payment, stand discharged.

### **FUNDS OF COMPANY NOT TO BE APPLIED IN PURCHASE OF SHARES OF THE COMPANY**

34. No funds of the Company shall except as provided by Section 67 of the Act, be employed in the purchase of its own shares, unless the consequent reduction of capital is effected and sanction in pursuance of provisions



of the Companies Act, 2013 as may be applicable at the time of application and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Share in the Company in its holding Company.

#### **ISSUE OF SHARES WITHOUT VOTING RIGHTS**

35. In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such share upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law.

#### **SECTION 45 OF ACT NOT TO APPLY**

36. Notwithstanding anything to the contrary contained in the Articles,  
(i) Section 45 of the Act shall not apply to the Shares held with a Depository;

#### **TRUST RECOGNIZED**

37. Except as ordered, by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize, even when having notice thereof, any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.

Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership.

#### **REGISTRATION OF CHARGES**

38. The provisions of the Act relating to registration of charges shall be complied with.

In case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 77 of the Act shall also be complied with.

Where a charge is created in India but comprised property outside India, the instrument, creating or purporting to create the charge under Section 77 of the Act or a copy thereof verified in the prescribed manner, may be filed for registration, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situated, as provided by Section 77 of the Act.

Where any charge on any property of the Company required to be registered to be registered under Section 77 of the Act has been so registered, any person acquiring such property or any part thereof or any share or interest therein shall be deemed to have notice of the charge as from the date of such registration.

Any creditors or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of Charges in accordance with and subject to the provisions of Section 85 of the Act.

#### **UNDERWRITING AND BROKERAGE COMMISSION MAY BE PAID**

39. The Company may, subject to the provisions of Section 40 and other applicable provisions, if any, of the Act any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or debentures, or partly in the one way and partly in the other subject to maximum of 5% of the share price or 2.5% in case of debenture, of the issued share or debenture price, as the case may be.

#### **BROKERAGE MAY BE PAID**

40. The Company may pay a reasonable sum for brokerage on any issue of shares and debentures.

#### **CALLS ON SHARES**

##### **DIRECTORS MAY MAKE CALLS**

41. The Board of Directors may from time to time by a resolution passed at meeting of the Board (and not by circular resolution) make such call as it may think fit upon the members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at a fixed time and each member shall pay the amount of every call so made on him to the persons and at the times and place appointed by the Board of Directors. A call may be made payable by installments.

##### **CALLS ON SHARES OF THE SAME CLASS TO BE MADE ON UNIFORM BASIS**

42. Where any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

##### **NOTICE OF CALLS**

43. One month notice at least of every call payable otherwise than on allotment shall be given by the Company specifying the time and place of payment and to whom such call shall be paid.

##### **CALLS TO DATE FROM RESOLUTION**

44. A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed at a meeting of the Board of Directors and may be made payable by the members on the Register of Members on a subsequent date to be fixed by the Board.

##### **DIRECTORS MAY EXTEND TIME**

45. The Board of Directors may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such times as to all or any of the members, who from residence at a distance or other cause, the Board of Directors may deem fairly entitled to such extension save as a matter of grace and favour.

##### **CALL TO CARRY INTEREST AFTER DUE DATE**

46. If any member fails to pay a call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board of Directors, but nothing in this Article shall render it compulsory upon the Board of Directors to demand or recover any interest from any such member.

##### **PROOF ON TRIAL IN SUIT FOR MONEY DUE ON SHARES**

47. Subject to the provisions of the Act and these Articles, on the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears, entered on the register of members as the holder at or subsequent to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be received, that the resolution making the call is duly recorded in the minutes book and that notice of such call was duly given to the member or his representatives sued in pursuance of these presents and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum was present at the Board at which any

call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

#### **PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST**

48. The Directors may, if they think fit, subject to the provisions of Section 50 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate not exceeding 12% unless the company in general meeting shall otherwise direct, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on debenture of the Company.

#### **FORFEITURE, SURRENDER AND LIEN IF CALL OR INSTALLMENT NOT PAID, NOTICE MAY BE GIVEN**

49. If any member fails to pay any call or installment of a call in respect of any shares on or before the day appointed for the payment of the same, the Board may at any time hereafter during such time as the call or installment remains unpaid, serve a notice on such member or on the person (if any) entitled to the share by transmission requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

#### **FORM OF NOTICE**

50. The notice shall name a day (not being earlier than the expiry of fourteen days from the date of service of the notice) and a place or places on and at which such money, including the call or installment and such interest and expenses as aforesaid is to be paid. The notice shall also state that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which the calls was made or installment was payable, will be liable to be forfeited.

#### **IN DEFAULT TO PAYMENT SHARES TO BE FORFEITED**

51. 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 all the calls or installments and interest and expenses due in respect thereof are paid, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonus declared in respect of the forfeited shares and not actually paid before forfeiture but provided that there shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.

#### **NOTICE OF FORFEITURE**

52. When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members provided however that the failure to give the notice of the shares having been forfeited will not in any way invalidate the forfeiture.

#### **FORFEITED SHARES TO BECOME PROPERTY OF THE COMPANY**

53. Any shares so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot otherwise dispose of the same in such manner as it thinks fit.

#### **POWER TO ANNUL FORFEITURE**

54. The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof as a matter of grace and favour but not as of right upon such terms and conditions as it may think fit.

### **ARREARS TO BE PAID NOTWITHSTANDING FORFEITURE**

55. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of forfeiture until payment at such rate not exceeding fifteen per cent per annum as the Board may determine and the Board may enforce the payment of such moneys or any part thereof if it thinks fit, but shall not be under any obligation so to do.

### **EFFECT OF FORFEITURE**

56. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company, in respect of the share and all other rights, incidental to the share except only such of those rights as are by these Articles expressly saved.

### **PROCEEDS HOW TO BE APPLIED**

57. The net proceeds of any such sale shall be applied in or towards satisfaction of the said debts, liabilities or engagements and the residue (if any) paid to such member, his heirs, executors, administrators or assigns.

### **DECLARATION OF FORFEITURE**

58. (a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that share in the Company has been duly forfeited in accordance with these Articles, 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.
- (b) The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof any may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.
- (c) The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share.
- (d) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment.
- (e) Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the Shares.
59. The declaration as mentioned in Article 59 (a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

### **TITLE OF PURCHASER AND ALLOTTEE OF FORFEITED SHARES**

60. The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and the person to whom such share is sold, re-allotted or disposed off may be registered as the holder of the share. Any such purchaser or allottee shall not (unless by express agreement to the contrary) be liable to pay any calls, amounts, installments, interest and expenses owing to the Company prior to such purchase or allotment, nor shall he be entitled (unless by express agreement to contrary) to any of the dividends, interest or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment. Such purchaser or allottee 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 with reference to the forfeiture, sale, re-allotment or disposal of the share.

#### **PARTIAL PAYMENT NOT TO PRECLUDE FORFEITURE**

61. 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 Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.

#### **THE PROVISIONS OF THESE ARTICLES AS TO FORFEITURE TO APPLY IN CASE OF NON-PAYMENT OF ANY SUM**

62. The provisions of these Articles as to forfeiture shall apply to 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 Shares or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### **BOARD MAY ACCEPT SURRENDER OF SHARES**

63. The Board may at any time, subject to the provisions of the Act, accept the surrender of any share from or by any member desirous of surrendering the same on such terms as the Board may think fit.

#### **COMPANY'S LIEN ON SHARE/DEBENTURES**

64. The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. The registration of a transfer of shares/debentures shall not operate as a waiver of the Company's lien if any, on such shares/debentures unless otherwise agreed by the Board. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Article.

#### **ENFORCING LIEN BY SALE**

65. For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as it thinks fit but no sale shall be made until such time fixed as aforesaid shall have arrived and until notice in writing of the intention to sell, shall have been served on such member, his heirs, executors, administrators or other legal representatives as the case may be and default shall have been made by him or them in payment, fulfillment or discharged of such debts, liabilities or engagements for fourteen days after the date of such notice.

#### **APPLICATION OF PROCEEDS OF SALE**

66. The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of the said debts, liabilities or engagements and the residue, if any, shall be paid to such member, his heirs, executors, administrators or other legal representatives, as the case may be.

#### **VALIDITY OF SALE IN EXERCISE OF LIEN AND AFTER FORFEITURE**

67. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board of Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money 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 and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

#### **BOARD OF DIRECTORS MAY ISSUE NEW CERTIFICATES**

68. Where any shares under the powers in that behalf herein contained are sold by the Board of Directors after forfeiture or for enforcing a lien, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall voluntarily or on demand by the Company, have been previously surrendered to the Company by the defaulting member) stand cancelled and become null and void and of no effect and the Board of Directors may issue a new certificate or certificates for such shares distinguishing it or them in such manner as it may think fit from the certificate or certificates previously issued in respect of the said shares.

#### **SUM PAYABLE ON ALLOTMENT TO BE DEEMED A CALL**

69. For the purpose of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.

#### **TRANSFER AND TRANSMISSION OF SHARES REGISTER OF TRANSFER**

70. The Company shall keep a book to be called the Register of Transfer and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

#### **EXECUTION OF TRANSFER**

71. Subject to the Provisions of the Act and these Articles, the transfer of shares in or debentures of the Company shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company along with the certificate if in existence or along with the letter of allotment of the shares or debentures. The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the register in respect thereof. Shares of different classes shall not be included in the same instrument of transfer.

#### **INSTRUMENT OF TRANSFER**

72. Every such instrument of transfer shall be signed both by the Transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of members in respect thereof.

#### **FORM OF TRANSFER**

73. The instrument of transfer shall be in writing and all the provisions of Section 56 of the Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and registration thereof. The Company shall use a common form for transfer.

#### **NO TRANSFER TO A PERSON OF UNSOUND MIND, ETC**

74. No transfer shall be made to a minor or a person of unsound mind.

#### **TRANSFER OF SHARES**

75. (i) An application for the registration of a transfer of shares may be made either by the transferor or by the transferee.
- (ii) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

- (iii) For the purpose of clause (2) hereof notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instruments of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

#### **DIRECTORS MAY REFUSE TO REGISTER TRANSFER**

76. Subject to the Provisions of Section 58 and 59, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in or Debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be giving reasons for such refusal. Provided that the registration of a transfer shall not be refused person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.

If the Company refuses to register the transfer of any share or transmission of right therein, the Company shall within one month from the date on which instrument of transfer or the intimation of transmission, as the case may be, was delivered to the Company, sends notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be. Nothing in these Articles shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares of the Company has been transmitted by operation of law.

#### **NO FEE ON TRANSFER OR TRANSMISSION**

77. No fee shall be charged for registration of transfer, transmission, Probate, Succession, Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

#### **TRANSFER TO BE LEFT AT OFFICE AS EVIDENCE OF TITLE GIVEN**

78. Every instruments of transfer duly executed and stamped shall be left at the office for registration accompanied by the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares.

#### **WHEN TRANSFER TO BE RETAINED**

79. All instruments of transfer which are registered shall be retained by the Company but any instrument of transfer which the Board declines to register shall, on demand, be returned to the person depositing the same. The Board may cause to be destroyed all transfer deeds lying with the Company after such period not being less than eight years as it may determine.

#### **DEATH OF ONE OR MORE JOINT HOLDERS OF SHARES**

80. In the case of death of any one or more of the persons named in Register of Members as joint shareholders of any share, the survivors shall be the only persons recognized by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a joint shareholder from any liability to the Company on shares held by him jointly with any other person.

#### **TITLE TO SHARES OF DECEASED HOLDER**

81. Subject to Article 81, the heir, executor or administrator of a deceased shareholder shall be the only person recognized by the Company as having any title to his shares and the Company shall not be bound to recognize such heir, executor or administrator unless such heir, executor or administrator shall have first obtained probate, letters of administration or succession certificate.



## **REGISTRATION OF PERSONS ENTITLED TO SHARE OTHERWISE THAN BY TRANSFER**

82. Subject to the provisions of the Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that sustains the character in respect of which he proposes to act under this Article or of such titles as the Directors shall think sufficient, either be registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares. Provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favor of his nominee on instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares.

A transfer of the share or other interest in the Company of a deceased member thereof made by his legal representative shall although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer

## **CLAIMANT TO BE ENTITLED TO SAME ADVANTAGE**

83. The person entitled to a share by reason of the death lunacy, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he were registered holder of the shares 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 the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if the notice is not complied within sixty days, the Board shall thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the share until the requirements of the notice have been compelled with.

## **TRANSMISSION OF SHARE**

84. Subject to the provisions of the Act and these Articles, any person becoming entitled to a share in consequence of the death, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence as the Board think sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him and approved by the Board registered as such holder, provided nevertheless that if such person shall elect to have his nominee registered, he shall testify the election by executing to his nominee an instrument of transfer of the share in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of the share.

## **BOARD MAY REFUSE TO TRANSMIT**

85. The Board shall have the same right to refuse on legal grounds to register a person entitled by transmission to any share or his nominee, as if he were the transferee named in any ordinary transfer presented for registration.

## **BOARD MAY REQUIRE EVIDENCE OF TRANSMISSION**

86. Every transmission of share shall be verified in such manner as the Board may require and if the Board so desires, be accompanied by such evidence as may be thought necessary and the Company may refuse to register any such transmission until the same be verified on requisite evidence produced or until or unless an indemnity be given to the Company with regard to such registration which the Board at its absolute discretion shall consider sufficient, provided nevertheless, that there shall not be any obligation on the Company or the Board to accept any indemnity.

## **TRANSFER BY LEGAL REPRESENTATION**

87. A transfer of a share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of instrument of transfer.

## **CERTIFICATE OF TRANSFER**

88. The Certification by the Company of any instrument of transfer of shares in or debentures of the Company, shall be taken as a representation by the Company to any person acting on the faith of the certification that there have been produced to the Company such documents as on the face of them show a prime facie title to the shares or debentures in the transferor named in the instrument of transfer, but not as a representation that the transferor has any title to the shares or debentures

## **THE COMPANY NOT LIABLE FOR DISREGARD OF A NOTICE PROHIBITING REGISTRATION OF TRANSFER**

89. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer or transmission of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer any may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some books of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

## **NOMINATION**

90. (i) Every shareholder or debenture holder of the Company, may at any time, nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be determined by Central Government under the Act.
- (ii) Where the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures, as the case may be shall vest in the event of death of all the joint holders in such manner as may be determined by Central Government under the act.
- (iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures, the nominee shall, on the death of the shareholders or debenture holder or, as the case may be on the death of the joint holders become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be determined by Central Government under the Act.
- (iv) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in, or debentures of, the Company in the manner prescribed under the Act, in the event of his death, during the minority.

## **“Option of Nominee”**

91. (i) A nominee upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-(a) to register himself as holder of the share or debenture, as the case may be; (b) or to make such transfer of the shares and/or debentures, as the deceased shareholder or debenture holder, as the case may be, could have made.

If the nominee elects to be registered as holder of the shares or debentures, himself, as the case may be, he shall deliver or send to the Company, notice in writing signed by him stating that he so elects and such notice shall be accompanied with death certificate of the deceased shareholder or debenture holder, as the case may be.

- (ii) A nominee shall be entitled to the share dividend/interest and other advantages to which he would be entitled if he were the registered holder of the shares or debentures, provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to the meeting of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the shares or debentures, until the requirements of the notice have been complied with.

#### **TRUST NOT RECOGNISED**

92. Save as herein otherwise provided, the Company shall be entitled to treat the person whose names appears on the Register of Members/Debentures as the holder of any Shares/Debentures in the records of the Company and/or in the records of the Depository as the absolute owner thereof and accordingly shall not (except as may be ordered by a Court of competent jurisdiction or as may be required by law) be bound to recognize any benami trust or equitable, contingent, future or other claim or interest or partial interest in any such shares/debentures on the part of any other person or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto on the part of any other person whether or not it shall have express or implied notice thereof, but the Board shall be at liberty and at its sole discretion decided to register any share/debenture in the joint names of any two or more persons or the survivor or survivors of them.

#### **TRANSFER OF SECURITIES**

93. Nothing contained in Section 56(1) of the Act or these Articles shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered as beneficial owners in the records of depository.

#### **NOTICE OF APPLICATION WHEN TO BE GIVEN**

94. Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 56 of the Act.

#### **REFUSAL TO REGISTER NOMINEE**

95. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.

#### **PERSON ENTITLED MAY RECEIVE DIVIDEND WITHOUT BEING REGISTERED AS A MEMBER**

96. A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.

#### **BOARD MAY REFUSE TRANSFER TO MORE THAN THREE PERSONS**

97. Subject to the provisions of the Act, the Board may refuse to transfer a share or shares in the joint names of more than three persons.

#### **JOINT HOLDERS**

98. If any share stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and/or any other matter connected with the Company, except voting at meeting and the transfer of the share, be deemed the sole holder thereof, but the joint holders of a share be severally as well as jointly, liable for the payment of all installments and calls due in respect of such share and for all incidents thereof subject to the following and other provisions contained in these articles;

#### **JOINT AND SEVERAL LIABILITIES FOR ALL PAYMENTS IN RESPECT OF SHARES**

- (a) The joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.

#### **TITLE OF SURVIVORS**

- (b) On the death of any such joint holder, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Board may require such evidence of death as it 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.

#### **EFFECTUAL RECEIPTS**

- (c) Any one of several persons who is registered as joint holder of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such share.

#### **DELIVERY OF CERTIFICATE AND GIVING OF NOTICE TO FIRST NAMED HOLDER**

- (d) 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 delivery of the certificates relating to such share or to receive documents (which expression shall be deemed to include all documents referred to in the Articles and documents served on or sent to such person shall be deemed service on all the joint holders).

#### **VOTES OF JOINT HOLDERS**

- (e) Any one or 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 joint holders be present at any meeting personally or by proxy or by attorney than that one or such persons so present whose name stands first or higher (as the case may be) on the Register of Members in respect of such shares shall alone be entitled to vote in respect thereof but the others of the joint holders shall be entitled to be present at the meeting; provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by attorney or by proxy although the name of such joint holder present by an attorney or by proxy although the name of such joint holder present by an attorney or proxy stands first or higher (as the case may be) in the register in respect of such shares. Several executors or administrators of a deceased members in whose (deceased member's) sole name any shares stand shall for the purpose of this Article, be deemed joint holders.

#### **CONVERSION OF SHARES INTO STOCK SHARES MAY BE CONVERTED INTO STOCK**

99. The Board may, pursuant to Section 61 with the sanction of a General Meeting, convert any paid up share into stock and when any shares shall have been converted into stock, the several holders of such stock may henceforth, transfer their respective interests therein or any part of such interest in the same manner as and subject to the same regulations, under which fully paid up share in the capital of the Company may be transferred or as near thereto as circumstances will admit, but the Board may, from time to time if it thinks fit, fix the minimum amount of stock transferable and direct that fractions of a rupee shall not be dealt with, power nevertheless at their discretion to waive such rules in any particular case.

#### **RIGHTS OF STOCK-HOLDERS**

100. The stock shall confer on the holders thereof respectively the same rights, privileges and advantages as regards participation in the profits and voting at meetings of the Company and for other purposes as would have been conferred by shares of equal amount in the capital of the Company of the same class as the shares from which such stock was converted, but so that none of such privileges or advantages except participation in the profits of the Company or in the assets of the Company on a winding up, shall be conferred by any such equivalent part of consolidated stock as would not, if existing in shares have conferred such privileges or advantages. No such conversion shall effect or prejudice any preference or other special privileges attached to the shares so converted. Save as aforesaid, all the provisions herein

contained shall, so far as circumstances will admit, apply to stock as well as to shares. The Company may at any time reconvert any such stock into fully paid up shares of any denomination.

### **MEETING OF MEMBERS**

101. (a) Subject to Section 96 of the Act, the Company shall in each year hold, in addition to any other meetings, a General Meeting as its Annual General Meeting and shall specify the meeting as such in the notices calling it and not more than fifteen months shall elapse between the date of the Annual General Meeting of the Company and that of the next, provided also that the Register may, for any special reason, extend the time within which any annual general meeting shall be held by a period not exceeding three months.
- (b) Every Annual General Meeting shall be called for at a time during business hours that is between 9 a.m. and 6 p.m. on any day that is not a national holiday and shall be held either at the Registered Office of the Company or at some other place within the city or town or village in which the Registered Office of the Company is situated.
102. The Company shall in accordance with Section 92 of the Act, within 60 days from the day on which the Annual General Meeting is held, prepare and file with the Registrar an annual return together with the copy of the financial statements, including consolidated financial statement, if any, along with all the documents which are required to be or attached to such financial statements under this act, duly adopted at the Annual General Meeting of the company. A copy of the financial statements adopted at the Annual General Meeting shall be filed within 30 days of the annual general meeting in accordance with Section 137 of the Act.

### **DISTINCTION BETWEEN ANNUAL GENERAL MEETING AND EXTRA-ORDINARY GENERAL MEETING**

103. The General Meeting referred to in Article 102 shall be called and styled as an Annual General Meeting and all meetings other than the Annual General Meeting shall be called Extra-ordinary General Meetings.

### **CALLING OF EXTRA-ORDINARY GENERAL MEETING**

104. (1) The Board may, whenever it deems fit, call an extraordinary general meeting of the company.
- (2) The Board shall, at the requisition made by such number of members who hold, on the date of the receipt of the requisition, not less than one-tenth of such of the paid-up share capital of the company as on that date carries the right of voting power of all the members having on the said date a right to vote, call an extraordinary general meeting of the company within the period specified in clause (4).
- (3) The requisition made under clause (2) shall set out the matters for the consideration of which the meeting is to be called and shall be signed by the requisitionists and sent to the registered office of the company.
- (4) If the Board does not, within twenty-one days from the date of receipt of a valid requisition in regard to any matter, proceed to call a meeting for the consideration of that matter on a day not later than forty-five days from the date of receipt of such requisition, the meeting may be called and held by the requisitionists themselves within a period of three months from the date of the requisition.
- (5) A meeting under clause (4) by the requisitionists shall be called and held in the same manner in which the meeting is called and held by the Board.
- (6) Any reasonable expenses incurred by the requisitionists in calling a meeting under clause (4) shall be reimbursed to the requisitionists by the company and the sums so paid shall be deducted from any fee or other remuneration under section 197 payable to such of the directors who were in default in calling the meeting.

## LENGTH OF NOTICE FOR CALLING MEETING

105. (1) A general meeting of a company may be called by giving not less than clear twenty-one days' notice either in writing or through electronic mode in such manner as may be determined by Central Government:
- Provided that a general meeting may be called after giving a shorter notice if consent is given in writing or by electronic mode by not less than ninety-five per cent of the members entitled to vote at such meeting.
- (2) Every notice of a meeting shall specify the place, date, day and the hour of the meeting and shall contain a statement of the business to be transacted at such meeting.
- (3) The notice of every meeting of the company shall be given to –
- (a) every member of the company, legal representative of any deceased member or the assignee of an insolvent member;
  - (b) the auditor or auditors of the company; and
  - (c) every director of the company.
- (4) Any accidental omission to give notice to, or the non-receipt of such notice by, any member or other person who is entitled to such notice for any meeting shall not invalidate the proceedings of the meeting.

## EXPLANATORY STATEMENT TO BE ANNEXED TO NOTICE / SPECIAL BUSINESS

106. (1) Pursuant to section 102 a statement setting out the following material facts concerning each item of special business to be transacted at a general meeting, shall be annexed to the notice calling such meeting, namely: -
- (a) the nature of concern or interest, financial or otherwise, if any, in respect of each items of—
    - (i) every director and the manager, if any;
    - (ii) every other key managerial personnel; and
    - (iii) relatives of the persons mentioned in sub-clauses (i) and (ii);
  - (b) any other information and facts that may enable members to understand the meaning, scope and implications of the items of business and to take decision thereon.
- (2) For the purposes of clause (1),—
- (a) in the case of an annual general meeting, all business to be transacted thereat shall be deemed special, other than—
    - (i) the consideration of financial statements and the reports of the Board of Directors and auditors;
    - (ii) the declaration of any dividend;
    - (iii) the appointment of directors in place of those retiring;
    - (iv) the appointment of, and the fixing of the remuneration of, the auditors; And
  - (b) in the case of any other meeting, all business shall be deemed to be special:  
 Provided that where any item of special business to be transacted at a meeting of the company relates to or affects any other company, the extent of shareholding interest in that other company of every promoter, director, manager, if any, and of every other key managerial personnel of the first mentioned company shall, if the extent of such shareholding is not less than two per cent of the paid-up share capital of that company, also be set out in the statement.
- (3) Where any item of business refers to any document, which is to be considered at the meeting, the time and place where such document can be inspected shall be specified in the statement under sub-clause (1).

107. No General Meeting, Annual or Extra-ordinary, shall be competent to enter upon, discuss or transact any business which has not been specifically mentioned in the notice or notices upon which it is convened.

### **QUORUM**

108. (1) The quorum for a General Meeting of the Company shall be as under:  
(i) five members personally present if the number of members as on the date of meeting is not more than one thousand; or  
(ii) fifteen members personally present if the number of members as on the date of meeting is more than one thousand but up to five thousand; or  
(iii) thirty members personally present if the number of members as on the date of the meeting exceeds five thousand; shall be the quorum for a meeting of the company.
- (2) If the quorum is not present within half-an-hour from the time appointed for holding a meeting of the company –
- (a) the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other date and such other time and place as the Board may determine; or
- (b) the meeting, if called by requisitionists under section 100, shall stand cancelled:  
Provided that in case of an adjourned meeting or of a change of day, time or place of meeting under clause (a), the company shall give not less than three days notice to the members either individually or by publishing an advertisement in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered office of the company is situated.
- (3) If at the adjourned meeting also, a quorum is not present within half-an-hour from the time appointed for holding meeting, the members present shall be the quorum.

### **RESOLUTION PASSED AT ADJOURNED MEETING**

109. Where a resolution is passed at an adjourned meeting of –  
(a) a company; or  
(b) the holders of any class of shares in a company; or  
(c) the Board of Directors of a company,  
the resolution shall, for all purposes, be treated as having been passed on the date on which it was in fact passed, and shall not be deemed to have been passed on any earlier date.

### **REGISTRATION OF RESOLUTIONS AND AGREEMENTS**

110. The Company shall comply with the provisions of Section 117 of the Act relating to registration of certain resolutions and agreements.

### **POWER OF ADJOURN GENERAL MEETING**

111. (1) The Chairman of the General Meeting at which a quorum is present, and shall if so directed by the meeting, may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (2) 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.
- (3) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned meeting.

### **CHAIRMAN OF GENERAL MEETING**

112. The Chairman of the Board shall, if willing, preside as Chairman at every General Meeting, Annual or Extra-ordinary, if there be no such Chairman or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or being present declined to take the Chair, the Directors present may choose one of their members to be Chairman and in default of their doing so, the



members present shall choose one of the Directors to be Chairman and if no Director present be willing to take the Chair, members shall, on a show of hands elect one of their numbers to be Chairman, of the meeting, if a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act and these Articles and the Chairman elected on a show of hands shall exercise all the powers of the Chairman under the said provisions. If some other person is elected chairman as a result of the poll, he shall be the Chairman for the rest of the meeting.

#### **BUSINESS CONFINED TO ELECTION OF CHAIRMAN WHILE CHAIR VACANT**

113. No business shall be discussed at any General Meeting except the election of a Chairman while the chair is vacant.

#### **RESOLUTION MUST BE PROPOSED AND SECONDED**

114. No resolution submitted to a meeting, unless proposed by the Chairman of the meeting shall be discussed nor put to vote until the same has been proposed by a member present and entitled to vote at such meeting and seconded by another member present and entitled to vote at such meeting.

#### **POSTAL BALLOT**

115. (1) Notwithstanding anything contained in this Act, the company –
- (a) shall, in respect of such items of business as the Central Government may, by notification, declare to be transacted only by means of postal ballot; and
  - (b) may, in respect of any item of business, other than ordinary business and any business in respect of which directors or auditors have a right to be heard at any meeting, transact by means of postal ballot, in such manner as may be determined by Central Government, instead of transacting such business at a general meeting.
- (2) If a resolution is assented to by the requisite majority of the shareholders by means of postal ballot, it shall be deemed to have been duly passed at a general meeting convened in that behalf.

#### **DECLARATION OF CHAIRMAN TO BE CONCLUSIVE**

116. A declaration by the Chairman that a resolution has or has not been carried either unanimously or by a particular majority and an entry to that effect in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution

#### **CIRCULATION OF MEMBERS' RESOLUTION**

117. (1) A company shall, on requisition in writing of such number of members, as required in section 100,—
- (a) give notice to members of any resolution which may properly be moved and is intended to be moved at a meeting; and
  - (b) circulate to members any statement with respect to the matters referred to in proposed resolution or business to be dealt with at that meeting.
- (2) A company shall not be bound under this section to give notice of any resolution or to circulate any statement unless –
- (a) a copy of the requisition signed by the requisitionists (or two or more copies which, between them, contain the signatures of all the requisitionists) is deposited at the registered office of the company,—
    - (i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting;
    - (ii) in the case of any other requisition, not less than two weeks before the meeting;
  - and
  - (b) there is deposited or tendered with the requisition, a sum reasonably sufficient to meet the company's expenses in giving effect thereto;

Provided that if, after a copy of a requisition requiring notice of a resolution has been deposited at the registered office of the company, an annual general meeting is called on a date within six weeks after the copy has been deposited, the copy, although not deposited within the time required by this sub-section, shall be deemed to have been properly deposited for the purposes thereof.

- (3) The company shall not be bound to circulate any statement as required by clause(b) of sub-section (1), if on the application either of the company or of any other person who claims to be aggrieved, the Central Government, by order, declares that the rights conferred by this section are being abused to secure needless publicity for defamatory matter.
- (4) An order made under sub-section (3) may also direct that the cost incurred by the company by virtue of this section shall be paid to the company by the requisitionists, notwithstanding that they are not parties to the application.

### **VOTES OF MEMBERS**

#### **VOTES MAY BE GIVEN BY PROXY OR ATTORNEY**

118. Subject to the provisions of the Act and these Articles, votes may be given either personally or by an attorney or by proxy or in the case of a body corporate, also by a representative duly authorised under section 113 of the Act.
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights
- Provided that a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

### **VOTES OF MEMBERS**

- 119.(1) Subject to the provisions of section 43 and sub-section (2) of section 50, -
- (a) every member of a company limited by shares and holding equity share capital therein, shall have a right to vote on every resolution placed before the company; and
  - (b) his voting right on a poll shall be in proportion to his share in the paid-up equity share capital of the company.
- (2) Every member of a company limited by shares and holding any preference share capital therein shall, in respect of such capital, have a right to vote only on resolutions placed before the company which directly affect the rights attached to his preference shares and, any resolution for the winding up of the company or for the payment or reduction of its equity or preference share capital and his voting right on a poll shall be in proportion to his share in the paid-up preference share capital of the company:

Provided that the proportion of the voting rights of equity shareholders to the voting rights of the preference shareholders shall be in the same proportion as the paid-up capital in respect of the equity shares bears to the paid-up capital in respect of the preference shares:

Provided further that where the dividend in respect of a class of preference shares has not been paid for a period of two years or more, such class of preference shareholders shall have a right to vote on all the resolutions placed before the company.

#### **RIGHT OF MEMBER TO USE HIS VOTES DIFFERENTLY**

120. On a poll being taken at meeting of the Company, a member entitled to more than one vote or his proxy or other person entitled to vote for him as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses.

### **REPRESENTATION OF BODY CORPORATE**

121. Pursuant to section 113, a body corporate whether a Company within meaning of the Act or not may, if it is a member or creditor of the Company including being a holder of debentures, may authorize such person

by a resolution of its Board of Directors, as it thinks fit, to act as its representative at any meeting of members and creditors of the Company.

#### **REPRESENTATION OF THE PRESIDENT OF INDIA OR GOVERNORS**

122. The President of India or the Governor of State if he is a member of the Company may appoint such person as he thinks fit to act, as his representative at any meeting of the Company or at any meeting of any class of members of the Company in accordance with provisions of Section 112 of the Act or any other statutory provision governing the same.

A person appointed to act as aforesaid shall for the purposes of the Act be deemed to be a member of such a Company and shall be entitled to exercise the same rights and powers (including the right to vote by proxy) as the Governor could exercise, as member of the Company.

#### **RESTRICTION ON EXERCISE OF VOTING RIGHT BY MEMBERS WHO HAVE NOT PAID CALLS**

123. No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and/or has exercised its right of lien.

#### **RESTRICTION ON EXERCISE OF VOTING RIGHT IN OTHER CASES TO BE VOID**

124. A member is not prohibited from exercising his voting right 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 Article 124.

#### **HOW MEMBER NON-COMPOS MENTIS MAY VOTE**

125. If any member be a lunatic or non-compos mentis, the vote in respect of his share or shares shall be his committee or other legal guardian provided that such evidence of the authority of the person claimed to vote as shall be acceptable by the Board shall have been deposited at the office of the Company not less than forty eight hours before the time of holding a meeting.

#### **INSTRUMENT OF PROXY**

126. The instrument appointing a proxy shall be in writing and signed by the appointer or his attorney duly authorized in writing or if the appointer is a body corporate be under its seal or be signed by an office or attorney duly authorized by it.

#### **INSTRUMENT OF PROXY TO BE DEPOSITED AT OFFICE**

127. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority shall be deposited at the registered office of the Company not less than forty eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. No instrument of proxy shall be valid after the expiration of twelve months from the date of its execution.

#### **WHEN VOTE BY PROXY VALID THOUGH AUTHORITY REVOKED**

128. 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 share in respect of which the vote 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 adjournment meeting at which the proxy is used.

### **FORM OF PROXY**

129. Every instrument of proxy, whether for specified meeting or otherwise shall, as nearly as circumstances will admit, be in the form Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014.

### **TIME FOR OBJECTION TO VOTE**

130. No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be so tendered and every vote whether given personally or by proxy and not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

### **CHAIRMAN OF ANY MEETING TO BE THE JUDGE OF VALIDITY OF ANY VOTE**

131. The Chairman of any meeting shall be sole judge of the validity of every vote tendered at such meeting. The Chairman present at the time of taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

### **MEMBER PAYING MONEY IN ADVANCE NOT BE ENTITLED TO VOTE IN RESPECT THEREOF**

132. A Member paying the whole or a part of the amount remaining unpaid on any Share held by him although no part of that amount has been called up, shall not be entitled to any voting rights or participate in dividend or profits in respect of moneys so paid by him until the same would but for such payment become presently payable

### **DIRECTORS**

133. 1) Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Act, the number of Directors shall not be less than three nor more than fifteen.
- 2) The Persons named hereinafter are the Directors of the Company at the time of adoption of new set of Articles:-
- (1) Mr. Anoop Kumar Bansal
  - (2) Mr. Kishore Kumar Bansal
  - (3) Mr. Sanjay Shah

### **INCREASE IN NUMBER OF DIRECTORS TO REQUIRE GOVERNMENT SANCTION**

134. The appointment of the Directors exceeding 15 (fifteen) will be subject to the provisions of Section 149 of the Act.

### **POWER OF DIRECTORS TO APPOINT ADDITIONAL DIRECTORS**

135. The Board of Directors shall have the power to appoint any person, other than a person who fails to get appointed as a director in a general meeting, as an additional director at any time who shall hold office up to the date of the next annual general meeting or the last date on which the annual general meeting should have been held, whichever is earlier.

### **ALTERNATE DIRECTORS**

136. The Board of Directors shall have the power to appoint a person, not being a person holding any alternate directorship for any other director in the company, to act as an alternate director for a director during his absence for a period of not less than three months from India:

Provided that 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 this Act:

Provided further that an alternate director shall not hold office for a period longer than that permissible to the director in whose place he has been appointed and shall vacate the office if and when the director in whose place he has been appointed returns to India:

Provided also that if the term of office of the original director is determined before he so returns to India, any provision for the automatic re-appointment of retiring directors in default of another appointment shall apply to the original, and not to the alternate director.

### **NOMINEE DIRECTORS**

137. The Board shall have the power to appoint any person as a director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement or by the Central Government or the State Government by virtue of its shareholding in a Government company.  
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, in default of and subject to any regulations in the articles of the company, be filled by the Board of Directors at a meeting of the Board:  
Provided that any person so appointed shall hold office only up to the date up to which the director in whose place he is appointed would have held office if it had not been vacated.
138. A Director need not hold any qualification shares.

### **REMUNERATION OF DIRECTORS**

139. (1) Subject to the provisions of the Act, a Managing Director or any other Director, who is in the Whole time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.
- (2) Subject to the provisions of the Act, a Director who is neither in the Whole-time employment not a Managing Director may be paid remuneration.
- (i) by way of monthly, quarterly or annual payment with the approval of the Central Government:  
or
- (ii) by way of commission if the Company by a special resolution authorises such payments.
- (3) The fees payable to Director (including a Managing or whole-time Director, if any) for attending a meeting of the Board or Committee shall be decided by the Board of Directors from time to time, however the amount thereof shall not exceed limit provided in the Companies Act, 2013 and rules, if any, framed there under.
- (4) if any Director be called upon to perform extra services or special exertion or efforts (which expression shall include work done by a Director as member of any committee formed by the Directors), the Board may arrange with such Directors for such special remuneration for such extra services or special exertions or either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided subject to the provision of Section 197(4) of the Act.

### **INCREASE IN REMUNERATION OF DIRECTORS TO REQUIRE GOVERNMENT SANCTION**

140. Any provision relating to the remuneration of any Director including the Managing Director or Joint Managing Director or whole time Director or executive Director whether contained in his original appointment or which purports to increase or has the effect of increasing whether directly or indirectly the amount of such remuneration and whether that provisions are contained in the articles or in any agreement entered into by the Board of Directors shall be subject to the provisions of Section 196, 197 and 203 of the Act and in accordance with the conditions specified in Schedule V and to the extent to which such appointment or any provisions for remuneration thereof is not in accordance with the Schedule V, the same shall not have any effect unless approved by the Central Government and shall be effective for such period and be subject to such conditions as may be stipulated by the Central Government and to the extent to which the same is not approved by the Central Government, the same shall become void and not enforceable against the Company.

### **TRAVELLING EXPENSES INCURRED BY A DIRECTOR NOT A BONAFIDE RESIDENT OR BY DIRECTOR GOING OUT ON COMPANY'S BUSINESS**

141. The Board may allow and pay to any Director who is not a bonafide resident of the place where the meetings of the Board or committee thereof are ordinarily held and who shall come to a such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation or for traveling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any travelling or other expenses, incurred in connection with business of the Company.

### **DIRECTORS MAY ACT NOTWITHSTANDING ANY VACANCY**

142. The continuing Directors may act notwithstanding any vacancy in the Board, but if and so long as the number is reduced below the quorum fixed by the Act or by these Articles 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 for summoning a General Meeting of the Company but for no other purpose.

### **DISCLOSURE OF INTEREST OF DIRECTORS**

143. (1) Every director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding, in such manner as may be determined by central government.
- (2) Every director of a company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into—
- (a) with a body corporate in which such director or such director in association with any other director, holds more than two per cent. shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or
- (b) with a firm or other entity in which, such director is a partner, owner or member, as the case may be,
- shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting: Provided that where any director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.
- (3) A contract or arrangement entered into by the company without disclosure under sub-section (2) or with participation by a director who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the company.
- (4) Nothing in this Article-
- (a) shall be taken to prejudice the operation of any rule of law restricting a director of a company from having any concern or interest in any contract or arrangement with the company;
- (b) shall apply to any contract or arrangement entered into or to be entered into between two companies where any of the directors of the one company or two or more of them together holds or hold not more than two per cent. of the paid-up share capital in the other company.

### **INTERESTED DIRECTOR NOT TO PARTICIPATE OR VOTE ON BOARD'S PROCEEDINGS**

144. No Director of the Company shall, as Director, take any part in the discussion of or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company if he is in any way whether

directly or indirectly, concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote his vote shall be void, provided however that Directors may vote on any contract of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming or being sureties or surety for the Company.

#### **BOARD'S SANCTION TO BE REQUIRED FOR CERTAIN CONTRACTS IN WHICH PARTICULAR DIRECTOR IS INTERESTED**

145. (1) Except with the consent of the Board of Directors of the Company and of the Shareholders where applicable, the Company, shall not enter into any contract with a Related Party in contravention of Section 188 of the Act and the Rules made thereunder—
- (i) for the sale, purchase or supply of any goods, materials or services; or
  - (ii) selling or otherwise disposing of, or buying, property of any kind;
  - (iii) leasing of property of any kind;
  - (iv) availing or rendering of any services;
  - (v) appointment of any agent for purchase or sale of goods, materials, services or property;
  - (vi) such Related Party's appointment to any office or place of profit in the Company, its subsidiary company or associate company;
  - (vii) underwriting the subscription of any securities or derivatives thereof, of the Company;
- (2) Nothing contained in clause (1) shall affect any transactions entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis.
- (3) Notwithstanding anything contained in clauses (1) and (2) a Related Party may, in circumstances of urgent necessity enter, without obtaining the consent of the Board, into any contract with the Company; but in such a case the consent of the Board shall be obtained at a meeting within three months of the date of which the contract was entered into or such other period as may be prescribed under the Act. (S.188 (3))
- (4) Every consent of the Board required under this Article shall be accorded by a resolution of the Board and the consent required under Clause (1) shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into or such other period as may be prescribed under the Act.
- (5) If the consent is not accorded to any contract under this Article anything done in pursuance of the contract will be voidable at the option of the Board.

#### **SPECIAL DIRECTOR**

146. In connection with any collaboration arrangement with any company or corporation or any firm or person for supply of technical know-how and/or machinery or technical advice the directors may authorize such company, corporation, firm or person herein-after in this clause referred to as "collaborator" to appoint from time to time any person as director of the company (hereinafter referred to as "special director") and may agree that such special director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for office of such director, so however that such special director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such collaborator under the collaboration arrangements or at any time thereafter.

The collaborators may at any time and from time to time remove any such special director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time appoint any other person as special director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office.

It is clarified that every collaborator entitled to appoint a director under this article may appoint one such person as a director and so that if more than one collaborator is so entitled there may be at any time as many special directors as the collaborators eligible to make the appointment.



### **DIRECTORS' SITTING FEES**

147. The fees payable to a Director for attending each Board meeting shall be such Sum as may be fixed by the Board of Directors not exceeding such as may be determined by the Central Government for each of the meetings of the Board or A committee thereof and adjournments thereto attended by him. The directors, Subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.

### **DIRECTORS AND MANAGING DIRECTOR MAY CONTRACT WITH COMPANY**

148. Subject to the provisions of the Act the Directors (including a Managing Director And whole time Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or Otherwise, nor shall any such contract or any contracts or arrangement entered Into by or on behalf of the Company with any Director or with any company or Partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such director holding that office or of the fiduciary relation thereby established, but it is declared that the nature of his interest shall be disclosed as Provided by Section 188 of the Act and in this respect all the provisions of Section 179, 180, 184, 185, 186, 188, 189 and 196 of the Act shall be duly observed and complied with.

### **DISQUALIFICATION OF THE DIRECTOR**

149. (1) A person shall not be eligible for appointment as a director of a company, if -
- (a) he is of unsound mind and stands so declared by a competent court;
  - (b) he is an undischarged insolvent;
  - (c) he has applied to be adjudicated as an insolvent and his application is pending;
  - (d) he has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company;

- (e) an order disqualifying him for appointment as a director has been passed by a Court or Tribunal and the order is in force;
  - (f) he has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
  - (g) he has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or
  - (h) he has not complied with sub-section (3) of section 152.
- (2) No person who is or has been a director of a company which -
- (a) has not filed financial statements or annual returns for any continuous period of three financial years; or
  - (b) has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.

### **DIRECTORS VACATING OFFICE**

150. The office of a Director shall be vacated if :
- (i) he is found to be of unsound mind by a Court of competent jurisdiction;
  - (ii) he applied to be adjudicated an insolvent;
  - (iii) he is adjudicated an insolvent;

- (iv) he is convicted by a Court, of any offence involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the expiry of the sentence; Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company;
- (v) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government by Notification in the Official Gazette removes the disqualification incurred by such failure;
- (vi) he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;
- (vii) he is removed in pursuance of Section 169 of Act;
- (viii) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company;
- (ix) he acts in contravention of the provisions of Section 184 of the Act relating to entering into contracts or arrangements in which he is directly or indirectly interested;
- (x) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184.

### **DIRECTOR MAY BE DIRECTOR OF COMPANIES PROMOTED BY THE COMPANY**

151. Subject to provisions of Section 203 of the Act, a Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or Shareholder of such company except in so far Section 197 or Section 188 of the Act may be applicable.

### **RETIREMENT AND ROTATION OF DIRECTORS**

#### **RETIREMENT OF DIRECTORS BY ROTATION**

152. (1) (a) At every Annual General Meeting, not less than two-thirds of the total number of directors of a company shall -
- (i) be persons whose period of office is liable to determination by retirement of directors by rotation; and
  - (ii) save as otherwise expressly provided in this Act, be appointed by the company in general meeting.
- (b) The remaining directors in the case of any such company shall, in default of, and subject to any regulations in the articles of the company, also be appointed by the company in general meeting.
- (c) At the first annual general meeting of a public company held next after the date of the general meeting at which the first directors are appointed in accordance with clauses (a) and (b) and at every subsequent annual general meeting, one-third of such of the directors for the time being as are liable to retire by rotation, or if their number is neither three nor a multiple of three, then, the number nearest to one-third, shall retire from office.
- (d) The directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot.
- (e) At the annual general meeting at which a director retires as aforesaid, the company may fill up the vacancy by appointing the retiring director or some other person thereto.
- (2)(a) If the vacancy of the retiring director is not so filled-up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a holiday, at the same time and place.
- (b) If at the adjourned meeting also, the vacancy of the retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring director shall be deemed to have been re-appointed at the adjourned meeting, unless—
- 1. at that meeting or at the previous meeting a resolution for the re-appointment of such director has been put to the meeting and lost;

2. the retiring director has, by a notice in writing addressed to the company or its Board of directors, expressed his unwillingness to be so re-appointed;
3. he is not qualified or is disqualified for appointment;
4. a resolution, whether special or ordinary, is required for his appointment or re-appointment by virtue of any provisions of this Act; or
5. section 162 is applicable to the case.

#### **APPOINTMENT OF DIRECTOR TO BE VOTE INDIVIDUALLY**

153. (1) At a general meeting of a company, a motion for the appointment of two or more persons as directors of the company by a single resolution shall not be moved unless a proposal to move such a motion has first been agreed to at the meeting without any vote being cast against it.
- (2) A resolution moved in contravention of sub-section (1) shall be void, whether or not any objection was taken when it was moved.
- (3) A motion for approving a person for appointment, or for nominating a person for appointment as a director, shall be treated as a motion for his appointment.
154. (1) A person who is not a retiring director in terms of section 152 shall, subject to the provisions of this Act, be eligible for appointment to the office of a director at any general meeting, if he, or some member intending to propose him as a director, has, not less than fourteen days before the meeting, left at the registered office of the company, a notice in writing under his hand signifying his candidature as a director or, as the case may be, the intention of such member to propose him as a candidate for that office, along with the deposit of one lakh rupees or such higher amount as may be determined by central government which shall be refunded to such person or, as the case may be, to the member, if the person proposed get selected as a director or gets more than twenty-five per cent. of total valid votes cast either on show of hands or on poll on such resolution.
- (2) The company shall inform its members of the candidature of a person for the office of director under sub-section (1) in such manner as may be determined by central government.

#### **RESIGNATION OF DIRECTOR**

155. (1) A director may resign from his office by giving a notice in writing to the company and the Board shall on receipt of such notice take note of the same and the company shall intimate the Registrar in such manner, within such time and in such form as may be determined by central government and shall also place the fact of such resignation in the report of directors laid in the immediately following general meeting by the company:  
Provided that a director shall also forward a copy of his resignation along with detailed reasons for the resignation to the Registrar within thirty days of resignation in such manner as may be determined by Central Government.
- (2) The resignation of a director shall take effect from the date on which the notice is received by the company or the date, if any, specified by the director in the notice, whichever is later:  
  
Provided that the director who has resigned shall be liable even after his resignation for the offences which occurred during his tenure.
- (3) Where all the directors of a company resign from their offices, or vacate their offices under Section 167 of the Act, the promoter or, in his absence, the Central Government shall appoint the required number of directors who shall hold office till the directors are appointed by the company in general meeting.

#### **REGISTER OF DIRECTORS AND KEY MANAGERIAL PERSONNEL AND NOTIFICATION OF CHANGES TO REGISTRAR**

156. The Company shall keep at its registered office, a Register of Director, Managing Director, Manager and Secretary and key managerial personnel of the Company containing the particulars as required by Section 170 of the Act and shall send to the Registrar a return in the prescribed form containing the particulars specified in the said register and shall notify to the Registrar any change among its Directors, Managing

Directors, Manager, Secretary and key managerial personnel or any of the particulars contained in the register as required by Section 170 of the Act.

#### **APPOINTMENT OF TECHNICAL OR EXECUTIVE DIRECTORS**

157. a) The Board of Directors shall have the right from time to time to appoint any person or persons as Technical Director or Executive Director/s and remove any such persons from time to time without assigning any reason whatsoever. A Technical Director or Executive Director shall not be required to hold any qualification shares and shall not be entitled to vote at any meeting of the Board of Directors.
- b) Subject to the provisions of Section 161 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.

#### **REMOVAL OF DIRECTORS**

##### **REMOVAL OF DIRECTORS**

158. (1) A company may, by ordinary resolution, remove a director, not being a director appointed by the Tribunal under section 242, before the expiry of the period of his office after giving him a reasonable opportunity of being heard:  
Provided that nothing contained in this sub-section shall apply where the company has availed itself of the option given to it under section 163 to appoint not less than two thirds of the total number of directors according to the principle of proportional representation.
- (2) A special notice shall be required of any resolution, to remove a director under this section, or to appoint somebody in place of a director so removed, at the meeting at which he is removed.
- (3) On receipt of notice of a resolution to remove a director under this section, the company shall forthwith send a copy thereof to the director concerned, and the director, whether or not he is a member of the company, shall be entitled to be heard on the resolution at the meeting.
- (4) Where notice has been given of a resolution to remove a director under this section and the director concerned makes with respect thereto representation in writing to the company and requests its notification to members of the company, the company shall, if the time permits it to do so,—
- (a) in any notice of the resolution given to members of the company, state the fact of the representation having been made; and
- (b) send a copy of the representation to every member of the company to whom notice of the meeting is sent (whether before or after receipt of the representation by the company),
- and if a copy of the representation is not sent as aforesaid due to insufficient time or for the company's default, the director may without prejudice to his right to be heard orally require that the representation shall be read out at the meeting:
- Provided that copy of the representation need not be sent out and the representation need not be read out at the meeting if, on the application either of the company or of any other person who claims to be aggrieved, the Tribunal is satisfied that the rights conferred by this sub-section are being abused to secure needless publicity for defamatory matter; and the Tribunal may order the company's costs on the application to be paid in whole or in part by the director notwithstanding that he is not a party to it.
- (5) A vacancy created by the removal of a director under this section may, if he had been appointed by the company in general meeting or by the Board, be filled by the appointment of another director in his place at the meeting at which he is removed, provided special notice of the intended appointment has been given under sub-section (2).

- (6) A director so appointed shall hold office till the date up to which his predecessor would have held office if he had not been removed.
- (7) If the vacancy is not filled under sub-section (5), it may be filled as a casual vacancy in accordance with the provisions of this Act:  
Provided that the director who was removed from office shall not be re-appointed as a director by the Board of Directors.
- (8) Nothing in this section shall be taken -
  - (a) as depriving a person removed under this section of any compensation or damages payable to him in respect of the termination of his appointment as director as per the terms of contract or terms of his appointment as director, or of any other appointment terminating with that as director; or
  - (b) as derogating from any power to remove a director under other provisions of this Act.

### **ELIGIBILITY FOR RE-ELECTION**

159. A retiring Director shall be eligible for re-election

### **PROCEEDINGS OF DIRECTORS**

#### **MEETINGS OF BOARD**

160. (1) A minimum number of four meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board:  
Provided that the Central Government may, by notification, direct that the provisions of this sub-section shall not apply in relation to any class or description of companies or shall apply subject to such exceptions, modifications or conditions as may be specified in the notification.
- (2) The participation of directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be determined by central government, which are capable of recording and recognising the participation of the directors and of recording and storing the proceedings of such meetings along with date and time:  
Provided that the Central Government may, by notification, specify such matters which shall not be dealt with in a meeting through video conferencing or other audio visual means.
- (3) A meeting of the Board shall be called by giving not less than seven days' notice in writing to every director at his address registered with the company and such notice shall be sent by hand delivery or by post or by electronic means:  
Provided that a meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one independent director, if any, shall be present at the meeting: Provided further that in case of absence of independent directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one independent director, if any.

### **QUORUM**

161. (1) The quorum for a meeting of the Board of Directors of a company shall be one third of its total strength or two directors, whichever is higher, and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum under this sub-section.
- (2) 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 and for no other purpose.
- (3) Where at any time the number of interested directors exceeds or is equal to two thirds of the total strength of the Board of Directors, the number of directors who are not interested directors and present at the meeting, being not less than two, shall be the quorum during such time.

- (4) Where a meeting of the Board could not be held for want of quorum, then, unless the articles of the company otherwise provide, the meeting shall automatically stand adjourned to the same day at the same time and place in the next week or if that day is a national holiday, till the next succeeding day, which is not a national holiday, at the same time and place.

#### **DECISION OF QUESTIONS**

162. Subject to the provisions of the Act, question arising at any meeting of the Board shall be decided by a majority of votes and in case of an equality of votes, the Chairman shall have a second or casting vote.

#### **BOARD MAY APPOINT CHAIRMAN, CO-CHAIRMAN AND VICE CHAIRMAN**

163. The Board may elect a Chairman, a Co-Chairman and a Vice Chairman of their Meetings and of the Company and determine the period for which he is to hold office. The Chairman or in his absence the Co-Chairman or the Vice Chairman shall be entitled to take the Chair at every General Meeting, whether Annual or Extraordinary, or if there be no such Chairman or Co-Chairman or Vice Chairman of the Board of Directors, or if at any Meeting neither of these shall be present within fifteen minutes of the time appointed for holding such Meeting, the Directors present may choose one of their members to be the Chairman of the Meeting of their meetings and determine the period for which he is to hold office, but if no such Chairman is elected or if at any meeting the Chairman is not present within ten minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be the Chairman of the Meeting.

#### **POWER OF BOARD MEETING**

164. A meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles are for the time being vested in or exercisable by the Board generally.
165. Subject to the restrictions contained in Section 179 of the Act, the Board may delegate any of its power to a Committee of the Board consisting of such member or members of its body or any other person as it thinks fit and it may from time to time revoke and discharge any such committee of the Board so formed, shall in the exercise of the power so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

#### **MEETING OF THE COMMITTEE HOW TO BE GOVERNED**

166. The meeting and proceedings of any such Committee of the Board consisting of two or more persons shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board, so far as the same are applicable thereto and are not superseded by any regulations made by the Board under the last preceding Article.

#### **DEFECTS IN APPOINTMENT OF DIRECTORS NOT TO INVALIDATE ACTIONS TAKEN**

167. No act done by a person as a director shall be deemed to be invalid, notwithstanding that it was subsequently noticed that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provision contained in this Act or in the articles of the company:

Provided that nothing in this section shall be deemed to give validity to any act done by the director after his appointment has been noticed by the company to be invalid or to have terminated.

#### **PASSING OF RESOLUTION BY CIRCULATION**

168. (1) No resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the directors, or members of the committee, as the case may be, at their addresses registered with the company in India by hand delivery or by post or by courier, or



through such electronic means as may be determined by Central Government and has been approved by a majority of the directors or members, who are entitled to vote on the resolution:

Provided that, where not less than one-third of the total number of directors of the company for the time being require that any resolution under circulation must be decided at a meeting, the Chairperson shall put the resolution to be decided at a meeting of the Board.

- (2) A resolution under sub-section (1) above shall be noted at a subsequent meeting of the Board or the committee thereof, as the case may be, and made part of the minutes of such meeting.

#### **SPECIAL NOTICE**

169. Where by any provision contained in the Act or in these Articles special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company by such number of members holding not less than one per cent of total voting power or holding shares on which such aggregate sum not exceeding five lakh rupees, as may be prescribed, has been paid-up, not less than fourteen days before the meeting at which it is to be moved exclusive of the day on which the notice is served or deemed to be served and the day of the meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the meeting.

#### **GENERAL POWERS OF THE BOARD**

170. (1) The Board of Directors of a company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorized to exercise and do:
- Provided that in exercising such power or doing such act or thing, the Board shall be subject to the provisions contained in that behalf in this Act, or in the memorandum or articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the company in general meeting:
- Provided further that the Board shall not exercise any power or do any act or thing which is directed or required, whether under this Act or by the memorandum or articles of the company or otherwise, to be exercised or done by the company in general meeting.
- (2) No regulation made by the company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

#### **CERTAIN POWERS TO BE EXERCISED BY THE BOARD ONLY AT MEETINGS**

171. The Board of Directors of a company shall exercise the following powers on behalf of the company by means of resolutions passed at meetings of the Board, namely: -
- (a) to make calls on shareholders in respect of money unpaid on their shares;
  - (b) to authorize buy-back of securities under section 68;
  - (c) to issue securities, including debentures, whether in or outside India;
  - (d) to borrow monies;
  - (e) to invest the funds of the company;
  - (f) to grant loans or give guarantee or provide security in respect of loans;
  - (g) to approve financial statement and the Board's report;
  - (h) to diversify the business of the company;
  - (i) to approve amalgamation, merger or reconstruction;
  - (j) to take over a company or acquire a controlling or substantial stake in another company;
  - (k) to make political contributions;
  - (l) to appoint or remove key managerial personnel (KMP);
  - (m) to take note of appointment(s) or removal(s) of one level below the Key Managerial Personnel;
  - (n) to appoint internal auditors and secretarial auditor;
  - (o) to take note of disclosure of director's interest and shareholding;



- (p) to buy, sell investments held by the company (other than trade investments) constituting five percent or more of the paid up share capital and free reserve of the investee company;
  - (q) to invite and accept or renew public deposits and related matters;
  - (r) to review or change the terms and conditions of public deposit;
  - (s) to approve quarterly, half yearly and annual financial statements or financial results as the case may be.
- Provided that the Board may, by a resolution passed at a meeting, delegate to any committee of directors, the managing director, the manager or any other principal officer of the company or in the case of a branch office of the company, the principal officer of the branch office, the powers specified in clauses (d) to (f) on such conditions as it may specify:
- Nothing in this section shall be deemed to affect the right of the company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers specified in this section.

### **RESTRICTIONS ON POWERS OF BOARD**

172. (1) The Board of Directors of a company shall exercise the following powers only with the consent of the company by a special resolution, namely: -
- (a) to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings.
  - (b) to invest otherwise in trust securities the amount of compensation received by it as a result of any merger or amalgamation;
  - (c) to borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business:
- Provided that the acceptance by a banking company, in the ordinary course of its business, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise, shall not be deemed to be a borrowing of monies by the banking company within the meaning of this clause.
- (d) to remit, or give time for the repayment of, any debt due from a director.
- (2) Every special resolution passed by the company in general meeting in relation to the exercise of the powers referred to in clause (c) of sub-section (1) shall specify the total amount up to which monies may be borrowed by the Board of Directors.
- (3) Nothing contained in clause (a) of sub-section (1) shall affect -
- (a) the title of a buyer or other person who buys or takes on lease any property, investment or undertaking as is referred to in that clause, in good faith; or
  - (b) the sale or lease of any property of the company where the ordinary business of the company consists of, or comprises, such selling or leasing.
- (4) Any special resolution passed by the company consenting to the transaction as is referred to in clause (a) of sub-section (1) may stipulate such conditions as may be specified in such resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from the transactions:
- Provided that this sub-section shall not be deemed to authorise the company to effect any reduction in its capital except in accordance with the provisions contained in this Act.
- (5) No debt incurred by the company in excess of the limit imposed by clause (c) of sub-section (1) shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded.

### **POWER TO BORROW**

173. Subject to the provisions of Sections 73 and 180 of the Act, the Board may, from time to time at its discretion and by means of resolutions passed at its meeting accept deposits from members either in advance of calls or otherwise and generally, raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.
174. All the provisions applicable to nomination facility available to shareholder(s) and debenture holder(s) enumerated in these Articles shall equally apply to deposit holder(s) and the provisions of Section 72 of the Act shall also apply.

## **THE PAYMENT OR REPAYMENT OF MONEYS BORROWED**

175. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the Offer of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

## **BONDS, DEBENTURES, ETC. TO BE SUBJECT TO CONTROL OF DIRECTORS**

176. Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Provided that bonds, debentures, debenture-stock or other securities so issued or to be issued by the Company with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting.

## **CONDITION ON WHICH MONEY MAY BE BORROWED**

177. The Board may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular by the Offer of bonds, perpetual or redeemable debenture-stock or any mortgage, charge or other security on the undertaking of the whole or any part of the Company (both present and future) including its uncalled capital for the time being. The Board shall exercise such power only by means of resolutions passed at its meetings and not by circular resolutions.

## **TERMS OF ISSUE OF DEBENTURES**

178. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

## **DEBENTURES WITH VOTING RIGHTS NOT BE ISSUED**

179. (1) A company may issue debentures with an option to convert such debentures into shares, either wholly or partly at the time of redemption:  
Provided that the Offer of debentures with an option to convert such debentures into shares, wholly or partly, shall be approved by a special resolution passed at a general meeting.
- (2) No company shall issue any debentures carrying any voting rights.
- (3) Secured debentures may be issued by a company subject to such terms and conditions as may be determined by central government.
- (4) Where debentures are issued by a company under this section, the company shall create a debenture redemption reserve account out of the profits of the company available for payment of dividend and the amount credited to such account shall not be utilized by the company except for the redemption of debentures.
- (5) No company shall issue a prospectus or make an offer or invitation to the public or to its members exceeding five hundred for the subscription of its debentures, unless the company has, before such issue or offer, appointed one or more debenture trustees and the conditions governing the appointment of such trustees shall be such as may be determined by Central Government.
- (6) A debenture trustee shall take steps to protect the interests of the debenture holders and redress their grievances in accordance with such rules as may be determined by Central Government.

- (7) Any provision contained in a trust deed for securing the Offer of debentures, or in any contract with the debenture-holders secured by a trust deed, shall be void in so far as it would have the effect of exempting a trustee thereof from, or indemnifying him against, any liability for breach of trust, where he fails to show the degree of care and due diligence required of him as a trustee, having regard to the provisions of the trust deed conferring on him any power, authority or discretion:  
Provided that the liability of the debenture trustee shall be subject to such exemptions as may be agreed upon by a majority of debenture-holders holding not less than three fourths in value of the total debentures at a meeting held for the purpose.
- (8) A company shall pay interest and redeem the debentures in accordance with the terms and conditions of their issue.
- (9) Where at any time the debenture trustee comes to a conclusion that the assets of the company are insufficient or are likely to become insufficient to discharge the principal amount as and when it becomes due, the debenture trustee may file a petition before the Tribunal and the Tribunal may, after hearing the company and any other person interested in the matter, by order, impose such restrictions on the incurring of any further liabilities by the company as the Tribunal may consider necessary in the interests of the debenture-holders.
- (10) Where a company fails to redeem the debentures on the date of their maturity or fails to pay interest on the debentures when it is due, the Tribunal may, on the application of any or all of the debenture-holders, or debenture trustee and, after hearing the parties concerned, direct, by order, the company to redeem the debentures forthwith on payment of principal and interest due thereon.
- (11) If any default is made in complying with the order of the Tribunal under this section, every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than two lakh rupees but which may extend to five lakh rupees, or with both.
- (12) A contract with the company to take up and pay for any debentures of the company may be enforced by a decree for specific performance.
- (13) The Central Government may prescribe the procedure, for securing the Offer of debentures, the form of debenture trust deed, the procedure for the debenture-holders to inspect the trust deed and to obtain copies thereof, quantum of debenture redemption reserve required to be created and such other matters.

#### **EXECUTION OF INDEMNITY**

180. If the Directors or any of them or any other persons shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming or being sureties or surety for the company.

#### **CERTAIN POWERS OF THE BOARD**

181. Without prejudice to the general powers conferred by these Articles and so as not in any way to limit or restrict those powers, but subject however to the provisions of the Act, it is hereby expressly declared that the Board shall have the following powers:
- 1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment, and registration of the Company.
  - 2) Subject to Sections 179 and 188 and other applicable provisions of the Act, to purchase or otherwise acquire for the Company any property, movable or immovable, rights or privileges which the Company is authorized to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Board may believe or may be advised to be reasonably satisfactory.
  - 3) At its discretion and subject to the provisions of the Act, to pay for any property, rights, privileges acquired by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, mortgages or other securities of the Company and any such shares may be issued either as

fully paid up or with such amount credited as fully paid up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charges upon all or any part of the property of the Company including its uncalled capital or not so charges.

- 4) To secure the fulfillment of any contracts, agreements or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
- 5) To appoint and at its discretion, remove or suspend, such managers, secretaries, officers, clerks, agents and employees for permanent, temporary or special services as it may from time to time think fit and to determine their power and duties and fix their salaries, emoluments remuneration and to require security in such instances and of such amounts as it may think fit.
- 6) To accept from any member subject to the provisions of the Act, a surrender of his share or any part thereof on such terms and condition as shall be agreed.
- 7) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purpose and to execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees.
- 8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due or any claims or demands by or against the Company and to refer any difference to arbitration and observe and perform the terms of any awards made therein either according to Indian Law or according to Foreign Law and either in India or abroad and observe and perform or challenge any award made therein.
- 9) To refer any claims or demands by or against the Company or any difference to arbitration and observe and perform the awards.
- 10) To act on behalf of the Company in all matters relating to bankruptcy and insolvency.
- 11) To make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands of the Company.
- 12) To open and operate Bank Accounts, to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purposes.
- 13) Subject to the provisions of the Act and these Articles from time to time to provide for the management of the affairs of the Company in or outside India in such manner as it may think fit and in particular to appoint any person to be the attorneys or agents of the Company with such person (including the power to sub-delegate) and upon such terms as may be thought fit.
- 14) Subject to the provisions of Sections 179, 180, 185 of Act and other applicable provisions of the Act and these Articles, to invest and deal with the moneys of the Company not immediately required for the purpose thereof in or upon such security (not being shares in this Company) or without security and in such manner as it may think fit and from time to time to vary or realize such investments save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name.
- 15) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur, any personal liability for the benefit of the Company, such mortgages of the Company's property (present and future) as it thinks fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon.
- 16) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and to give to any Director, officer or other person employed by the Company a

commission on the profits of any particular business or transaction and to charge such bonus or commission as a part of working expenses of the Company.

- 17) To provide for the welfare of employees or ex-employees of the Company and the wives and families or the dependents or connections of such persons by building or contributing to the building of houses, dwellings or chawls or by grants of money, pension, gratuity, annuities, allowances, bonuses or other payments or by creating and from time to time subscribing or contributing to, provident fund and other associations institutions, funds or trusts and by providing or subscribing or contributing towards places of instruction or recreations, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit.
- 18) To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or objects which shall have any moral or other claim to support or aid by the Company either by reason of locality of operation or of public and general utility or otherwise.
- 19) Before recommending any dividend, to set aside, out of the profits of the Company, such sums as it may think proper for depreciation or to a depreciation fund or to an insurance fund or as a reserve fund or sinking fund or any special fund to meet contingencies to repay debentures or for debenture-stock or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the last two preceding clauses) as the Board of Directors, may in its absolute discretion think conducive to the interest of the Company and subject to the provisions of the Act to invest the several sums so set aside or so much thereof as is required to be invested, upon such investments (other than shares of this Company) as it may think fit and from time to time deal with and vary such investments and dispose off and apply and expend all or any part the for the benefit of the Company, in such manner & for such purposes as the Board of Directors in its absolute discretion think conducive to the interest of the Company notwithstanding that the matters to which the Board of Directors applies or upon which it expends the same or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended and to divide the general reserve fund into such special funds as the Board of Directors may think fit with full power to transfer the whole or any portion of a reserve fund or division of reserve fund to another reserve fund and with full power to employ the asset constituting all or any of the above funds including the depreciation fund in the business of the Company or in the purchase or repayment of debentures or debenture-stock and that without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board of Directors at its discretion to pay or allow to the credit of such funds, interest at such rate as the Board of Directors may think proper.
- 20) To pay and charge to the capital account of the Company any commission or interest lawfully payable under the provisions of the Act and of the provision contained in these presents.
- 21) From time to time make, vary and repeal by-laws for regulation of the business of the Company, its officers and servants.
- 22) To redeem redeemable preference shares.
- 23) Subject to provisions of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter in to all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.
- 24) To undertake any branch or kind of business which the company is expressly or by implication authorized to undertake at such time or times as it shall think fit and to keep in abeyance any such branch or kind of business even though it may have been actually commenced or not, so long as the Board may deem it expedient not to commence or proceed with such branch or kind of business.

## **APPOINTMENT OF INDEPENDENT DIRECTOR**

182. Pursuant to Section 149 and rules as may be applicable and subject to the provisions of Schedule IV the company shall appoint such number of independent directors from time to time as may be determined by the Central Government.

Every independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence.

Notwithstanding anything contained in any other provision of this Act, but subject to the provisions of sections 197 and 198, an independent director shall not be entitled to any stock option and may receive remuneration by way of fee provided under sub-section (5) of Section 197, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.

Subject to the provisions of section 152, an independent director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report.

No independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after the expiration of three years of ceasing to become an independent director:

Provided that an independent director shall not, during the said period of three years, be appointed in or be associated with the company in any other capacity, either directly or indirectly.

Notwithstanding anything contained in this Act -

- (i) an independent director;
- (ii) a non-executive director not being promoter or key managerial personnel,

shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently.

The provisions of sub-sections (6) and (7) of section 152 in respect of retirement of directors by rotation shall not be applicable to appointment of independent directors.

## **KEY MANAGERIAL PERSONNEL**

### **APPOINTMENT OF KEY MANAGERIAL PERSONNEL**

183. (1) Subject to the provisions of Sections 203 and other applicable provisions, if any of the Act, Company shall appoint whole-time key managerial personnel by means of a resolution of the Board containing the terms and conditions of the appointment including the remuneration.
- (2) A whole-time key managerial personnel shall not hold office in more than one company except in its subsidiary company at the same time:  
 Provided that nothing contained in this sub-clause shall disentitle a key managerial personnel from being a director of any company with the permission of the Board.  
 Provided further that whole-time key managerial personnel holding office in more than one company at the same time on the date of commencement of this Act, shall, within a period of six months from such commencement, choose one company, in which he wishes to continue to hold the office of key managerial personnel.  
 Provided also that a company may appoint or employ a person as its managing director, if he is the managing director or manager of one, and of not more than one, other company and such appointment or employment is made or approved by a resolution passed at a meeting of the Board with the consent of all the directors present at the meeting and of which meeting, and of the resolution to be moved thereat, specific notice has been given to all the directors then in India.



- (3) If the office of any whole-time key managerial personnel is vacated, the resulting vacancy shall be filled-up by the Board at a meeting of the Board within a period of six months from the date of such vacancy.

#### **REMUNERATION OF KEY MANAGERIAL PERSONNEL**

184. The remuneration of Key Managerial Personnel shall from time to time, be fixed by the Board and may be by way of salary or commission or participation in profits or by any or all of these modes or in any other form and shall be subject to the limitations prescribed in Schedule V along with Sections 196 and 197 of the Act.

#### **DIRECTORS MAY CONFER POWER ON MANAGING DIRECTOR**

185. Subject to the provisions of the Act and to the restrictions contained in these Articles, Board may from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable by the Board under these Articles as it may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it thinks expedient.

#### **CERTAIN PERSONS NOT TO BE APPOINTED AS MANAGING DIRECTORS**

186. No company shall appoint or continue the employment of any person as Managing Director, Whole-time Director or Manager who -
- (a) is below the age of twenty-one years or has attained the age of seventy years:  
Provided that appointment of a person who has attained the age of seventy years may be made by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person;
  - (b) is an undischarged insolvent or has at any time been adjudged as an insolvent;
  - (c) has at any time suspended payment to his creditors or makes, or has at anytime made, a composition with them; or
  - (d) has at any time been convicted by a court of an offence and sentenced for a period of more than six months.
- A person shall not be eligible for appointment as a director of a company if such person suffers any of the disqualifications provided under Section 164 of the Act.
187. Special to any contract between him and the Company, a Managing or Whole time Director shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire but (subject to the provision of any contract between him and the Company), he shall be subject to the same provisions as to resignation and removal as the Directors of the Company and shall, ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.
188. The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel namely:-
- a) Managing Director and
  - b) Manager.
- and shall duly observe the provisions of Section 196 of the Act regarding prohibition of simultaneous appointment of different categories of managerial personnel therein referred to.

#### **THE SECRETARY**

189. The Board may, from time to time, appoint and at its discretion, remove any individual (hereinafter called the Secretary) to perform any function which by the Act are to be performed by the Secretary and to execute any other ministerial or administrative duties which may from time to time be assigned to the Secretary by the Board. The Board may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company. The appointment of Secretary shall conform to the provisions of Section 203 of the Act.



## THE SEAL, ITS CUSTODY AND USE

190. The Board of Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and shall provide for the safe custody of the Seal for time being and the Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors and except in the presence of at least two Director or such other person as the Directors may appoint for the purpose and the Directors or other persons aforesaid shall sign every instrument to which the Seal of the Company is so affixed in their presence.

## MINUTES

191. (1) The Company shall cause minutes of all proceedings of every General Meeting and all proceedings of every meeting of its Board of /directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that, their pages consecutively numbered.
- (2) Each page of every such book shall be initialed or signed and the last Page of the record of proceedings of each meeting in such books shall be dated and signed.
- (a) in the case of minutes of proceedings of a meeting of the Board or of a committee thereof, by the Chairman of the next succeeding meeting.
- (b) In the case of minutes of proceedings of a General Meeting, by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorized by the Board for the purpose.
192. Minutes of proceedings of every General Meeting and of the proceedings of every meeting of the Board kept in accordance with the provisions of Article 191 above, shall be evidence of the proceedings recorded therein.
193. Where minutes of the proceedings of every General Meeting of the Company or of any meeting of the Board or of a Committee of the Board have been kept in accordance with the provisions of Article 192 above then, until the contrary is proved the meeting shall be deemed to have been duly called and held and all proceedings thereat to have duly taken place and in particular all appointments of Directors or liquidators made at the meeting shall be deemed to be valid.
194. (1) The books containing the minutes of the proceedings of any General Meeting of the Company shall be kept at the registered office of the Company and shall be open for inspection of members without charge between the hours 2 p.m. and 5 p.m. during business hours on each working day except Saturday
- (2) Any member of the Company shall be entitled to be furnished, within seven days after he has made a request in writing in that behalf to the Company, with a copy of any minutes referred above on payment of such sum not exceeding Ten Rupees for every page thereof required to be copied.
- (3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (4) The minutes of different meetings shall contain a fair and correct summary of proceedings thereat.
- (5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (6) In the case of a meeting of the Board of Directors or of a committee of the Board, the minutes shall also contain -
- (a) the names of the directors present at the meeting; and
- (b) in the case of each resolution passed at the meeting, the names of the directors, if any, dissenting from, or not concurring with the resolution.

- (7) Nothing contained in clauses (1) to (6) there shall not be included in the minutes, any matter which, in the opinion of the Chairman 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.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matters in the minutes on the grounds specified in this clause.

#### **PRESUMPTIONS TO BE DRAWN WHERE MINUTES DULY DRAWN AND SIGNED.**

195. Where minutes of the proceedings of any general meeting of the Company or of any meeting of its Board of Directors or a Committee of the Board have been kept in accordance with the provisions of Section 118 of the act then, until the contrary is proved, the meeting shall be deemed to have been duly called and held, and all proceedings thereat to have duly taken place and in particular all appointments of directors of Liquidators made at the meeting shall be deemed to be valid and the minutes shall be evidence of the proceedings recorded therein.

#### **DIVIDENDS**

196. (1) No dividend shall be declared or paid by a company for any financial year except -
- (a) out of the profits of the company for that year arrived at after providing for depreciation or out of the profits of the company for any previous financial year or years arrived at after providing for depreciation in accordance with the provisions of that sub-section and remaining undistributed, or out of both; or
  - (b) out of money provided by the Central Government or a State Government for the payment of dividend by the company in pursuance of a guarantee given by that Government:
- Provided that a company may, before the declaration of any dividend in any financial year, transfer such percentage of its profits for that financial year as it may consider appropriate to the reserves of the company:
- Provided further that where, owing to inadequacy or absence of profits in any financial year, any company proposes to declare dividend out of the accumulated profits earned by it in previous years and transferred by the company to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be determined by Central Government in this behalf:
- Provided also that no dividend shall be declared or paid by a company from its reserves other than free reserves.
- (2) The depreciation shall be provided in accordance with the provisions of Schedule II of the Act.
  - (3) The Board of Directors of a company may declare interim dividend during any financial year out of the surplus in the profit and loss account and out of profits of the financial year in which such interim dividend is sought to be declared:
- Provided that in case the company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the company during the immediately preceding three financial years.
- (4) The amount of the dividend, including interim dividend, shall be deposited in a scheduled bank in a separate account within five days from the date of declaration of such dividend.
  - (5) No dividend shall be paid by a company in respect of any share therein except to the registered shareholder of such share or to his order or to his banker and shall not be payable except in cash:
- Provided that nothing in this sub-section shall be deemed to prohibit the capitalization of profits or reserves of a company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the company:
- Provided further that any dividend payable in cash may be paid by cheque or warrantor in any electronic mode to the shareholder entitled to the payment of the dividend.
- (6) A company which fails to comply with the provisions of sections 73 and 74 shall not, so long as such failure continues, declare any dividend on its equity shares.

#### **DIVIDEND TO JOINT HOLDERS**

197. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.
198. 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.

No amount paid or credited as paid on a share in advance of calls shall be treated as paid up on the share.

#### **APPORTIONMENT OF DIVIDENDS**

199. All dividends shall be apportioned and paid proportionate 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.

#### **DECLARATION OF DIVIDENDS**

200. The Company in General Meeting may, subject to the provisions of Section 123 of the Act, declare a dividend to be paid to the members according to their right and interests in the profits and may fix the time for payment.

#### **RESTRICTION ON AMOUNT OF DIVIDEND**

201. No larger dividend shall be declared than is recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

#### **DIVIDEND OUT OF PROFITS ONLY AND NOT TO CARRY INTEREST**

202. (1) No dividend shall be payable except out of the profits of the Company arrived at as stated in Section 123 of the Act.  
(2) The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.

#### **INTERIM DIVIDENDS**

203. The Board of Directors may from time to time pay the members such interim dividends as appears to it to be justified by the profits of the Company in accordance with Section 123 of the Act.

#### **DEBTS MAY BE DEDUCTED**

204. The Board may retain any dividends payable on shares on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which lien exists.

#### **DIVIDEND AND CALL TOGETHER**

205. Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes but so that the call on each members shall not exceed the dividend payable on him and so that the call may be made payable at the same time as the dividend and dividend may; if so arranged between the Company and the member, be set off against the call.

### **EFFECT OF TRANSFER**

206. Right to dividend, right shares and bonus shares shall be held in abeyance pending registration of transfer of shares in conformity with the provision of Section 126 of the Act.

### **RETENTION IN CERTAIN CASES**

207. The Board may retain the dividends payable upon shares in respect of which any person is, under Articles entitled to become a Member, which any person under that Article is entitled to transfer, until such person shall become a member in respect of such shares or shall duly transfer the same.

### **NO MEMBER TO RECEIVE INTEREST OR DIVIDEND WHILST INDEBTED TO THE COMPANY AND COMPANY'S RIGHT TO REIMBURSEMENT THERE OUT**

208. No member shall be entitled to receive payment of an interest or dividend in respect of his own share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares otherwise howsoever either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any shareholder all sums or money so due from him to the Company.

### **PAYMENT BY POST**

209. Any dividend payable in cash may be paid by cheque or warrant sent through the post directly to the registered address of the shareholder entitled to the payment of the dividend or in the case of joint shareholders to the registered address of that one whose name stands first on the Register of Members in respect of the joint shareholding or to such persons and to such address as the shareholders of the joint shareholders may in writing direct and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent and the Company shall not be responsible or liable for any cheque or warrant lost in transit or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent recovery thereof by any other means. The Company may, if it thinks fit, call upon the shareholders when applying for dividends or bonus to produce their share certificates at the registered office or other place where the payment of dividend is to be made.

### **DIVIDEND TO BE PAID WITHIN THIRTY DAYS**

210. The Company shall pay dividend or send the warrant in respect thereof to the shareholder entitled to the payment of the dividend within Thirty days from the date of the declaration of the dividend unless:
- (a) the dividend could not be paid by reason of the operation of any law or
  - (b) a shareholder has given directions to the Company regarding the payment of dividend and these directions cannot be complied with or
  - (c) there is dispute, regarding the right to receive the dividend or
  - (d) the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder or
  - (e) for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

### **UNPAID OR UNCLAIMED DIVIDEND**

211. (1) Where a dividend has been declared by a company but has not been paid or claimed within thirty days from the date of the declaration to any shareholder entitled to the payment of the dividend, the company shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the company in that behalf in any scheduled bank to be called the Unpaid Dividend Account.
- (2) The company shall, within a period of ninety days of making any transfer of an amount under sub-section (1) to the Unpaid Dividend Account, prepare a statement containing the names, their last known addresses and the unpaid dividend to be paid to each person and place it on the website of the company, if any, and also on any other website approved by the Central Government for this purpose, in such form, manner and other particulars as may be determined by central government.

- (3) If any default is made in transferring the total amount referred to in sub-section (1) or any part thereof to the Unpaid Dividend Account of the company, it shall pay, from the date of such default, interest on so much of the amount as has not been transferred to the said account, at the rate of twelve per cent per annum and the interest accruing on such amount shall endure to the benefit of the members of the company in proportion to the amount remaining unpaid to them.
- (4) Any person claiming to be entitled to any money transferred under sub-section (1) to the Unpaid Dividend Account of the company may apply to the company for payment of the money claimed.
- (5) Any money transferred to the Unpaid Dividend Account of a company in pursuance of this section which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the company along with interest accrued, if any, thereon to the Fund established under sub-section (1) of section 125 and the company shall send a statement in the prescribed form of the details of such transfer to the authority which administers the said Fund and that authority shall issue a receipt to the company as evidence of such transfer.
- (6) All shares in respect of which unpaid or unclaimed dividend has been transferred under sub-section (5) shall also be transferred by the company in the name of Investor Education and Protection Fund along with a statement containing such details as may be determined by central government and that there shall be no forfeiture of unclaimed dividends before the claim becomes barred by law:  
Provided that any claimant of shares transferred above shall be entitled to claim the transfer of shares from Investor Education and Protection Fund in accordance with such procedure and on submission of such documents as may be determined by Central Government.

### **CAPITALIZATION OF RESERVES**

212. (a) Any General Meeting may, upon the recommendation of the Board resolve that any moneys, investments or other assets forming part of the undistributed profits of the Company standing to the credit of any of the profit and loss account or any capital redemption reserve fund or in hands of the Company and available for dividend or representing premium received on the Offer of shares and standing to the credit of the share premium account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund shall not be paid in cash but shall be applied subject to the provisions contained in clause (b) hereof on behalf of such shareholders in full or towards:
  - (1) Paying either at par or at such premium as the resolution may provide any unissued shares or debentures or debenture-stock of the Company which shall be allotted, distributed and credited as fully paid up to and amongst such members in the proportions aforesaid; or
  - (2) Paying up any amounts for the time being remaining unpaid on any shares or debentures or debenture-stock held by such members respectively; or
  - (3) Paying up partly in the way specified in sub-clause (1) and partly in that specified in sub-clause (2) and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum.
- (b) (1) Any moneys, investments or other assets representing premium received on the Offer of shares and standing to the credit of share premium account; and
  - (2) If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redemption fund arising from the redemption of such shares may, by resolution of the Company be applied only in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares to be issued to such members of the Company as the General Meeting may resolve upto an amount equal to the nominal amount of the shares so issued.
- (c) Any General Meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company or any investments representing the same or any other undistributed profits of the Company not subject to charge for income-tax be distributed amongst the members on the footing that they receive the same as capital.

- (d) For the purpose of giving effect to any such resolution, the Board may settle any difficulty which may arise in regard to the distribution of payment as aforesaid as it thinks expedient and in particular it may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any members on the footing of the value so fixed and may vest any such cash, share, debentures, debenture-stock, bonds or other obligation in trustees upon such trust for the persons entitled thereto as may seem expedient to the Board and generally may make such arrangement for acceptance, allotment and sale of such shares, debentures, debenture-stock, bonds or other obligations and fractional certificates or otherwise as it may think fit.
- (e) If and whenever any share becomes held by any member in fraction, the Board may subject to the provisions of the Act and these Articles and to the directions of the Company in General Meeting, if any, sell the shares which members hold in fractions for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion the net proceeds of the sale thereof, for the purpose of giving effect to any such sale, the Board may authorize any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he 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 of invalidity in the proceedings with reference to the sale.
- (f) Where required; a proper contract shall be delivered to the Registrar for registration in accordance with Section 39 of the Companies Act 2013 and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund and such appointment shall be effective.

#### **FRACTIONAL CERTIFICATES**

- 213. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall;
  - (a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid Shares and
  - (b) Generally do all acts and things required to give effect thereto.
- (2) The Board shall have full power:
  - (a) to make such provision by the Offer of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of Shares becoming distributable in fractions, also to authorize any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalization or (as the case may require) for the payment by the Company on their behalf by the application thereof of the respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares.
- (3) Any agreement made under such authority shall be effective and binding on all such Members.
- (4) that for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new Shares and fractional certificates as they think fit.

#### **DIVIDEND IN CASH**

- 214. No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.
- 215. The Board shall give effect to the resolution passed by the Company in pursuance of all the above Articles.

## **BOOKS OF ACCOUNTS**

### **BOOKS OF ACCOUNTS TO BE KEPT**

216. The Company shall cause to be kept proper books of account with respect to:
- (i) all sums of money received and expended by a company and matters in relation to which the receipts and expenditure take place;
  - (ii) all sales and purchases of goods and services by the company;
  - (iii) the assets and liabilities of the company; and
  - (iii) the items of cost as may be determined by Central Government under section 148 in the case of a company which belongs to any class of companies specified under that section;

### **BOOKS WHERE TO BE KEPT AND INSPECTION**

217. (1) Every company shall prepare and keep at its registered office books of account and other relevant books and papers and financial statement for every financial year which give a true and fair view of the state of the affairs of the company, including that of its branch office or offices, if any, and explain the transactions effected both at the registered office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting. All or any of the books of account aforesaid and other relevant papers may be kept at such other place in India as the Board of Directors may decide and where such a decision is taken, the company shall, within seven days thereof, file with the Registrar a notice in writing giving the full address of that other place. The company may keep such books of account or other relevant papers in electronic mode in such manner as may be determined by Central Government.
- (2) Where a company has a branch office in India or outside India, it shall be deemed to have complied with the provisions of sub-clause (1), if proper books of account relating to the transactions effected at the branch office are kept at that office and proper summarized returns periodically are sent by the branch office to the company at its registered office or the other place referred to in sub-clause (1).
- (3) The books of account of every company relating to a period of not less than eight financial years immediately preceding a financial year, or where the company had been in existence for a period less than eight years, in respect of all the preceding years together with the vouchers relevant to any entry in such books of account shall be kept in good order.
- (4) The Company may keep such books of accounts or other relevant papers in electronic mode in such manner as may be prescribed.

### **INSPECTION BY MEMBERS**

218. The Board of Directors shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations accounts and books and the documents of the Company or any of them shall be open to the inspection of the members and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorised by the Board of Directors or by a resolution of the Company in General Meeting.

### **TRANSFER BOOKS AND REGISTER OF MEMBERS WHEN CLOSED**

219. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situated, to close the Transfer books, the Register of members or Register of debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.
- If the transfer books have not been closed at any time during a year, the Company shall at least once a year, close the books at the time of its Annual General Meeting. The minimum time gap between the two book closures and/or record dates would be at least 30 (thirty) days.

### **STATEMENT OF ACCOUNTS TO BE LAID IN GENERAL MEETING**

220. The Board of Directors shall from time to time, in accordance with Sections 129 and 134 of the Act, cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheets, Profits & Loss Accounts and reports as are required by these Sections.



## **FINANCIAL STATEMENT**

221. Subject to the provisions of Section 129 of the Act, every Financial Statement of the Company shall be in the forms set out in Schedule II of the Act, or as near there to as circumstances admit. So long as the Company is a holding Company having a subsidiary the Company shall conform to Section 129 and other applicable provisions of the Act.

If in the opinion of the Board, any of the current assets of the Company have not a value on realization in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion shall be stated.

## **AUTHENTICATION OF FINANCIAL STATEMENT**

222. The Financial Statements shall be signed in accordance with the provisions of Section 134 of the said Act. The Financial Statement, shall be approved by the Board of Directors before they are submitted to the auditors for report thereon. Profit and Loss Accounts to be Annexed and Auditors' Report to be attached to the Balance Sheet. The Profit and Loss Account shall be annexed to the Balance and the Auditors' Report including the Auditor's separate, special or supplementary report, if any, shall be attached thereon.

## **BOARD'S REPORT TO BE ATTACHED TO FINANCIAL STATEMENT**

223. Every Financial Statement laid before the Company in General Meeting shall have attached to it a Report by the Board of Directors with respect to the State of the Company's affairs and such other matters as prescribed under Section 134 of the Act and the Rules made thereunder. The Report shall so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to the business of the Company or of any of its subsidiaries deal with any changes which have occurred during the financial year in the nature of the Company or Company's business, or of the Company's subsidiaries or in the nature of the business in which the Company has an interest. The board shall also give the fullest information and explanation in its Report or in cases falling under the proviso to Section 129 of the Act in an addendum to that Report, on every reservation, qualification or adverse remark contained in the Auditor's Report. The Board's Report and addendum (if any) thereto shall be signed by its Chairman if he is authorized in that behalf by the Board; and where he is not so authorized shall be signed by such number of Directors as are required to sign the Financial Statements of the Company by virtue of Article 229. Every Financial Statement of the Company when audited and approved and adopted by the members in the annual general meeting shall be conclusive except as regards in matters in respect of which modifications are made thereto as may from time to time be considered necessary by the Board of Directors and or considered proper by reason of any provisions of relevant applicable statutes and approved by the shareholders at a subsequent general meeting.

## **RIGHT OF MEMBERS TO COPIES OF FINANCIAL STATEMENT AND AUDITOR'S REPORT**

224. A copy of every Financial Statement and the auditor's report and every other document required by law to be annexed or attached, as the case may be; to the balance sheet which is to be laid before the Company in General Meeting, shall be made available for inspection at the Registered Office of the Company during the working hours for a period of 21 days before the date of the meeting. A statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid as may be permitted by Section 136 of the Act and as the Company may deem fit, will be sent to every member of the Company and to every Trustees for the holders of any debentures issued by the Company, not less than 21 days before the meeting as laid down in Section 136 of the Act. Provided that it shall not be necessary to send copies of the documents aforesaid to:

- (a) to a member or holder of the debenture of the Company who is not entitled to have the notice of general meeting of the Company sent to him and whose address the Company is unaware;
- (b) to more than one of the joint holder of any shares or debentures some of whom are and some of whom are not entitled to have such notice sent to them, by those who are not so entitled.

## **A COPY OF THE FINANCIAL STATEMENT ETC. TO BE FILED WITH REGISTRAR**

225. After the Financial Statements have been laid before the Company at the annual general Meeting, a copy of the Financial Statement duly signed as provided under Section 137 of the Act together with a copy of all documents which are required to be annexed there shall be filed with the Registrar so far as the same be applicable to the Company.

## **RIGHT OF MEMBER TO COPIES OF AUDITED FINANCIAL STATEMENT**

226. (1) Without prejudice to the provisions of Section 101, a copy of the financial statements, including consolidated financial statements, if any, auditor's report and every other document required by law to be annexed or attached to the financial statements, which are to be laid before a company in its general meeting, shall be sent to every member of the company, to every trustee for the debenture-holder of any debentures issued by the company, and to all persons other than such member or trustee, being the person so entitled, not less than twenty-one days before the date of the meeting.
- The provisions of this clause shall be deemed to be complied with, if the copies of the documents are made available for inspection at its registered office during working hours for a period of twenty-one days before the date of the meeting and a statement containing the salient features of such documents in the prescribed form or copies of the documents, as the company may deem fit, is sent to every member of the company and to every trustee for the holders of any debentures issued by the company not less than twenty-one days before the date of the meeting unless the shareholders ask for full financial statements.
- The Central Government may prescribe the manner of circulation of financial statements of companies having such net worth and turnover as may be determined by Central Government and company shall also place its financial statements including consolidated financial statements, if any, and all other documents required to be attached thereto, on its website, which is maintained by or on behalf of the company.
- Provided also that every subsidiary or subsidiaries shall -
- (a) place separate audited accounts in respect of each of its subsidiary on its website, if any;
  - (b) provide a copy of separate audited financial statements in respect of each of its subsidiary, to any shareholder of the company who asks for it.
- (2) A company shall allow every member or trustee of the holder of any debentures issued by the company to inspect the documents stated under sub-clause (1) at its registered office during business hours.

## **ACCOUNTS TO BE AUDITED**

227. (1) Once at least in every year the accounts of the Company shall be examined by one or more Auditors who shall report to the shareholders as to whether the Balance Sheet reflects a true and fair view of the state of affairs of the Company as at that date and the Profit and Loss Account discloses a true and fair view of the profit and loss incurred by the Company during the year under review.
- (2) The appointment, remuneration, rights, powers & duties of the Company's Auditor shall be regulated in accordance with the provision of the Act.

## **APPOINTMENT OF AUDITORS**

228. (1) Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Section 139 to 143, 145 and 146 of the Act and rules made thereunder.
- (2) The Company shall, at the first annual general meeting, appoint an individual or a firm as an auditor who shall hold office from the conclusion of that meeting till the conclusion of its sixth annual general meeting and thereafter till the conclusion of every sixth meeting and the manner and procedure of selection of auditors by the members of the company at such meeting shall be according to the provisions of the Act.

Provided that the company shall place the matter relating to such appointment for ratification by members at every annual general meeting.

Provided further that before such appointment is made, the written consent of the auditor to such appointment, and a certificate from him or it that the appointment, if made, shall be in accordance with the conditions as may be determined by central government, shall be obtained from the auditor:

Provided also that the certificate shall also indicate whether the auditor satisfies the criteria provided in Section 141:

Provided also that the company shall inform the auditor concerned of his or its appointment, and also file a notice of such appointment with the Registrar within fifteen days of the meeting in which the auditor is appointed.

- (3) At any Annual General Meeting a retiring Auditor by whatsoever authority appointed shall be reappointed unless:
- (a) he is not disqualified for re-appointment;
  - (b) he has not given the company a notice in writing of his unwillingness to be re-appointed; and
  - (c) a special resolution has not been passed at that meeting appointing some other auditor or providing expressly that he shall not be re-appointed.
- (4) The company shall not appoint or reappoint -
- (a) an individual as auditor for more than one term of five consecutive years; and
  - (b) an audit firm as auditor for more than two terms of five consecutive years:

Provided that—

- (i) an individual auditor who has completed his term under clause (a) shall not be eligible for re-appointment as auditor in the same company for five years from the completion of his term.
  - (ii) an audit firm which has completed its term under clause (b), shall not be eligible for re-appointment as auditor in the same company for five years from the completion of such term.
- (5) Where at any annual general meeting, no auditor is appointed or re-appointed, the existing auditor shall continue to be the auditor of the company.

#### **POWER OF BOARD TO MODIFY FINAL ACCOUNTS**

229. Every Balance Sheet and Profit and Loss Account of the Company when audited and adopted by the Company in General Meeting shall be conclusive.

#### **DOCUMENTS AND NOTICE**

##### **SERVICES OF DOCUMENTS ON MEMBER BY COMPANY**

230. Save as provided in this Act or the rules made thereunder for filing of documents with the Registrar in electronic mode, a document may be served on Registrar or any member by sending it to him by post or by registered post or by speed post or by courier or by delivering at his office or address, or by such electronic or other mode as may be determined by Central Government:

Provided that a member may request for delivery of any document through a particular mode, for which he shall pay such fees as may be determined by the company in its annual general meeting.

##### **SERVICE OF DOCUMENTS ON COMPANY**

231. A document may be served on a company or an officer thereof by sending it to the company or the officer at the registered office of the company by registered post or by speed post or by courier service or by leaving it at its registered office or by means of such electronic or other mode as may be determined by central government:

Provided that where securities are held with a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic or other mode.

### **“Service of documents on the Company”**

232. Where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or other mode in accordance with the Act and rules made thereunder.

### **AUTHENTICATION OF DOCUMENTS AND PROCEEDINGS**

233. Save as otherwise expressly provided in the Act, the rules made thereunder and these Articles, a document or proceeding requiring authentication by a company; or contracts made by or on behalf of a company, may be signed by any key managerial personnel or an officer of the company duly authorized by the Board in this behalf.

### **REGISTERS AND DOCUMENTS**

#### **REGISTERS AND DOCUMENTS TO BE MAINTAINED BY THE COMPANY**

234. The Company shall keep and maintain registers, books and documents required by the Act or these Articles, including the following:
- (a) Register of investments made by the Company but not held in its own name, as required by Section 187(3) of the Act.
  - (b) Register of mortgages and charges as required by Section 85 of the Act.
  - (c) Register and index of Member and debenture holders as required by Section 88 of the Act.
  - (d) Register of contracts, with companies and firms in which Directors are interested as required by Section 189 of the Act.
  - (e) Register of Directors and key managerial personnel and their shareholding under Section 170 of the Act.
  - (f) Register of loans, guarantee, security and acquisition made by the company under Section 186 (9) of the Act.
  - (g) Copies of annual returns prepared under Section 92 of the Act together with the copies of certificates and documents required to be annexed thereto.

#### **MAINTENANCE AND INSPECTION OF DOCUMENTS IN ELECTRONIC FORM**

235. Without prejudice to any other provisions of this Act, any document, record, register, minutes, etc.,—
- (a) required to be kept by a company; or
  - (b) allowed to be inspected or copies to be given to any person by a company under this Act, may be kept or inspected or copies given, as the case may be, in electronic form in such form and manner as may be determined by the Central Government.

### **INDEMNITY**

236. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

### **WINDING UP**

#### **DISTRIBUTION OF ASSETS**

237. (a) If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit.

- (b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 319 of the Act.
- (c) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.

#### **RIGHT OF SHAREHOLDERS IN CASE OF SALE**

- 238. A Special Resolution sanctioning a sale to any other Company duly passed pursuant to provisions of the Companies Act, 2013 may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction

#### **SECRECY CLAUSE**

- 239. No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises or works of the Company without the permission of the Board or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Board, it would be inexpedient in the interest of the Company to disclose Secrecy undertaking.
- 240. Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee agents, officer, servant, accountant or other person employed in the business of the Company shall, when required, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company with the customers and the state of accounts with individual and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties, except when required so to do by the Board or by any meeting of the shareholders, if any or by a Court of Law the person to whom matters relate and except so far as may be necessary in order to comply with any of the provision in these present contained.

#### **KNOWLEDGE IMPLIED**

- 241. Each member of the Company, present and future, is to be deemed to join the Company with full knowledge of all the contents of these presents.
- 242. We, the several persons whose names and addresses are subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the Capital of the Company set opposite to our respective names.

## **SECTION X: OTHER INFORMATION**

### **LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of this Draft Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from date of filing the Prospectus with RoC to Issue Closing Date on working days from 10.00 a.m. to 5.00 p.m.

#### **Material Contracts**

1. Memorandum of Understanding dated August 24, 2016 among our Company, Selling Shareholders and the Lead Manager to the Offer.
2. Memorandum of Understanding dated September 19, 2016 entered among our Company, Selling Shareholders and Big Share Services Private Limited to appointing as the Registrar to the Offer.
3. Public Issue Account Agreement dated [●] between our Company, Selling Shareholders, Lead Manager, Public Issue Bank and the Registrar to the Offer.
4. Market Making Agreement dated August 24, 2016 between our Company, Lead Manager and Market Maker.
5. Underwriting Agreement dated August 24, 2016 between our Company, Selling Shareholders and Underwriter.
6. Copy of tripartite agreement dated November 05, 2016 between NSDL, our Company and Big Share Services Private Limited.
7. Copy of tripartite agreement dated October 26, 2016 between CDSL, our Company and Big Share Services Private Limited.
8. Selling Shareholder's Escrow Agreement dated [●] between our Company, Selling Shareholders, Lead Manager and Escrow Agent Big Share Services Private Limited.

#### **Material Documents**

1. Memorandum and Articles of Association of our Company as amended from time to time.
2. Certificate of Incorporation of our Company dated July 28, 1995 issued by the Registrar of Companies, Madhya Pradesh, Gwalior.
3. Fresh Certificate of Incorporation dated August 22, 2016 issued by the Registrar of Companies, Chhattisgarh pursuant to the change of name of our Company from Sarthak Metals Marketing Private Limited to Sarthak Metals Private Limited.
4. Fresh Certificate of Incorporation of our Company dated August 23, 2016 issued by the Registrar of Companies, Chhattisgarh pursuant to the conversion of our Company into a public limited company.
5. Copy of the resolution passed at the meeting of the Board of Directors held on August 24, 2016 approving the Offer.
6. Copy of the resolution passed by the shareholders of our Company under section 62(1) (c) at the Extra Ordinary General Meeting held at shorter notice on August 26, 2016 authorized the Offer.
7. Consents of the Directors, Selling Shareholders, Company Secretary & Compliance Officer, Chief Financial Officer, Statutory Auditor, Peer Review Auditor, Lead Manager to the Offer, Banker to our Company, Underwriter, Market Maker, Banker to the Offer, Registrar to the Offer and Legal Advisor to the Offer to include their names in this Draft Prospectus to act in their respective capacities.

8. Consent of Independent Peer Reviewed Auditor, M/s. Jain Ambavat & Associates, Chartered Accountants to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Prospectus and as an “Expert” as defined under Section 2(38) of the Companies Act, 2013 in respect of the reports of the Auditor on the restated financial information dated January 30, 2017, and statement of possible special tax benefits dated January 30, 2017.
9. Copies of Annual Reports of our Company for the preceding financial years viz. 2011-12, 2012-13, 2013-14, 2014-2015, 2015-16 and Audited Financials for the period ended September 30, 2016.
10. Audit report and restated financial information issued by Peer Review Auditor i.e. M/s. Jain Ambavat & Associates, Chartered Accountants, dated January 30, 2017 included in this Draft Prospectus.
11. Letter dated January 30, 2017 from the Peer Review Auditors of our Company M/s. Jain Ambavat & Associates, detailing the statement of possible tax benefits.
12. Copy of certificate from the Statutory Auditor of our Company, M/s B. Vishwanath & Co., Chartered Accountants, dated February 09, 2017 regarding the sources and deployment of funds as on January 31, 2017.
13. Due Diligence Certificate dated February 10, 2017 to be submitted to BSE and Due Diligence Certificate dated [•] to be submitted to SEBI from Lead Manager viz. Guinness Corporate Advisors Private Limited along with the filing of the Prospectus.
14. Copy of approval from BSE vide letter dated [•] to use the name of BSE in this offer document for listing of Equity Shares on SME Platform of BSE.
15. Copy of AGM resolution dated August 20, 2016 appointing Mr. Anoop Kumar Bansal as the Managing Director of our Company for period of three years w.e.f. August 21, 2016.
16. Copy of EGM resolution dated August 26, 2016 appointing Mr. Sanjay Shah as the Whole Time Director of our Company for period of three years w.e.f. August 24, 2016.
17. Copy of AGM resolution dated August 20, 2016 appointing Mr. Mayur Bhatt as the Whole Time Director of our Company for period of three years w.e.f. August 21, 2016.

Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time, if so required, in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



## **DECLARATION**

The undersigned Selling Shareholder, hereby certifies that all statements and undertakings made by the undersigned Selling Shareholder in this Draft Prospectus about or in relation to itself and the Equity Shares being offered and sold by it in the Offer for Sale are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Prospectus.

**Signed by the Selling Shareholder**

**Sd/-**

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**Sarthak Energy Private Limited**  
**Director**

**Date:** February 10, 2017

**Place:** Bhilai

## **DECLARATION**

The undersigned Selling Shareholder, hereby certifies that all statements and undertakings made by the undersigned Selling Shareholder in this Draft Prospectus about or in relation to itself and the Equity Shares being offered and sold by it in the Offer for Sale are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Prospectus.

**Signed by the Selling Shareholder**

**Sd/-**

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**Prashant Kumar Srivastava**

**Date:** February 10, 2017

**Place:** Bhilai

## **DECLARATION**

The undersigned Selling Shareholder, hereby certifies that all statements and undertakings made by the undersigned Selling Shareholder in this Draft Prospectus about or in relation to itself and the Equity Shares being offered and sold by it in the Offer for Sale are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Prospectus.

**Signed by the Selling Shareholder**

**Sd/-**

\_\_\_\_\_  
**Saroj Grover**

**Date:** February 10, 2017

**Place:** Bhilai

### **DECLARATION**

The undersigned Selling Shareholder, hereby certifies that all statements and undertakings made by the undersigned Selling Shareholder in this Draft Prospectus about or in relation to itself and the Equity Shares being offered and sold by it in the Offer for Sale are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Prospectus.

**Signed by the Selling Shareholder**

**Sd/-**

\_\_\_\_\_  
**R.S.N. Murthy**

**Date:** February 10, 2017

**Place:** Bhilai

## **DECLARATION**

All the relevant provisions of the Companies Act, 1956, Companies Act, 2013 (to the extent notified) and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 1956, Companies Act, 2013 (to the extent notified) the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations issued, as the case may be. We further certify that all statements in this Draft Prospectus are true and correct.

### **SIGNED BY ALL THE DIRECTORS OF OUR COMPANY:**

<b>Anoop Kumar Bansal</b> Managing Director DIN: 01661844	<b>Sd/-</b>
<b>Sanjay Shah</b> Whole Time Director DIN: 00350967	<b>Sd/-</b>
<b>Mayur Bhatt</b> Whole Time Director DIN: 07586457	<b>Sd/-</b>
<b>Kishore Kumar Bansal</b> Non Executive Director DIN: 03067387	<b>Sd/-</b>
<b>Rama Kohli</b> Non Executive and Independent Director DIN: 01835824	<b>Sd/-</b>
<b>Chetan Kumar</b> Non Executive and Independent Director DIN: 00327687	<b>Sd/-</b>

### **SIGNED BY COMPANY SECRETARY & COMPLIANCE OFFICER AND CHIEF FINANCIAL OFFICER OF OUR COMPANY:**

<b>Brinda Sethi</b> Company Secretary & Compliance Officer	<b>Sd/-</b>
<b>Anirudh Singhal</b> Chief Financial Officer	<b>Sd/-</b>

**Date:** February 10, 2017

**Place:** Bhilai