

## INFORMATION MEMORANDUM



### COMFORT FINCAP LIMITED

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## SECTION I - GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, the following terms have the meanings given below. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

In this Information Memorandum, unless the context otherwise indicates, all references to “CFL”, “the Company”, “our Company” are to Comfort Fincap Limited, a company incorporated in India under the Companies Act, 1956 (the “Companies Act”) with its Registered Office at Premises No. 22, Block B, Camac Street, Kolkata- 700 016, West Bengal, India. Furthermore, all references to the terms “we”, “us” and “our” are to Comfort Fincap Limited.

#### Company/ Industry related terms

Term	Description
Act/Companies Act	The Companies Act, 1956 and amendment thereto.
AGM	Annual General meeting
Articles/Articles of Association	Articles of Association of the Company
AS	Accounting Standard as issued by the Institute of Chartered Accountant of India
Auditor	M/s. Bansal Bansal & Co., Chartered Accountants
Board/Board of Directors of the Company	Board of Directors of our Company i.e. Comfort Fincap Limited
BSE	Bombay Stock Exchange Limited
CSE	Calcutta Stock Exchange Limited
Capital/ Share Capital/Equity Share Capital	Equity Share Capital of the Company
CDSL	Central Depository Services (India) Limited
DP	Depository Participant
Depository	The Depositories Act, 1996 and amendment thereto.
DSE	Delhi Stock Exchange Limited
Equity Share(s) or Share(s)	Means the equity shares of the Company having a face value of Rs. 10/- unless specified otherwise in the context thereof.
Equity Shareholder	Means a holder of equity shares.
FEMA	Foreign Exchange Management Act, 1999
Financial Year/Fiscal/FY	Period of 12 month ended March 31 of that particular year unless stated otherwise.
Memorandum/Memorandum of Association	Memorandum of Association of the Company
MCX-SX	MCX Stock Exchange Limited
NCDEX	National Commodity & Derivatives Exchange Limited
NSE	National Stock Exchange of India Limited
PMLA	The Prevention of Money Laundering Act, 2002
Promoter(s)	M/s. Luharuka Sales & Services Limited
Promoter Group Entities/ Promoter Group Companies/ Promoter Group Company/ Promoter Group Entity/Group Entity/ Group Company	Unless the context otherwise requires, refers to such entities which constitute the promoter group of our Company and a list of which is provided in the chapter titled “Our Promoter Group Entities” on page no. 43 of the Information Memorandum.
RBI	Reserve Bank of India

Term	Description
ROC	Registrar of Company, Kolkata, West Bengal
T.P.	Transfer of Property Act, 1882
UPSE	Uttar Pradesh Stock Exchange Limited
SEBI	Securities and Exchange Board of India
Stock Exchange	Shall refer to the Bombay Stock Exchange Limited where the Shares of the Company proposed to list.

### Abbreviations

Term	Description
ACIT	Assistant Commissioner of Income Tax
CIL	Comfort Intech Limited
CHS	Co-operative Housing Society
CFO	Chief Financial Officer
CSL	Comfort Securities Limited
EL	Empire Industries Limited
FII	Foreign Institutional Investor
HNI	High networth individual
ICAI	The Institute of Chartered Accountants of India
ICWAI	The Institute of Cost and Works Accountants of India
LAS	Loan against shares
LSSL	Luharuka Sales & Services Limited
NBFC	Non Banking Financial Company
No.	Number
PTL	Parasnath Textiles Limited
SWOT	Strengths, weakness, opportunities & threats
UPSI	Unpublished price sensitive information
U.T.	Union Territory
Yrs	Years

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 (the “**Depositories Act**”) and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in “**Main Provisions of Articles of Association of the Company**”, shall have the meanings given to such terms in that section.

## **CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION**

### **Certain Conventions**

In this Information Memorandum, unless the context otherwise requires or unless stated otherwise, the financial data is derived from our financial statements prepared and in accordance with the applicable regulations.

### **Financial Data**

Unless indicated otherwise, the financial data in this Information Memorandum is derived from our financial information for fiscal 2012, fiscal 2011, fiscal 2010, fiscal 2009 and fiscal 2008 prepared in accordance with the Generally Accepted Accounting Principles in India (“Indian GAAP”) and the Companies Act.

Our fiscal year commences on April 1 of the immediately preceding year and ends on March 31 of that year, so all references to a particular fiscal year are to the 12 month period ended March 31 of that year. In this Information Memorandum, 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.

### **Currency and Units of Presentation**

All references to “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. Except where specified, in this Information Memorandum, all figures have been expressed in “lacs” which means “100 thousand”; and a “crore” means “100 lacs”. All references to “US\$”, “U.S. Dollar”, “USD” or “US Dollars” are to United States Dollars, the official currency of the United States of America. All references to “€” are to Euros, the single currency of the participating member states in the third stage of the European and Economic Monetary Union of the treaty establishing the European Community.

### **Industry and Market Data**

Industry and Market data used throughout this Information Memorandum has been obtained from publicly available documents from various sources believed to be reliable but it has not been independently verified by us or its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although we believe the industry and market data used in this Information Memorandum is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data is presented in this Information Memorandum is meaningful depends upon the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

## FORWARD-LOOKING STATEMENTS

We have included statements in this Information Memorandum which contain words or phrases such as “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “seek to”, “future”, “objective”, “project”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”. Similarly statements which describe our strategies, objectives, plans or goals are also 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 our expectations include, among others: -

- General economic and business conditions in India and other countries.
- Our ability to successfully implement our strategy, our growth and expansion, our exposure to market risks that have an impact on our business activities or investments.
- The changes in monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices.
- The performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities.
- Change in political and social conditions in India.
- The Loss or shutdown of operations of our Company at any time due to strike.
- The Loss of our key employees and Staff.
- Our ability to respond to technological changes.

### **Absolute Responsibility of Comfort Fincap Limited**

Comfort Fincap Limited having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to the Company, which is material, that the information contained in the Information Memorandum 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 Information Memorandum as a whole or any of such information or the expression of any such opinions are intentions misleading in any material respect.

### **Listing**

The existing shares of the company are listed on the Calcutta Stock Exchange Limited, Uttar Pradesh Stock Exchange Limited and Delhi Stock Exchange Limited. However there is an application for 10115000 Equity Shares of Rs. 10/- each pending with DSE. Now the Company proposes to list and trade the equity shares on the Bombay Stock Exchange Limited (BSE).

**The Information Memorandum is for the Listing of 10,851,300 Equity Shares of Rs. 10/- each.**

## SECTION II - RISK FACTORS

*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.*

### Internal Risk Factors

- 1) ***There are certain legal proceedings involving Promoter Group Company which are pending at different levels of adjudication.***

There are no outstanding litigations or disputes against our Company, our Directors and our Promoters, which would have any financial implication on our Company. However, there are certain legal proceedings involving our Promoter Group Company which are pending at different levels of adjudication. For more information regarding litigation, please refer to the chapter titled “Outstanding Litigations and Material Developments” on page 69 of the Information Memorandum.

- 2) ***We are dependent on one of our Group Entities for the margin funding clientele.***

One of our Group Entities, Comfort Securities Limited has a client base of more than 2000 clients in their stock broking segment. As an NBFC Company, we provide margin funding and loan against shares to the clients of CSL which include corporate, HNI’s and retail clients. Hence both CFL and CSL have common clients for business activities like loan against shares and margin funding. If in future, CSL cannot maintain its client base, it could adversely affect our Company’s business and future financial performance.

- 3) ***Our Group Company had incurred losses in the past.***

Our Promoter Group Company, Comfort Capital Private Limited and Luharuka Dealers Private Limited had incurred losses in the past. The details of profit/ loss of our Promoter Group Company in last three (3) financial years is as under:

Particulars	(Profit/(Loss) (Rs. In Lacs)		
	31 Mar- 12	31 Mar- 11	31 Mar- 10
Comfort Capital Private Limited	(0.44)	(1.02)	8.33
Luharuka Dealers Private Limited	(0.20)	-	-

- 4) ***We have incurred loss in the fiscal 2009.***

We have incurred a loss of Rs. 0.15 lakhs during the financial year 2008-09.

- 5) ***Our growth will depend on our ability to develop our brand and failure to do so may have a negative impact on our ability to compete in the finance industry.***

We believe that continuous brand building is necessary for achieving widespread recognition of our services. Promoting and positioning our brand will depend largely on the success of our marketing efforts and our ability to provide high quality services. Brand promotion activities may not yield increased revenues, and even if they do, any increased revenues may not offset the expenses we incur in building our brand. If we fail to promote and maintain our brand, our business, financial condition and results of operations could be adversely affected.

- 6) ***Our business is vulnerable to interest rate risk. Volatility in interest rates may adversely affect our income from our operations and adversely affect our financial performance and profitability.***

In our NBFC business, we are exposed to the risk of higher interest rates. If the yield on our Company's interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or our cost of funds does not decline at the same time or to the same extent as the yield on its interest earning assets, our net interest income and net interest margin would be adversely impacted. This could have a material adverse effect on our Company's financial condition. In addition, potential customers may be deterred from entering into any financing arrangements in an increasing interest rate scenario.

- 7) ***Our Company may experience delays in enforcing the collateral when borrowers default on their obligations, which may result in failure to recover the expected value of collateral and adversely affect the financial performance.***

Although our Company seeks to maintain a collateral value to funding/loan ratio of at least 125% for the loans, any changes in the underlying asset prices, (which is very frequent in the case of securities), may cause the value of our collateral to decline and our Company may not be able to realize the full value of the collateral as a result of delays in bankruptcy and foreclosure proceedings, inability to foreclose, defects in the title of collateral, fraudulent transfers by borrowers and other factors, including legislative changes and judicial pronouncements. Failure to recover the expected value of collateral could expose our Company to potential losses, which could adversely affect the business and future financial performance.

- 8) ***We face risks associated with providing loans against shares (LAS) in our lending business.***

We are presently involved in providing LAS and propose to continue the LAS operations. In the case of highly volatile market or adverse movements in share price, it is possible that our clients may not be able to repay the debt. Failure to repay the debt for the aforementioned reasons or otherwise, would be detrimental to our business and profitability. We follow internal risk management guidelines while extending credit, including limits on leverage, quality of collateral, diversification, pre-determined margin call thresholds and pre-determined thresholds to liquidate collateral. These risk management guidelines require frequent reviews and updations, and at times may be inadequate. However, we are subject to risks inherent in extending credit, particularly during periods of rapidly declining markets in which the value of the collateral held by us could fall significantly below the client's indebtedness. In addition, there may be risk due to concentration of exposure(s) to a few clients. The occurrence of an unforeseen event of magnitude resulting in an adverse movement in share prices could severely impact our business if we are unable to successfully limit our losses caused by bad debts.

- 9) ***If our Company is unable to attract and retain key employees, our operations could be adversely affected.***

The business substantially depends on the continued service of our key managerial personnel. The loss of the services of the key managerial personnel could have a material adverse effect on us. The future growth in our business will also depend on the ability to attract skilled personnel. Our Company could experience difficulty from time to time in hiring the personnel necessary to support our business. In addition, success in expanding the business will also depend, in part, on the ability to attract, retain and motivate appropriately qualified skilled personnel. If our Company does not succeed in attracting quality employees, it will impact the performance of our Company.

- 10) ***We have entered into certain related party transactions and continue to rely on some of our Promoters, Directors & Promoter Group Entities for certain key support activities. There can***

***be no assurance that such transactions, individually or in the aggregate will not have an adverse effect on our business, financial condition and results of operations.***

In fiscal 2012 we entered into related party transactions. These transactions or any future transactions with our related parties could potentially involve conflicts of interest.

While we believe that all our related party transactions have been conducted on an arm's length basis, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. In addition, our business and growth prospects may decline if we cannot benefit from our relationships with them in the future.

***11) Our Promoter may have a conflict of interest as some of our Group Entities are in the same line of business.***

Some of our Group Entities are in the same line of business as our Company. Hence, our Company may not get the full benefit of our Promoters' focused attention and managerial skills. This may result in conflict of interest between our Promoter and the business strategies of our Company.

***12) The Registered & Corporate office of our Company is not owned by us.***

The Registered Office and Corporate office does not belong to us. Our Company has obtained a rent free certificate from the respective owners permitting us to use the said premise for our business operations. In the case the arrangement is not continued there may be disruption in our business activities and which in turn may adversely affect the profitability of our Company.

***13) Material changes in the Regulations that govern our Company could cause the business to suffer.***

NBFCs in India are subject to supervision and regulation by the RBI. Any changes in the regulatory framework affecting NBFCs including the provisioning for NPA, capital adequacy requirements, applicable tax rates could adversely affect the profitability of our business and our future financial performance.

***14) Our Company may raise further rounds of equity financing in which the existing shareholders may not participate resulting in reduction of their percentage of holding in our company.***

In order to grow business, our Company may require additional funds at various points of time. Our Company may raise funds through various means including debt, equity and securities convertible into equity. Any such issuances of equity and securities convertible into equity would dilute the holding of Equity Shareholders. Our Company is primarily focused in providing inter corporate loans, personal loans, loans against shares & securities, loans against properties, trade financing, bills discounting, trading in shares & securities etc. The business in these areas can be materially affected by conditions in the domestic and global financial markets and economic conditions in India and throughout the world. During periods of unfavorable market or economic conditions, the volume and value of our business incomes may decline. A market downturn would likely lead to a decline in the volume of transactions that we may execute for our customers as well as a decrease in income that we earn. Consequently, the profitability may also be adversely affected.

- 15) *We may require additional funds to satisfy our capital needs, which we may not be able to procure.*

Our growth is dependent on having a strong balance sheet to support our activities. We may need to raise additional capital from time to time, which we may not be able to procure. Additional capital requirements imposed due to changes in the regulatory regime, new guidelines or significant depletion in our existing capital base due to unusual operating losses or margin pressure from our lending activities also may drive demand for additional financing. We may make further equity offerings in the future and any fresh issue of shares or convertible securities would dilute existing holdings. Moreover, additional funds may not be available on attractive terms and conditions, or at all. Our inability to procure additional funds to support our activities could have an adverse effect on our results of operations.

## EXTERNAL RISK FACTORS

- 1) *A slowdown in economic growth in India could cause the business to suffer.*

Our performance and the quality and growth of our assets are necessarily dependent on the health of the overall Indian economy. A slowdown in the Indian economy could adversely affect our business, including our ability to grow our asset portfolio, the quality of our assets, and our ability to implement our strategy. India's economy could be adversely affected by a general rise in interest rates, weather conditions adversely affecting the growth of industrial, manufacturing and services sector. In addition, the Indian economy is in a state of transition. The share of the services sector of the economy is rising while that of the industrial, manufacturing and agricultural sectors is declining. It is difficult to gauge the impact of these fundamental economic changes on our business.

- 2) *Political instability and a significant change in the Government of India's economic liberalization and deregulation policies could disrupt our business and cause the price of our Equity Shares to go down.*

Our customers are located in India. The Government of India has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. The Government's economic policies have had and could continue to have a significant effect on private sector entities, including us, and on market conditions and prices of Indian securities, including our equity shares. We cannot control or predict the future course of the Government of India's policies. Any significant change in the Government's policies or political instability could adversely affect business and economic conditions in India and also adversely affect Company's business and financial performance.

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

Terrorist attacks and other acts of violence or war may negatively affect the Indian financial markets and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect us. India has also witnessed civil disturbances in the past and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact. Such incidents could also create perception in the minds of investors that, investment in Indian companies involves a higher degree of risk.

**4) *Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.***

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past. The extent and severity of these natural disasters determines their impact on the Indian economy. Further prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business also.

**5) *Factors affecting Indian economy in general***

Like any other entity, our financial results are also influenced by the macro economic factors determining the growth of the Indian economy in general and continued growth of the securities market. The growth prospects of our business and ability to maintain the growth of our quality asset is also influenced by the growth rate of the securities market indicators. Any slow down in the Indian economy or slow down in the growth of securities market or any changes in government policy could adversely impact our financial performance.

**6) *Any downgrading of India's sovereign rating by an international rating agency could have a negative impact on our business.***

Any adverse revisions to India's sovereign 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 is available. This could have a material adverse effect on our business and financial performance, our ability to obtain financing for capital expenditures and the price of our Equity Shares.

## SECTION III - INTRODUCTION

### SUMMARY OF INDUSTRY & BUSINESS

The following summary should be read with the Risk Factors included from page numbers 6 to 10 and the more detailed information about the Company and the financial statements included in the Information Memorandum.

#### Industry

#### Non Banking Financial Companies

#### Overview

NBFCs are an integral part of the country's financial system complementing the services of commercial banks. The main reason attributed to the growth of NBFCs is the comprehensive regulation of the banking system. Other factors include higher level of customer orientation, lesser pre/post sanction requirements and higher rates of interest on deposits being offered by NBFCs. It is mandatory that every NBFC should be registered with RBI to carry on any business of non banking financial institution.

The activities of non-banking financial companies (NBFCs) in India have undergone qualitative changes over the years through functional specialisation. The role of NBFCs as effective financial intermediaries has been well recognized as they have inherent ability to take quicker decisions, assume greater risks, and customize their services and charges more according to the needs of the clients. While these features, as compared to the banks, have contributed to the proliferation of NBFCs, their flexible structures allow them to unbundle services provided by banks and market the components on a competitive basis. The distinction between banks and non-banks has been gradually getting blurred since both the segments of the financial system engage themselves in many similar types of activities. At present, NBFCs in India have become prominent in a wide range of activities like hire-purchase finance, equipment lease finance, loans, investments, etc. By employing innovative marketing strategies and devising tailor-made products, NBFCs have also been able to build up a clientele base among the depositors, mop up public savings and command large resources as reflected in the growth of their deposits from public, shareholders, directors and other companies, and borrowings by issue of non-convertible debentures, etc.

The importance of NBFCs in delivering credit to the unorganised sector and to small borrowers at the local level in response to local requirements is well recognised. The rising importance of this segment calls for increased regulatory attention and focused supervisory scrutiny in the interests of financial stability and depositor protection.

**NBFCs can be divided into deposit taking NBFCs, i.e., which accept deposits from public and non-deposit accepting or holding NBFCs being those which do not accept deposits from public.**

**Even though the NBFCs are performing functions akin to that of banks, there are, however, a few differences:-**

- (a) NBFC cannot accept demand deposits;
- (b) NBFCs are not a part of the payment and settlement system and as such cannot allow its customers to operate their accounts through issue of cheques; and
- (c) Deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available for NBFC depositors unlike in case of banks.

**Initially, the NBFCs registered with RBI could operate as:-**

- (a) Equipment leasing company;
- (b) Hire-purchase company;
- (c) Loan company; and
- (d) Investment Company.

**Presently, deposits taking NBFCs are classified in 3 categories vide RBI Regulation dated 6<sup>th</sup> December, 2006:**

- (a) Asset Finance Company
- (b) Investment Company; and
- (c) Loan Company.

## **Business**

### **OVERVIEW**

The Company was originally incorporated as Parasnath Textiles Limited (PTL) on 12<sup>th</sup> November, 1982 under the Companies Act, 1956 in the State of West Bengal with an object to carry on the business of manufacturers and dealers in textiles, investment /trading in shares & securities etc and registered with RBI as a Non Banking Financial Company ('NBFC').

In February 2011, the Company was acquired through open offer by Luhruaka Sales & Services Limited (LSSL) with an object to invest, incubate in corporate opportunities and also provide extensive insight and support on the development of the existing business of the Company. LSSL is a Company formed under the Companies Act, 1956 and having its registered office situated in Mumbai, was incorporated with an objective of carrying on the business of dealing in various commodities, substances, articles, merchandise, goods etc.

Prior to acquisition, the Company was solely engaged in the business of financing. Post acquisition, the Company is operating in two segments i.e. NBFC and Textiles.

With an intention to develop its textile segment, Company had entered into a Sales Promotion Agency Agreement. By virtue of the agreement, Company was appointed as a sales promotion agent for domestic sales of its Principal's products in Indian market on commission basis.

However from current financial year 2012-13, the Company is solely concentrating in the NBFC segment.

Post acquisition, the management under the new Promoters have initiated their efforts in development of its NBFC business which remained untapped prior to acquisition. In order to achieve this, their financial expertise and acumen have enabled them to raise funds through series of preferential allotments for further expansion of the Company's business and thereby enhancing its value by generating a networth of Rs. 2132.29 lakhs as on March 31, 2012.

### **NBFC Segment**

Under this segment, the Company is providing various financial solutions such as :

- advancing loans against listed shares, securities and properties
- margin funding
- corporate loans
- personal loans
- trading in shares & securities
- trade financing
- bills discounting etc.

## SUMMARY OF FINANCIAL INFORMATION

Statement of Assets and Liabilities as on 31st March 2012, 2011, 2010, 2009 and 2008 is as follows:

(Rs. In Lakhs)

Particulars	2012	2011	2010	2009	2008
<b>Assets (A)</b>					
Fixed Assets-Gross Block	10.38	0.47	11.88	11.88	11.77
Less: Depreciation	1.18	0.01	7.37	5.82	3.75
Net Block	9.20	0.47	4.50	6.06	8.02
Less: Revaluation Reserve	-	-	-	-	-
Net Block after adjustment for Revaluation Reserve (A)	9.20	0.47	4.50	6.06	8.02
CAPITAL WIP	-	-	-	-	-
<b>Total (A)</b>	<b>9.20</b>	<b>0.47</b>	<b>4.50</b>	<b>6.06</b>	<b>8.02</b>
<b>Investments (B)</b>	<b>-</b>	<b>-</b>	<b>254.79</b>	<b>275.52</b>	<b>288.67</b>
<b>Current Assets, Loans and Advances</b>					
Receivables	-	57.40	5.13	-	-
Cash & Bank Balances	328.77	1,231.83	6.50	0.82	1.02
Deposits, Loans & Advances	1423.02	158.41	4.87	3.55	25.81
Stock in trade	428.14	261.21	-	-	-
Other Current Assets	21.55	-	6.00	6.00	6.00
<b>Total Current Assets ( C )</b>	<b>2201.48</b>	<b>1,708.85</b>	<b>22.49</b>	<b>10.37</b>	<b>32.83</b>
<b>Total Assets (D) = (A) + (B) + ( C )</b>	<b>2210.68</b>	<b>1709.32</b>	<b>281.79</b>	<b>291.95</b>	<b>329.53</b>
<b>Liabilities &amp; Provisions</b>					
<b>Loan Funds :</b>					
Secured Loans	17.22	56.78	-	-	-
Unsecured Loans	-	-	0.80	21.97	39.56
<b>Current Liabilities &amp; Provisions:</b>					
Current Liabilities	5.87	63.59	0.13	0.86	3.23

Particulars	2012	2011	2010	2009	2008
Provisions	63.19	3.14	3.14	1.95	19.42
Deferred Tax Liability	-	0.01	-	-	-
<b>Total Liabilities &amp; Provisions (E)</b>	<b>86.28</b>	<b>123.52</b>	<b>4.08</b>	<b>24.78</b>	<b>62.21</b>
<b>Net Worth (D) - (E)</b>	<b>2124.40</b>	<b>1585.80</b>	<b>277.72</b>	<b>267.16</b>	<b>267.32</b>
<b>Represented By:</b>					
Share Capital	1085.13	803.63	73.63	73.63	73.63
Reserves & Surplus	1047.16	788.65	204.09	193.53	193.69
Less: Revaluation Reserve	-	-	-	-	-
Reserves (Net of Revaluation Reserve)	1047.16	788.65	204.09	193.53	193.69
Less : Misc. expenditure to the extent not written off	7.89	6.49	-	-	-
<b>Total Net Worth</b>	<b>2124.40</b>	<b>1585.80</b>	<b>277.72</b>	<b>267.16</b>	<b>267.32</b>

Statement of Profit & Loss for the Financial Years ending 31st March 2012, 2011, 2010, 2009, and 2008 is as follows:

(Rs. In Lakhs)

Particulars	2012	2011	2010	2009	2008
<b>Income</b>					
Income from Operations	3948.76	266.01	13.95	3.63	26.19
Other Income	0.97	2.52	5.29	4.06	6.82
Increase/(Decrease) in Inventories	166.93	261.21	-	-	-
<b>Total</b>	<b>4116.66</b>	<b>529.74</b>	<b>19.25</b>	<b>7.68</b>	<b>33.02</b>
<b>Expenditure</b>					
Purchases	3959.08	509.91	-	-	-
Employee's Cost	18.14	0.51	0.45	0.39	0.36
Administration Expenses	50.65	18.39	4.47	3.26	3.34
Preliminary expenditure written off	1.97	-	-	-	-
Other Expenses	-	0.04	-	-	-
<b>Total</b>	<b>4029.84</b>	<b>528.85</b>	<b>4.92</b>	<b>3.65</b>	<b>3.70</b>
<b>Profit before Depreciation, Interest and Tax</b>	<b>86.82</b>	<b>0.88</b>	<b>14.33</b>	<b>4.04</b>	<b>29.32</b>
Depreciation	1.18	0.01	1.56	2.07	2.77

<b>Profit before Interest &amp; Tax</b>	<b>85.64</b>	<b>0.88</b>	<b>12.77</b>	<b>1.97</b>	<b>26.54</b>
Interest & Finance Charges	2.13	0.30	0.90	2.50	2.88
<b>Net Profit before Tax</b>	<b>83.51</b>	<b>0.58</b>	<b>11.87</b>	<b>( 0.53)</b>	<b>23.66</b>
<b>Less: Provision for Tax-Current Tax</b>	25.00	-	1.32	-	1.82
Deferred Tax	(0.01)	0.01	-	-	(0.05)
Earlier years Tax	-	-	-	(0.51)	0.00
Fringe Benefit Tax	-	-	-	0.13	0.15
<b>Net Profit After Tax &amp; Before Extraordinary Items</b>	<b>58.52</b>	<b>0.57</b>	<b>10.55</b>	<b>(0.15)</b>	<b>21.75</b>
<b>Extraordinary Item (Net of Tax)</b>	-	-	-	-	-
<b>Net Profit After Extraordinary Items</b>	<b>58.52</b>	<b>0.57</b>	<b>10.55</b>	<b>(0.15)</b>	<b>21.75</b>

## STATEMENT OF DIVIDEND

The declaration and payment of dividends on our Equity Shares will be recommended by the Board of Directors and approved by the shareholders of our Company, at their discretion, and will depend on a number of factors, including but not limited to the profits, cash flows, capital expenditure, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

Our Company has declared dividend as follows:

Particulars	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003
Face value per Equity Share (Rs.)	10	10	10	10	10	10	10	10	10	10
Dividend Paid (Rs.)	2,170,260	NIL								
Rate of Dividend (%)	2%	NIL								
Dividend Distribution Tax (Rs.)	352,070	NIL								

### Bonus Shares :

Our Company has not issued any Bonus Shares since inception.

## GENERAL INFORMATION

Our Company was incorporated on 12<sup>th</sup> November, 1982 under the Companies Act as a public limited company under the name 'Parasnath Textiles Limited'. The Company's name was changed from Parasnath Textiles Limited to 'Comfort Fincap Limited' vide fresh certificate of incorporation dated 4th June, 2011.

### Registered and Corporate Office of our Company

#### **Registered Office:**

Premises No. 22, Block B,  
Camac Street, Kolkata- 700 016

#### **Corporate Office:**

A-301, Hetal Arch,  
S.V.Road, Malad (west),  
Mumbai - 400064,  
Maharashtra,  
India  
Tel: (+91 22) 28449768  
Fax: (+91 22) 28892527

Details	Registration/Identification Number
Registration Number	035441
Corporate Identity Number	L65923WB1982PLC035441

### Board of Directors

The following table sets out the details regarding our Board as on the date of the filing of this Information Memorandum:

Name and Designation	Age (Years)	Address	DIN
Mr. Bharat N. Shiroya (Managing Director)	42 Yrs	A-401, Raja Ram Residency, Shivaji Road,, Nr. Atul Tower, Kandivali - (w), Mumbai, 400067	00014454
Mr. Anil B. Agrawal (Non- Executive Director)	50 Yrs	2401-02, Anmol Pride, S.V. Road, Goregaon (West), Mumbai-40064.	00014413
Mr. Sushil K. Jain (Independent Director)	51 Yrs	Cliff Tower CHS Ltd, flat no 503, plot no 34, Cross road no 3, Swami Samarth Nagar, Andheri (w), Mumbai- 400053.	01662552
Mr. Anil K. Nevatia (Independent Director)	49 Yrs	201, B Wing, Harichandra CHS, Raheja township, Malad East, Mumbai- 400 097.	00531183

**Company Secretary and Compliance Officer**

Ms. Sonia Jain  
A-301, Hetal Arch,  
S.V.Road, Malad (west),  
Mumbai - 400064,  
Maharashtra,  
India  
Tel: (+91 22) 28449768  
Fax: (+91 22) 28892527  
Email: [info@comfortfincap.com](mailto:info@comfortfincap.com)

**Registrar to the Company****BIGSHARE SERVICES PRIVATE LIMITED**

E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400 072.  
Tel: +91 022 4043 0200  
Fax: +91 022 2847 5207  
Website: [www.bigshareonline.com](http://www.bigshareonline.com)  
E-mail: [flavia@bigshareonline.com](mailto:flavia@bigshareonline.com)  
Contact person: Ms. Flavia

**Auditor to the Company****BANSAL BANSAL & CO.**

120, Sanjay Building No 6,  
Mittal Industrial Estate,  
Andheri Kurla Road,  
Andheri (East),  
Mumbai- 400 059  
Website: [www.bansalbansal.com](http://www.bansalbansal.com)  
E-mail: [mail@bansalbansal.com](mailto:mail@bansalbansal.com)  
Contact person: Mr. Jatin Bansal

**Banker to the Company****Union Bank of India**

001, Hetal Arch, A wing, S.V. Road,  
Opp. Natraj Market,  
Malad (West),  
Mumbai-400064  
Contact Number-022-2882 1959  
Fax No.: 022-2844 1774  
Email Id: [cbsmaladwest@unionbankofindia.com](mailto:cbsmaladwest@unionbankofindia.com)

Now the Equity Shares of the Company i.e. Comfort Fincap Limited, shall be admitted to trading on BSE. Such admission for trading will be subject to fulfillment by the Company of listing criteria of BSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE at the time of the application by the Company seeking listing.

**Eligibility Criterion**

The Company is submitting its Information Memorandum, containing information about itself, making disclosures in line with the disclosure requirement for public issues, as applicable, to BSE for making the said Information Memorandum available to public through their website viz. [www.bseindia.com](http://www.bseindia.com).

### **Prohibition by SEBI**

The Company, its Directors, its Promoters, other companies promoted by the Promoters and companies with which the Company's Directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

### **Caution**

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company 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.

### **Disclaimer Clause of BSE**

As required, a copy of this Information Memorandum is being submitted to BSE. The BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- warrant that this Company's securities will be traded or will continue to be traded on the 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 to mean that this Information Memorandum has been cleared or approved by the BSE. Every person who desires to acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

### **Filing**

Copies of this Information Memorandum have been filed with BSE in due compliance.

### **Listing**

Application has been made to BSE for listing and permission to deal in and for an official quotation of the Equity Shares of the Company.

### **Demat Credit**

The Company has executed Agreements with NSDL and CDSL for its securities in demat form as on 15<sup>th</sup> July, 2011 and 14<sup>th</sup> June, 2011.

### **Dematerialization of Shares**

Tripartite agreements have been signed between the Company, the Registrar and CDSL and NSDL. The ISIN No. allotted to the Company is INE274M01018.

## CAPITAL STRUCTURE

Our Share Capital as on the date of this Information Memorandum is set forth below:

Sr. No	Particulars	Aggregate value at face value
<b>A.</b>	<b>Authorized share capital</b>	
	15,000,000 Equity Shares of Rs. 10/- each.	150,000,000
<b>B.</b>	<b>Issued, subscribed and paid-up share capital</b>	
	10,851,300 Equity Shares of Rs. 10/- each	108,513,000

### NOTES TO CAPITAL STRUCTURE

#### 1. Equity Share capital history of our Company

Date of allotment of Shares	No. of Equity Shares Issued	Face value (Rs.)	Issue price (Rs.)	Nature of consideration	Reasons for allotment	Cumulative no. of equity shares	Cumulative paid-up share capital (Rs.)	Cumulative share premium (Rs.)
12.11.1982	700	10	10	Cash	Subscription to Memorandum	700	7,000	--
22.08.1983	95,000	10	10	Cash	Allotment to promoters	95,700	957,000	--
22.08.1983	150,000	10	10	Cash	Public Issue	245,700	2,457,000	--
15.10.1992	490,600	10	10	Cash	Right Issue	736,300	7,363,000	--
14.03.2011	7,300,000	10	18	Cash	Preferential Allotment	8,036,300	80,363,000	58,400,000
27.06.2011	2,815,000	10	18	Cash	Preferential Allotment	10,851,300	108,513,000	80,920,000

#### 2. Shareholding Pattern of our Company

The table below presents our shareholding pattern as on 31<sup>st</sup> December, 2012.

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Shares	Number of Shares held in Dematerialized form	Total Shareholding as a % of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a %
<b>A</b>	<b>Shareholding of Promoter and Promoter group</b>							
<b>1</b>	<b>Indian</b>							

a.	Individuals/HUFs Directors/Relatives	3	1415000	1415000	13.04	13.04	---	---
b.	Central Govt./ State Govts.	---	---	---	---	---	---	---
c.	Bodies Corporate	1	540500	540500	4.98	4.98	---	---
d.	Financial Institutions/Banks	---	---	---	---	---	---	---
e.	Group Companies	1	3668500	3668500	33.81	33.81	---	---
<b>Sub Total A(1)</b>		<b>5</b>	<b>5624000</b>	<b>5624000</b>	<b>51.83</b>	<b>51.83</b>	---	---
<b>2.</b>	<b>Foreign</b>							
a.	Bodies Corporate	---	---	---	---	---	---	---
b.	Group Companies	---	---	---	---	---	---	---
c.	Individual	---	---	---	---	---	---	---
d.	Institutions	---	---	---	---	---	---	---

<b>Sub Total A(2)</b>		---	---	---	---	---	---	---
<b>Total Shareholding of Promoter group A(1)+A(2)</b>		<b>5</b>	<b>5624000</b>	<b>5624000</b>	<b>51.83</b>	<b>51.83</b>	---	---
<b>B</b>	<b>Public Shareholding</b>							
<b>1.</b>	<b>Institutions</b>							
a.	Central Govt./ State Govts.	---	---	---	---	---	---	---
b.	Financial Institutions/Banks	---	---	---	---	---	---	---
c.	Mutual Funds/UTI	---	---	---	---	---	---	---
d.	Venture Capital Funds	---	---	---	---	---	---	---
e.	Insurance Companies	---	---	---	---	---	---	---
f.	Foreign Institutions Investors	---	---	---	---	---	---	---
g.	Foreign Venture Capital Investors	---	---	---	---	---	---	---
h.	Trusts	---	---	---	---	---	---	---
<b>Sub Total B(1)</b>		---	---	---	---	---	---	---
<b>2.</b>	<b>Non Institutions</b>							
a.	Bodies Corporate	1	3000	---	0.03	0.03	---	---
b1	Individuals-shareholders holding normal share capital upto Rs. 1 lac	511	133300	10600	1.22	1.22	---	---
b 2	Individuals-shareholders holding normal Share capital in excess of Rs.1 lac	87	5091000	4761500	46.91	46.91	---	---
c	Trust	---	---	---	---	---	---	---
d	Any Other (i) Clearing Member						---	---
(ii)	Directors/Relatives	---	---	---	---	---	---	---
(iii)	Employees	---	---	---	---	---	---	---
(iv)	Foreign Nationals	---	---	---	---	---	---	---
a	NRI						---	---
b	NRI(Repat)	---	---	---	---	---	---	---
C	NRI(Non Repat)	---	---	---	---	---	---	---
v	OCB'S	---	---	---	---	---	---	---
vi	Person Acting in Concert	---	---	---	---	---	---	---
<b>Sub Total B(2)</b>		<b>599</b>	<b>5227300</b>	<b>4772100</b>	<b>48.17</b>	<b>48.17</b>	---	---
<b>Total Public Shareholding B(1) + B(2)</b>		<b>599</b>	<b>5227300</b>	<b>4772100</b>	<b>48.17</b>	<b>48.17</b>	---	---
<b>Total A+B</b>		<b>604</b>	<b>10851300</b>	<b>10396100</b>	<b>100.00</b>	<b>100.00</b>	---	---
C	Shares held by Custodians and against which	---	---	---	---	---	---	---

	Depository receipts have been issued							
<b>Grand Total A+B+C</b>		<b>604</b>	<b>10851300</b>	<b>10396100</b>	<b>100.00</b>	<b>100.00</b>	---	---

### 3. Equity Shares held by top ten shareholders

Our top ten shareholders and the number of Equity Shares held by them as on 31.12.2012 is as under:

Sr. No.	Shareholders Name	Number of Shares	% of Total Paid up Capital
1	Luharuka Commotrade Pvt. Ltd.	3668500	33.81
2	Anil Agrawal HUF	1215000	11.20
3	Luharuka Sales & Services Private Limited	540500	4.98
4	Sanjay P Mehta	200000	1.84
5	Trupti Sanjay Mehta	200000	1.84
6	Gaurav Sanjay Mehta	200000	1.84
7	Bhadresh J Shah	111000	1.02
8	Jinesh Chapsi Gala	111000	1.02
9	Chapsi Samat Gala	111000	1.02
10	Chandanben Chapsi Gala	111000	1.02
11	Sachin C Gala	111000	1.02
12	Nehal S Gala	111000	1.02
13	Jagshi S Shah	111000	1.02
14	Sureshbhai Samat Shah	111000	1.02
15	Mahendra S Gala	111000	1.02
	<b>Total</b>	<b>7023000</b>	<b>64.69</b>

4. On the date of this Information Memorandum, there are no outstanding convertible instruments including warrants that would entitle the existing Promoters or shareholders or any other person any option to receive Equity Shares.
5. No payment, direct, indirect in the nature of brokerage, discount, commission, and allowance, or other special terms including an option for the issue of any kind of securities has been made either by us or by our Promoters to any person.

## SECTION IV - ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*The Industry information presented in this section has been extracted from publicly available documents, which have not been prepared or independently verified by our Company. In this Section, we have relied on and referred to information regarding the industry and competitors from market research reports, and other publicly available sources. Although we believe that this information is reliable, we have not independently verified the accuracy and completeness of the information.*

#### **The Industry in which our Company Operates**

The primary business of our company is to provide margin funding to our clients for purchase of securities, loan against shares and property, financial advisory services etc. The company is registered as a Non-deposit taking Non Banking Finance Company with RBI.

#### **Non Banking Financial Companies**

##### **Overview**

NBFCs are an integral part of the country's financial system complementing the services of commercial banks. The main reason attributed to the growth of NBFCs is the comprehensive regulation of the banking system. Other factors include higher level of customer orientation, lesser pre/post sanction requirements and higher rates of interest on deposits being offered by NBFCs. It is mandatory that every NBFC should be registered with RBI to carry on any business of non banking financial institution.

The activities of non-banking financial companies (NBFCs) in India have undergone qualitative changes over the years through functional specialisation. The role of NBFCs as effective financial intermediaries has been well recognized as they have inherent ability to take quicker decisions, assume greater risks, and customize their services and charges more according to the needs of the clients. While these features, as compared to the banks, have contributed to the proliferation of NBFCs, their flexible structures allow them to unbundle services provided by banks and market the components on a competitive basis. The distinction between banks and non-banks has been gradually getting blurred since both the segments of the financial system engage themselves in many similar types of activities. At present, NBFCs in India have become prominent in a wide range of activities like hire-purchase finance, equipment lease finance, loans, investments, etc. By employing innovative marketing strategies and devising tailor-made products, NBFCs have also been able to build up a clientele base among the depositors, mop up public savings and command large resources as reflected in the growth of their deposits from public, shareholders, directors and other companies, and borrowings by issue of non-convertible debentures, etc.

The importance of NBFCs in delivering credit to the unorganised sector and to small borrowers at the local level in response to local requirements is well recognised. The rising importance of this segment calls for increased regulatory attention and focused supervisory scrutiny in the interests of financial stability and depositor protection.

**NBFCs can be divided into deposit taking NBFCs, i.e., which accept deposits from public and non-deposit accepting or holding NBFCs being those which do not accept deposits from public.**

**Even though the NBFCs are performing functions akin to that of banks, there are, however, a few differences:-**

- (a) NBFC cannot accept demand deposits;
- (b) NBFCs are not a part of the payment and settlement system and as such cannot allow its customers to operate their accounts through issue of cheques; and

(c) Deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available for NBFC depositors unlike in case of banks.

**Initially, the NBFCs registered with RBI could operate as:-**

- (a) Equipment leasing company;
- (b) Hire-purchase company;
- (c) Loan company; and
- (d) Investment Company.

**Presently, deposits taking NBFCs are classified in 3 categories vide RBI Regulation dated 6<sup>th</sup> December, 2006:**

- (a) Asset Finance Company
- (b) Investment Company; and
- (c) Loan Company.

**\*Number of Non-Banking Financial Companies registered with RBI**

The total number of NBFCs registered with the Reserve Bank declined to 12,409 as at end-June 2011 from 12,630 at end-June 2010. There was also a decline in the number of deposit taking NBFCs (NBFCs-D) in 2010-11. This decline was mainly on account of cancellation of Certification of Registration of NBFCs, exit of NBFCs from deposit taking activities and conversion of deposit companies into non-deposit taking companies.

**\*Number of NBFCs Registered with the Reserve Bank**

End-June	Number of Registered NBFCs	Number of NBFCs-D
1999	7,855	624
2000	8,451	679
2001	13,815	776
2002	14,077	784
2003	13,849	710
2004	13,764	604
2005	13,261	507
2006	13,014	428
2007	12,968	401
2008	12,809	364
2009	12,740	336
2010	12,630	308
2011	12,409	299

*\*(Source: Reserve bank of India Report on Trend and Progress of Banking in India 2010-11)*

**An Overview of Regulation of NBFCs**

In response to the perceived need for better regulation of the NBFC sector, the Reserve Bank of India (RBI) Act, 1934 was amended in 1997, providing for a comprehensive regulatory framework for NBFCs. The RBI (Amendment) Act, 1997 conferred powers on the RBI to issue directions to companies and its auditors, prohibit deposit acceptance and alienation of assets by companies and initiate action for winding up of companies.

### **(1) Mission**

To ensure that:

- the financial companies function on healthy lines,
- these companies function in consonance with the monetary policy framework, so that their functioning does not lead to systemic aberrations,
- the quality of surveillance and supervision exercised by the RBI over the NBFCs keeps pace with the developments in this sector.
- comprehensive regulation and supervision of Asset liability and risk management system for NBFCs,

### **(2) Amendments to the Reserve Bank of India (RBI) Act, 1934**

RBI Act was amended in January 1997 providing for, *inter alia*.

- Entry norms for NBFCs and prohibition of deposit acceptance (save to the extent permitted under the Act) by unincorporated bodies engaged in financial business,
- Compulsory registration, maintenance of liquid assets and creation of reserve fund,
- Power of the RBI to issue directions to an NBFC or to the NBFCs in general or to a class of NBFCs.
- Comprehensive regulation and supervision of deposit taking NBFCs and limited supervision over those not accepting public deposits.

### **(3) Basic Structure of Regulatory and Supervisory Framework**

- Prescription of prudential norms akin to those applicable to banks,
- Submission of periodical returns for the purpose of off-site surveillance,
- Supervisory framework comprising (a) on-site inspection (CAMELS pattern) (b) off-site monitoring through returns (c) market intelligence, and (d) exception reports by statutory auditors,
- Punitive action like cancellation of Certificate of Registration (CoR), prohibition from acceptance of deposits and alienation of assets, filing criminal complaints and winding up petitions in extreme cases, appointment of the RBI observers in certain cases, etc.
- Co-ordination with State Governments to curb unauthorised and fraudulent activities, training programmes for personnel of NBFCs, State Governments and Police officials.

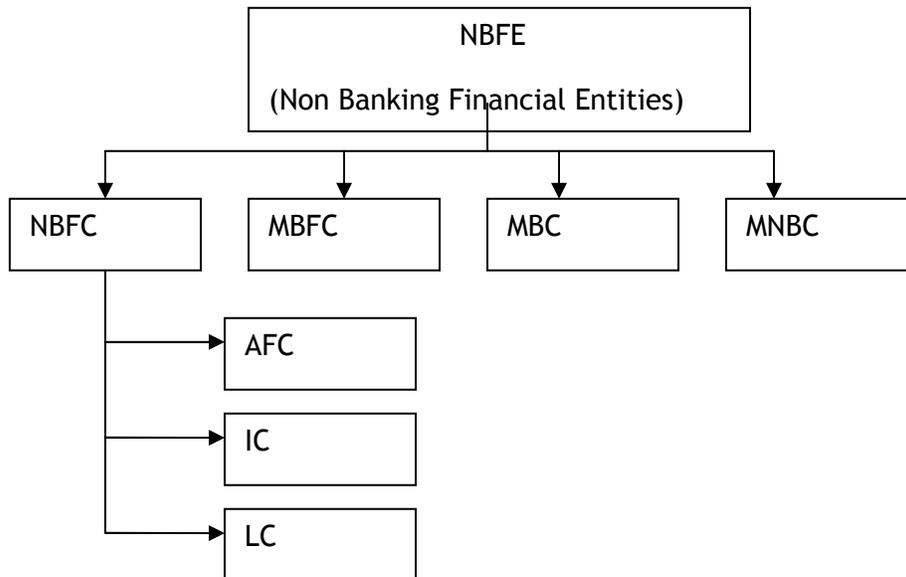
### **(4) Other steps for protection of depositors' interest**

- Publicity for depositors' education and awareness, workshops / seminars for trade and industry organisations, depositors' associations, chartered accountants, etc.

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

Non-banking financial entities partially or wholly regulated by the RBI include: (a) NBFCs comprising equipment leasing (EL), hire purchase finance (HP), loan (LC), investment (1C) (including primary

dealers<sup>3</sup> (PDs)) and residuary nonbanking (RNBC) companies; (b) mutual benefit financial company (MBFC), *i.e.* *nidhi* company; (c) mutual benefit company (MBC), *i.e.* potential *nidhi* company; (d) miscellaneous non-banking company (MNBC), *i.e.* *chit fund* company



### Types of Non-Banking Financial Entities (Regulated by RBI)

**I. Non-Banking Financial Company:** In terms of the Section 45-l(f) read with Section 45-i(c) of the RBI Act, 1934, as amended in 1997, their principal business is that of receiving deposits or that of a financial institution, such as lending, investment in securities, hire purchase finance or equipment leasing.

- (a) Equipment leasing company (EL): Equipment leasing or financing of such activity.
- (b) Hire purchase finance company (HP): Hire purchase transactions or financing of such transactions.
- (c) Investment company (IC): Acquisition of securities. These include Primary Dealers (PDs) who deal in underwriting and market making for government securities.
- (d) Loan company (LC): Providing finance by making loans or advances, or otherwise for any activity other than its own; excludes EL/HP/Housing Finance Companies (HFCs).
- (e) Residuary non-banking company (RNBC): Company which receives deposits under any scheme or arrangement by whatever name called, in one lump-sum or in installments by way of contributions or subscriptions or by sale of units or certificates or other instruments, or in any manner. These companies do not belong to any of the categories as stated above.

**II. Mutual Benefit Financial Company (MBFC) *i.e.*, Nidhi Company:** Any company which is notified by the Central Government as a Nidhi Company under section 620A of the Companies Act, 1956 (1 of 1956)

**III. Mutual Benefit Company (MBC), i.e., potential *Nidhi* company:** A company which is working on the lines of a Nidhi company but has not yet been so declared by the Central Government, has minimum net owned fund (NOF) of Rs.10 lakh, has applied to the RBI for CoR and also to Department of Company Affairs (DCA) for being notified as Nidhi company and has not contravened directions/ regulations of RBI/DCA.

**IV. Miscellaneous non-banking company (MNBC), Managing, conducting or supervising as a promoter, foreman or i.e., *Chit Fund Company*:** Managing, conducting or supervising as a promoter, foreman or agent of any transaction or arrangement by which the company enters into an agreement with a specified number of subscribers that every one of them shall subscribe a certain sum in instalments over a definite period and that every one of such subscribers shall in turn, as determined by tender or in such manner as may be provided for in the arrangement, be entitled to the prize amount.

**Activities undertaken by NBFC:**

**Fund Based Activities:**

- Equipment Leasing
- Hire Purchase
- Bill Discounting
- Loans/Investments
- Venture Capital
- House Finance
- Factoring
- Equity Participation
- Short term Loans
- Inter Corporate Loan

**Fee Based Activities**

- Issue Management
- Portfolio Management
- Corporate Counseling
- Project Counseling
- Loan/Lease Syndication
- Advisory Services

## BUSINESS OVERVIEW

### OVERVIEW

The Company was originally incorporated as Parasnath Textiles Limited (PTL) on 12<sup>th</sup> November, 1982 under the Companies Act, 1956 in the State of West Bengal with an object to carry on the business of manufacturers and dealers in textiles, investment /trading in shares & securities etc and registered with RBI as a Non Banking Financial Company ('NBFC').

In February 2011, the Company was acquired through open offer by Luhruaka Sales & Services Limited (LSSL) with an object to invest, incubate in corporate opportunities and also provide extensive insight and support on the development of the existing business of the Company. LSSL is a Company formed under the Companies Act, 1956 and having its registered office situated in Mumbai, was incorporated with an objective of carrying on the business of dealing in various commodities, substances, articles, merchandise, goods etc.

Prior to acquisition, the Company was solely engaged in the business of financing. Post acquisition, the Company is operating in two segments i.e. NBFC and Textiles. With an intention to develop its textile segment, Company had entered into a Sales Promotion Agency Agreement. By virtue of the agreement, Company was appointed as a sales promotion agent for domestic sales of its Principal's products in Indian market on commission basis.

However from current financial year 2012-13, the Company is solely concentrating in the NBFC segment.

Post acquisition, the management under the new Promoters have initiated their efforts in development of its NBFC business which remained untapped prior to acquisition. In order to achieve this, their financial expertise and acumen have enabled them to raise funds through series of preferential allotments for further expansion of the Company's business and thereby enhancing its value by generating a networth of Rs. 2132.29 lakhs as on March 31, 2012.

### **NBFC Segment**

Under this segment, the Company is providing various financial solutions such as :

- advancing loans against listed shares, securities and properties
- margin funding
- corporate loans
- personal loans
- trading in shares & securities
- trade financing
- bills discounting etc.

## **PRODUCTS & SERVICES**

Presently our Company is offering blend of services to the commercial, industrial and financial communities in order to provide our clients one stop financial solution:

- ✓ **Trade Finance & Bill Discounting:** Bills discounting is an effective solution to short-term fund requirement arising on account of blockage of funds in receivables. Our Company acts as a bill broker where they finance the invoices for smooth operations of clients' business.
- ✓ **Working capital loans:** Our Company also provides an easy solution for working capital financing. Most small business would qualify for a business cash advance that can sufficiently meet their requirements for working capital financing.
- ✓ **Loan against property:** With the ever increasing need for capital towards expanding the business. Loan against property is just the right loan, it helps in leveraging the property to raise funds to cater to the business needs. Our Company also provides loan against property to meet other financial and social commitments such as children's education, medical emergencies, marriage expenses and more.
- ✓ **Margin funding and loan against approved securities:** In order to meet the liquidity requirements of the customers, Our Company offers loan against shares to individuals and corporate. Our Company possesses expertise in financing short-term loan facility, to buy securities from secondary markets for short to medium term. Comfort Securities Limited, our group company is in broking operations and having the investor base of over 2000 clients who look for finances at easy terms to invest or trade in to shares and securities.

## **SWOT Analysis**

### **Strengths:**

**Support of Group Entity:** Comfort Intech Limited, one of our Group Entity is a NBFC registered with RBI is in the business of providing financial services for almost seventeen years which has enabled it to develop strong relationship with well established business houses in India. This has generated us ready contacts for our business development. Comfort Securities Limited, also our Group Entity is in the business of capital market services and merchant banking activities and is having a clientele base of over 2000 including corporate, HNI and retail investors. We leverage the cliental base of our Group Entity to provide funding in the form of margin funding as well as in terms of loan against demat shares.

**Managed by qualified and experienced professionals:** The Board of our Company comprises of qualified professionals, having immense experience in the industry and business acumen.

### **Weakness:**

**Branding:** Our Company is not a well established brand among large NBFC players who have access to larger financial resources.

**Accessibility:** We do not have branches so we are unable to explore the business opportunities in other areas.

### **Opportunities:**

**Large Market:** The players in the NBFC sector still have a lot of scope to cover larger market and the rural markets are still untapped.

***Desire for Status:*** With increased desire of individuals to improve their standard of living, the NBFC industry is getting exposed to new category of client (individuals) in a big way with large share of business coming from this segment apart from corporate clients.

#### **Threats:**

***Economic Downturn:*** If the economic downturn is prolonged it can reduce the financing need of people due to shrinking business opportunities.

***Private Banks:*** Private Banks are also working on the similar business model as the NBFCs do, thereby giving a very strong competition to the NBFC's.

***RBI and Government restrictions:*** With more stringent norms governing the functioning of NBFC and certain government restrictions act as a hindrance in smooth functioning of NBFC.

#### **OUR STRATEGY**

***Expansion of existing activities:*** Our Company intends to expand its financial services by enhancing its focus on margin funding, loan against shares and securities, loan against properties and corporate loan, bill discounting and working capital loan.

***Differentiated Services:*** In the growing economy, the corporate clients will be requiring funds for further expansions. Our Company would be providing all diversified service portfolio under one umbrella to cater most of the customer needs and demands.

***Brand recognition:*** We are in such a business where we are facing lot of competition. Our Company is not a well established brand among large NBFC players. We will be making the necessary arrangements for our brand reorganization.

#### **Future Outlook**

Opportunities available in the Industry:

- ✓ ***Large Market:*** The players in the NBFC sector still have a lot of scope to cover larger market and the rural markets are still untapped.
- ✓ ***Desire for Status:*** With increased desire of individuals to improve their standard of living, the NBFC industry is getting exposed to new category of client (individuals) in a big way with large share of business coming from this segment apart from corporate clients.

#### **Human resources**

As on date we have 8 employees. In addition to salary and allowances, we provide our employees benefits which include medical reimbursements, yearly leave and retirement benefits. Our success depends upon our ability to recruit, train and retain high quality professionals. We believe the relationship between our management and our employees has been cordial.

## HISTORY AND CORPORATE STRUCTURE

The Company was originally incorporated as Parasnath Textiles Limited (PTL) on 12<sup>th</sup> November, 1982 under the Companies Act, 1956 in the State of West Bengal. PTL obtained certificate of Commencement of Business pursuant to Section 149(3) of the Companies Act, 1956 from the Registrar of Companies, West Bengal vide certificate dated 15<sup>th</sup> December, 1982.

PTL was formed with an object to carry on the business of manufacturers and dealers in textiles, investment /trading in shares & securities etc and obtained registration with RBI as a Non Banking Financial Company ('NBFC') vide certificate no. 05.02895 dated 15<sup>th</sup> September, 1998.

The Company came out with its initial public offering in the year 1983 and obtained listing on CSE, DSE & UPSE. Further, in the year 1992, our Company came out with a rights issue.

During the year 2011, through an open offer, PTL was acquired by Luhruaka Sales & Services Limited (LSSL), a company incorporated on 5<sup>th</sup> July, 2010 in the State of Maharashtra with an objective of carrying on the business of dealing in various commodities, substances, articles, merchandise, goods etc and having its registered and corporate office at A-301, Hetal Arch, Opp. Natraj Market, S.V. Road, Malad (West), Mumbai - 400064.

LSSL through PTL intended to invest, incubate in corporate opportunities and also provide extensive insight and support on the development of the existing business of PTL.

Post acquisition of PTL, the Company's name was changed from Parasnath Textiles Limited to Comfort Fincap Limited vide fresh certificate of incorporation dated 4th June, 2011.

The Registered Office of the Company is situated at Premises No. 22, Block B, Camac Street, Kolkata-700 016 and the Corporate Office of the Company is situated at 301, 3rd floor, 'A' wing, Hetal Arch, S.V.Road, Malad (west), Mumbai - 400064.

### Major Events

Year	Event
1982	Our Company was incorporated as "Parasnath Textiles Limited"
1983	Initial Public Offering and listing of our Equity Shares on CSE, DSE & UPSE
1992	Right Issue of our Equity Shares
2011	Change in management & control through Open Offer by LSSL
2011	Change in name of the Company to "Comfort Fincap Limited"
2011	Issue of Equity Shares through preferential allotment

### Our Main Objects

In view of the expansion of the Company post acquisition, the Directors wanted to diversify the business of the Company by entering in the real finance and investment related activities and so desirous to find a suitable way to utilize the surplus resources of the Company from time to time. Therefore, special resolution was passed through the process of postal ballot altering the main objects of the Company which was altered to:

- To carry on financing operations, provide financing services, to receive money, deposits, advances on interests or otherwise and to lend money, negotiable loans and issue guarantees with or without securities to such companies, firms, associates or person on such terms and conditions as may seem expedient and to carry on the business of financing Industrial Enterprises in India.

- To promote the formation and mobilization of Capital, to manage Capital, savings, investments, syndicates in shares, stocks, mutual fund securities, finance and real estate. To carry on the business of an investment trust company and to underwrite, sub-underwrite to invest in and acquire and hold, sell, buy or otherwise deal in shares, debentures, debenture-stocks, bonds, units, obligations and securities issued or guaranteed by Indian or Foreign Governments, State, Dominions, Sovereigns, Municipalities or Public Authorities or Bodies and share stocks, debentures, debenture stocks, bonds, obligations and securities issued and guaranteed by any company, corporation, firm or person whether incorporated or established in India or elsewhere. To lend, invest or deal with money or money value either with or without interest or to provide guarantee to such individual, firms bodies corporate, industrial enterprises authority institutions or other incorporated bodies upon such terms and conditions as the Company may think fit, to receive money deposits on interest or otherwise and to guarantee the performance or contracts by any person companies firms or industrial or non-industrial enterprises.
- To carry out financing and perform financing services including factoring, forfeiting. the purchase, sale or discounting of cheques, bills, promissory mortgage lending. balling, making of loans both short term and long term to provide credit card services and facilities for the transfer of funds, scripts, or other instruments from any place In India or abroad to any other place.

Pursuant to these intended diversifications and resulting changes in main objects of the Company it was necessitate to change the name of the Company to signify the activities of the Company at large including activities intended and hence the name of the Company was changed to “**COMFORT FINCAP LIMITED**”. Subsequently, the Company has received approval from its respective Stock Exchange(s) i.e. CSE, DSE & UPSE for change in the name of the Company to “Comfort Fincap Limited”.

#### **Material Contracts**

The Company has not entered into any material contract, concessions and similar other documents except those entered into in the ordinary course of the business carried on or intended to be carried on by the company.

#### **Our Subsidiaries**

Our Company at present has no subsidiary as on date of the Information Memorandum.

#### **Collaborations**

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

## 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 twelve (12) directors. Our Company currently has four (4) directors on Board. The following table sets forth current details regarding our Board of Directors:

Name, Father's name, Address, Occupation, Nationality, tenure & DIN	Age	Status of Directorship in our Company	Other Directorships
<p>1. Mr. Bharat N. Shiroya S/o Mr. Nanubhai Shiroya</p> <p><b>Address:</b> A-401, Raja Ram Residency, Shivaji Road,, Nr. Atul Tower, Kandivali - (w), Mumbai, 400067</p> <p><b>Occupation:</b> Service</p> <p><b>Nationality :</b> Indian</p> <p><b>Tenure :</b> Retire by rotation</p> <p><b>DIN:</b> 00014454</p>	42 Yrs	Managing Director	<ul style="list-style-type: none"> <li>➤ Comfort Intech Limited</li> <li>➤ Comfort Commotrade Limited</li> <li>➤ Comfort Securities Limited</li> <li>➤ Lemonade Share &amp; Securities Private Limited</li> <li>➤ Liquors India Limited</li> </ul>
<p>2. Mr. Anil B. Agrawal S/o Late Beniprasad Agrawal</p> <p><b>Address:</b> 2401-02, Anmol Pride, S.V. Road, Goregaon (West), Mumbai-400064</p> <p><b>Occupation:</b> Business</p> <p><b>Nationality:</b> Indian</p> <p><b>Tenure:</b> Retire by rotation</p> <p><b>DIN:</b> 00014413</p>	50 Yrs	Non-Executive Director	<ul style="list-style-type: none"> <li>➤ Comfort Intech Limited</li> <li>➤ Comfort Securities Limited</li> <li>➤ Comfort Capital Private Limited</li> <li>➤ Luharuka Investment and Consultants Private Limited</li> <li>➤ Luharuka Exports Private Limited</li> <li>➤ Comfort Commotrade Limited</li> <li>➤ Luharuka Commotrade Private Limited</li> <li>➤ Luharuka Sales &amp; Services Private Limited</li> <li>➤ Blend Financial Services Limited</li> <li>➤ Luharuka Dealers Private Limited</li> <li>➤ Luharuka Tradelink Private Limited</li> <li>➤ Comfort Mines &amp; Minerals Private Limited</li> <li>➤ Shree Bombay Cotton Mills Estate Private Limited</li> <li>➤ Lemonade Share &amp; Securities Private Limited</li> <li>➤ Liquors India Limited</li> </ul>

Name, Father's name, Address, Occupation, Nationality, tenure & DIN	Age	Status of Directorship in our Company	Other Directorships
<p>3. Mr. Sushil K. Jain</p> <p>S/o: Kasturchand Jain</p> <p>Address: Cliff Tower CHS Ltd, flat no 503, plot no 34, Cross road no 3, Swami Samarth Nagar, Andheri (w), Mumbai-400053.</p> <p>Occupation: Business</p> <p>Nationality : Indian</p> <p>Tenure: Retire by Rotation</p> <p>DIN: 01662552</p>	51 Yrs	Independent  Director	<ul style="list-style-type: none"> <li>➤ Equator Space Management Private Limited</li> <li>➤ Comfort Securities Limited</li> <li>➤ Comfort Commotrade Limited</li> </ul>
<p>4. Mr. Anil K. Nevatia</p> <p>S/o: Mr. Shivkaran Nevatia</p> <p>Address: 201, B Wing, Harichandra CHS, Raheja township, Malad East, Mumbai- 400 097.</p> <p>Occupation: Business</p> <p>Nationality : Indian</p> <p>Tenure: Retire by Rotation</p> <p>DIN: 00531183</p>	49 Yrs	Independent  Director	<ul style="list-style-type: none"> <li>➤ Comfort Commotrade Limited</li> </ul>

#### Details of Directors

**Mr. Bharat N. Shiroya** aged 42, is the Managing Director of our Company. He is a graduate and M.B.A from National Institute of Management. He has more than 13 years of experience in securities and financial services. He is also qualified for derivatives trading in stock exchange and possesses a diploma for the same. He is responsible for the day-to-day activities of the Company and is instrumental in all the expansion plans of the Company. He has been designated as the Managing Director of our Company since 1<sup>st</sup> October, 2011.

**Mr. Anil B. Agrawal** aged 50, is the Non Executive Director of our Company. He is a Chartered Accountant and qualified Cost and Works Accountant from ICAI and ICWAI. He has more than 24 years

of experience in the field of finance, capital markets and related activities. He was also practicing as a Chartered Accountant having firm in the name of M/s A. K. Luharuka & Associates since the past 20 years and has expertise in business advisory and capital market transactions. He is one of the trustees of Seth Govindaram Charitable Trust which carries on charitable activities in Mumbai. The Board has the advantage of his wide experience in the financial services field. He has been designated as Non-Executive Promoter Director of our Company since 7<sup>th</sup> February, 2011.

**Mr. Sushil K. Jain**, aged 51 years is an Independent Director of our Company. He is a Bachelor of Commerce and L.L.B. (Gen) and has successfully passed intermediate course of Chartered Accountants from ICAI. He is a financial consultant since last 20 years. He has been designated as Independent Director of our Company since 9<sup>th</sup> April, 2011.

**Mr. Anil K. Nevatia**, aged 49 years is an Independent Director of our Company. He has completed his graduation in commerce and is a fellow member of ICAI. He is a practicing Chartered Accountant since 1988. He has more than 20 years of experience in the field of commerce, finance, audit and taxation. As an Independent Director of our Company and Chartered Accountant by profession, he brings value addition to the Company. He has been designated as Independent Director of our Company since 9<sup>th</sup> April, 2011.

### **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 Exchanges 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.

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. Our executive management provides the Board detailed reports on its performance periodically.

Currently our board has four (4) Directors. We have one Non-Independent & Non-Executive Director, one Non Independent & Executive Director and two Independent & Non Executive Directors. The constitution of our Board is in compliance with the requirements of Clause 49 of the Listing Agreement.

**The following committees have been formed in compliance with the Corporate Governance norms:**

- A) Audit Committee
- B) Shareholders/Investors Grievance Committee

## AUDIT COMMITTEE

Our Company has constituted an Audit Committee, as per the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement to be entered with Stock Exchanges, vide resolution passed in the meeting of the Board of Directors held on 9<sup>th</sup> April, 2011.

The terms of reference of Audit Committee complies with the requirements of Clause 49 of the Listing Agreement, proposed to be entered into with the Stock Exchanges in due course. The committee presently comprises following three (3) directors. Mr. Anil K. Nevatia is the Chairman of the Audit Committee. The Company Secretary is the Secretary of our Audit Committee.

S. No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Anil K. Nevatia	Chairman	Independent Director
2.	Mr. Sushil K. Jain	Member	Independent Director
3.	Mr. Anil B. Agrawal	Member	Non Executive Director
4.	Ms. Sonia Jain	Secretary	N.A.

### Role of Audit Committee

The terms of reference of the Audit Committee are given below:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible.
6. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
8. 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 Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - (b) Changes, if any, in accounting policies and practices and reasons for the same
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management
  - (d) Significant adjustments made in the financial statements arising out of audit findings

- (e) Compliance with listing and other legal requirements relating to financial statements
  - (f) Disclosure of any related party transactions
  - (g) Qualifications in the draft audit report.
9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
  10. 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 utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
  12. 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.
  13. Discussion with internal auditors any significant findings and follow up there on.
  14. 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.
  15. 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.
  16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  17. To review the functioning of the Whistle Blower mechanism, in case if the same is existing.
  18. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
  19. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.
  20. Mandatorily reviews the following information:
    - (a) Management discussion and analysis of financial condition and results of operations;
    - (b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
    - (c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
    - (d) Internal audit reports relating to internal control weaknesses; and
    - (e) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
  21. Review the Financial Statements of its Subsidiary company, if any.

22. Review the composition of the Board of Directors of its Subsidiary company, if any.
23. Review the use/application of funds raised through an issue (public issues, right issues, preferential issues etc) on a quarterly basis as a part of the quarterly declaration of financial results. Further, review on annual basis statements prepared by the Company for funds utilized for purposes other than those stated in the offer document.  
In addition, to carry out such other functions/powers as may be delegated by the Board to the Committee from time to time.

#### **SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

Our Company has constituted an Investors Grievance Committee to redress the complaints of the shareholders. The Shareholders/Investors Grievance Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 9<sup>th</sup> April, 2011. The committee currently comprises of three (3) Directors. Mr. Sushil K. Jain is the Chairman of the Shareholders/ Investors Grievance Committee.

<b>S. No.</b>	<b>Name of the Director</b>	<b>Status</b>	<b>Nature of Directorship</b>
1.	Mr. Sushil K. Jain	Chairman	Independent Director
2.	Mr. Anil K. Nevatia	Member	Independent Director
3.	Mr. Anil B. Agrawal	Member	Non Executive Director
4.	Ms. Sonia Jain	Secretary	N.A.

#### **Role of Shareholders/Investors Grievance Committee**

The Shareholders / Investors Grievance Committee of our Board look into:

- The redressal of investors complaints viz. non-receipt of annual report, dividend payments etc.
- Matters related to share transfer, issue of duplicate share certificate, dematerializations.
- Also delegates powers to the executives of our Company to process transfers etc.

The status on various complaints received / replied is reported to the Board of Directors as an Agenda item.

## OUR PROMOTERS

Our Promoter is M/s. Luharuka Sales & Services Private Limited.

Details of our Promoters is as under:

### Luharuka Sales & Services Private Limited

Luharuka Sales & Services Private Limited was incorporated on 5<sup>th</sup> July, 2010 as a Private Limited Company under the Companies Act, 1956 in the State of Maharashtra. The Corporate Identification number ('CIN') of the Company is U51909MH2010PTC205252. The registered and corporate office is situated at A- 301, Hetal Arch, Opp. Natraj Market, S.V. Road, Malad (West), Mumbai - 400064.

LSSPL has been incorporated with the objective of carrying on the business of dealing in various commodities, substances, articles, merchandise, goods, and things whether solid or liquid or gaseous, licencees, merchants, traders, sales organizers, representatives of manufacturers of commodities, goods articles, merchants, traders, sales organizers, representatives of manufactures of commodities, goods articles, materials and things and for that purpose to buy, to sell exchange, market, pledge, distribute, install, service, maintain, or otherwise deals in commodities, goods articles and things and agency business.

Mr. Anil B. Agrawal and Mrs. Annu A. Agrawal, promoters of LSSPL, are also its present directors. They are presently holding the entire share capital of LSSPL.

The Shareholding Pattern of the Company as on 16<sup>th</sup> March, 2013 as under:

Name	No. of Shares	% of shareholding
Mr. Anil B. Agrawal	29,200	54.19
Mrs. Annu A. Agrawal	24,680	45.81
<b>TOTAL</b>	<b>53,880</b>	<b>100.00</b>

### Financial Information

The financials is as under:

Particulars	(Rs. in Lakhs)	
	For the year ended	For the year ended
	31 March 2012 (Audited)	31 March 2011 (Audited)
Equity Share Capital	5.39	5.39
Reserves (excluding revaluation reserves)	51.13	50.49
Total Income	1.37	0.18
Profit After Tax	0.65	0.02
Earnings per share (in Rs.)	1.20	0.04
Net Asset Value per share (in Rs.)	104.58	103.34
Face Value per share (in Rs.)	10.00	10.00

## OUR PROMOTER GROUP ENTITIES

### 1. Comfort Intech Limited

CIL is a NBFC, incorporated on 17<sup>th</sup> October, 1994 in the name of Comfort Finvest Limited as a public limited company under the provisions of the Companies Act, 1956. The name was changed to Comfort Intech Limited and a fresh certificate of incorporation was obtained on 24<sup>th</sup> March, 2000. CIL is duly registered with RBI, Ahmedabad bearing registration no. B 01.00419 dated 25<sup>th</sup> June, 2002. The registered office of CIL is situated at 106, Avkar Algani Nagar, Kalaria, Daman, Daman Diu - 396210 (U.T). The promoter of the company is Mr. Anil Agrawal and presently the company is engaged in NBFC activities. The shares of the company are listed with BSE and JSE.

It is presently engaged in the business of NBFC and is primarily focused in providing inter corporate loans, personal loans, loans against shares & securities, loans against properties, trade financing, bills discounting, trading in shares & securities and arbitrage business in stock and commodity market.

#### Board of Directors

S. No.	Name of the Director	Designation
1.	Mr. Anil B. Agrawal	Chairman & Managing Director
2.	Mr. Bharat N. Shiroya	Executive Director
3.	Mrs. Annu A. Agrawal	Director
4.	Mr. Jugal C. Thacker	Director
5.	Mr. Janak G. Mehta	Director
6.	Mr. Anand H. Agarwal	Director

The shareholding pattern of the company as on 31<sup>st</sup> December 2012 is as under:

Category Code	Category of Shareholder	No. of Share holders	Total No. of Shares	Number of Shares held in Dematerialized form	Total Shareholding as a % of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a %
<b>A</b>	<b>Shareholding of Promoter and Promoter group</b>							
<b>1</b>	<b>Indian</b>							
a.	Individuals/HUFs Directors/Relatives	6	13147305	13147305	4.1093	4.1093	300000	2.28
b.	Central Govt./ State Govts.	---	---	---	---	---	---	---
c.	Bodies Corporate	3	152499274	152499274	47.665	47.665	---	---
d.	Financial Institutions/Banks	---	---	---	---	---	---	---
e.	Group Companies	---	---	---	---	---	---	---
	<b>Sub Total A(1)</b>	<b>9</b>	<b>165646579</b>	<b>165646579</b>	<b>51.7746</b>	<b>51.7746</b>	<b>300000</b>	<b>0.18</b>
<b>2.</b>	<b>Foreign</b>							
a.	Bodies Corporate	---	---	---	---	---	---	---

b.	Group Companies	---	---	---	---	---	---	---
c.	Individual	---	---	---	---	---	---	---
d.	Institutions	---	---	---	---	---	---	---
<b>Sub Total A(2)</b>		---	---	---	---	---	---	---
<b>Total Shareholding of Promoter group A(1)+A(2)</b>		<b>9</b>	<b>165646579</b>	<b>165646579</b>	<b>51.7746</b>	<b>51.7746</b>	<b>300000</b>	<b>0.18</b>
<b>B</b>	<b>Public Shareholding</b>							
<b>1.</b>	<b>Institutions</b>							
a.	Central Govt./ State Govts.	---	---	---	---	---	---	---
b.	Financial Institutions/Banks	---	---	---	---	---	---	---
c.	Mutual Funds/UTI	---	---	---	---	---	---	---
d.	Venture Capital Funds	---	---	---	---	---	---	---
e.	Insurance Companies	---	---	---	---	---	---	---
f.	Foreign Institutions Investors	---	---	---	---	---	---	---
g.	Foreign Venture Capital Investors	---	---	---	---	---	---	---
h.	Trusts	---	---	---	---	---	---	---
<b>Sub Total B(1)</b>		---	---	---	---	---	---	---
<b>2.</b>	<b>Non Institutions</b>							
a.	Bodies Corporate	230	36462276	36454276	11.39	11.39	---	---
b1	Individuals-shareholders holding normal share capital upto Rs. 1 lac	6336	31912560	31475817	9.97	9.97	---	---
b 2	Individuals-shareholders holding normal Share capital in excess of Rs.1 lac	172	85771842	85312589	26.808	26.808	---	---
c	Trust	---	---	---	---	---	---	---
d	Any Other (i) Clearing Member	9	20222	20222	0.006	0.006	---	---
(ii)	Directors/Relative s	---	---	---	---	---	---	---
(iii)	Employees	---	---	---	---	---	---	---

(iv)	Foreign Nationals	---	---	---	---	---	---	---
a	NRI	---	---	---	---	---	---	---
b	NRI(Repat)	28	124601	115601	0.0389	0.0389	---	---
C	NRI(Non Repat)	---	---	---	---	---	---	---
v	OCB'S	---	---	---	---	---	---	---
vi	Person Acting in Concert	---	---	---	---	---	---	---
<b>Sub Total B(2)</b>		<b>6775</b>	<b>154291501</b>	<b>153378505</b>	<b>48.225</b>	<b>48.225</b>	---	---
<b>Total Public Shareholding B(1) + B(2)</b>		<b>6775</b>	<b>154291501</b>	<b>153378505</b>	<b>48.225</b>	<b>48.225</b>	---	---
<b>Total A+B</b>		<b>6784</b>	<b>319938080</b>	<b>319025084</b>	<b>100.00</b>	<b>100.00</b>	<b>300000</b>	<b>0.09</b>
C	Shares held by Custodians and against which Depository receipts have been issued							
(i) Promoter and Promoter group		---	---	---	---	---	---	---
(ii) Public		---	---	---	---	---	---	---
<b>Grand Total A+B+C</b>		<b>6784</b>	<b>319938080</b>	<b>319025084</b>	<b>100.00</b>	<b>100.00</b>	<b>300000</b>	<b>0.09</b>

### Financial Performance

Financial performance of CIL for the last three financial years is as follows:

(Rs. In Lakhs)

Particulars	For the Year ended		
	31 <sup>st</sup> March 2012	31 <sup>st</sup> August 2011	31 <sup>st</sup> March 2010
	(Audited)	(Audited )	(Audited )
Share Capital (Equity)	3,199.55	3,199.55	1,599.69
Reserves & Surplus (excluding revaluation reserves)	5,749.10	5,615.48	733.44
Total Income	1904.06	12,609.80	4,813.88
Profit After Tax	208.16	157.58	198.21
Earnings per share (in Rs.)	0.07	0.06	0.12
Net Asset Value per share (in Rs.)	2.79	2.75	1.44
Face Value per share (in Rs.)	1.00	1.00	1.00

## Capital Issue during the last three years

1	Name of the Company	Comfort Intech Limited
2	Year of issue.	2010-2011
3	Type of issue (public/ rights/ composite).	Rights Issue
4	Amount of issue.	Rs. 6398.76 Lakh
5	Closing Date	June 13, 2010
6	Date of Allotment	July 23, 2010
7	Date of Refunds	July 24, 2010
8	Date of Listing on the recognized stock exchange	July 28, 2010
9	Date of completion of the project, where object of the issue was financing the project.	Not Applicable
10	Date of completion of delivery of share certificates	Not applicable
11	Rate of dividend paid.	5% in FY 2011

## Stock Market Data of BSE :-

Month	High (Rs.)	Date of High	Volume	Low (Rs.)	Date of Low	Volume	Total Volume in the Month	Average price (Rs.)
February 2013	1.30	04/02/2013	30,573	0.96	19/02/2013	45,228	5,63,509	1.13

## 2. Comfort Securities Limited (CSL)

CSL was incorporated on 19<sup>th</sup> July, 2002. CSL is a diversified financial services company offering a wide range of products & services covering merchant banking, equity broking, currency derivatives and depository participants to all kinds of investors, namely, retail, high networth individuals and institutional. It is a professionally managed Company led by Mr. Anil Agrawal and Mrs. Annu Agrawal who collectively have more than 24 years of experience in the financial markets and have steered the growth of the Company.

It is headquartered at Malad, Mumbai and operates through 9 branches located at Indore, Jaipur, Mumbai, Kolkata, Gujarat and Kashmir and another 6 business associates. In Mumbai, it operates from 4 branches. The locations of the offices are driven by the demand for its financial products. CSL is a member in the cash and derivative segments of both BSE and NSE, currency derivative segment of BSE, NSE and MCX-SX. It is also registered as a DP with CDSL and is registered as Category I Merchant Banker with SEBI.

### Board of Directors

S. No.	Name of the Director	Designation
1.	Mr. Anil B. Agrawal	Promoter/Director
2.	Mrs. Annu A. Agrawal	Promoter/Director
3.	Mr. Amit Khemka	Wholetime Director
4.	Mr. Jugal C. Thacker	Non Executive & Non Independent Director
5.	Mr. Bharat N. Shiroya	Non Executive & Non Independent Director
6.	Mr. Chandrakala Purohit	Independent Director
7.	Mr. Shiv Ratan Agarwal	Independent Director
8.	Mr. Sushil K. Jain	Independent Director

The shareholding pattern of the company as on 16<sup>th</sup> March 2013 is as under:

Name	No. of Shares held	% holding
Mr. Anil B.Agrawal	657,500	5.60
Mrs. Annu A. Agrawal	5,340,000	45.45
Comfort Intech Limited	5,750,000	48.94
Anil Agrawal HUF	625	Negligible
Mr. Ankur Agrawal	625	Negligible
Mr. Amit Khemka	625	Negligible
Mr. Bharat N. Shiroya	625	Negligible
<b>Total</b>	<b>11,750,000</b>	<b>100.00</b>

### Financial Performance

Financial performance of CSL for the last three financial years is as follows:

(Rs. In Lakhs)

Particulars	For the Financial Year ended		
	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> August 2010
	(Audited)	(Audited)	(Audited )
Total Income	435.99	559.23	702.35
Profit/(loss) after Tax	147.29	259.05	379.47
Share Capital (Equity)	1,175.00	1,175.00	1,175.00
Reserves and Surplus (excluding revaluation reserve)	584.65	464.67	233.02
Earnings per share (in Rs.)	1.25	2.20	3.38
Net Asset Value per share (in Rs.)	14.66	13.66	11.83
Face Value per Share (in Rs.)	10.00	10.00	10.00

## 2. Comfort Commotrade Limited

Comfort Commotrade Private Limited was incorporated on 5<sup>th</sup> November, 2007 under the Companies Act, 1956 in the State of Maharashtra, having its registered office at A-301, Hetal Arch, Opp. Natraj Market, S.V. Road, Malad (West), Mumbai - 400064. The name of the Company was changed to Comfort Commotrade Limited on 21<sup>st</sup> May, 2012. The company is member of MCX with registration no MCX/TCM/CORP/1574 and NCDEX with registration number NCDEX/CO/10/01037. The shares of the company are listed with SME Exchange of BSE.

The Company is having the Membership of Multi Commodity Exchange of India Limited (MCX) and National Commodity and Derivatives Exchange Limited (NCDEX). It provides large range of services ranging from continuous on line support to the excellent on line advisory services to cater the need of the wide spread client base which has enabled it to have approximately 250 clients in the commodities segment during the short span of four years.

## Board of Directors

Name	Designation
Mr. Anil B. Agrawal	Director
Mrs. Sushil Jain	Director
Mr. Bharat N. Shiroya	Director
Mr. Anil Nevatia	Director

The shareholding pattern of the company as on 30<sup>th</sup> September 2012 is as under:

Category Code	Category of Shareholder(s)	Number of Share holder (s)	Total Number of shares	Number of shares held in Dematerialis ed Form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>							
<b>(1)</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	6	2820000	2820000	28.14	28.14	0	0.00
(b)	Central Government/ State Government(s)							
(c)	Bodies Corporate	1	1200000	1200000	11.98	11.98	0	0.00
(d)	Financial Institutions/ Banks							
(e)	Others							
	i)Trusts							
	ii)Directors							
	iii)Employee Welfare Trust							
	<b>SUB TOTAL (A)(1)</b>	<b>7</b>	<b>4020000</b>	<b>4020000</b>	<b>40.12</b>	<b>40.12</b>	<b>0</b>	<b>0.00</b>
<b>(2)</b>	<b>Foreign</b>							
(a)	Individuals (Non-Residents Individuals/Foreign Individuals)							
(b)	Bodies Corporate							
(c)	Institutions							
(d)	Qualified Foreign Investor							
(e)	Others							
	<b>SUB TOTAL (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>TOTAL Shareholding of Promoter and</b>	<b>7</b>	<b>4020000</b>	<b>4020000</b>	<b>40.12</b>	<b>40.12</b>	<b>0</b>	<b>0.00</b>

	<b>Promoter Group(A) = (1) + (2)</b>							
<b>(B)</b>	<b>Public Shareholding</b>							
<b>(1)</b>	<b>Institutions</b>							
(a)	Mutual Funds/ UTI							
(b)	Financial Institutions / Banks							
(c)	Central Government/ State Government(s)							
(d)	Venture Capital Funds							
(e)	Insurance Companies							
(f)	Foreign Institutional Investors							
(g)	Foreign Venture Capital Investors							
(h)	Qualified Foreign Investor							
(i)	Market Makers	2	410000	410000	4.09	4.09		
	<b>SUB TOTAL (B)(1)</b>	<b>2</b>	<b>410000</b>	<b>410000</b>	<b>4.09</b>	<b>4.09</b>		
<b>(2)</b>	<b>Non - Institutions</b>							
(a)	Bodies Corporate	17	410181	410181	4.09	4.09		
(b)	Individuals							
	i) Individual Shareholders holding nominal share capital up to Rs.1 Lakh	52	519819	519819	5.19	5.19		
	ii) Individual Shareholders holding nominal share capital in excess of Rs.1 Lakh	159	4660000	4660000	46.51	46.51		
(c)	Qualified Foreign Investor							
(d)	Others							
	i)Non Resident Repatriates							
	ii)Non Resident Non Repatriates							
	iii)Trusts							
	iv)Directors & their Relatives & Friends							
	v)Private Equity Funds							
	<b>SUB TOTAL (B)(2)</b>	<b>228</b>	<b>5590000</b>	<b>5590000</b>	<b>55.79</b>	<b>55.79</b>		
	<b>TOTAL Public Shareholding(B) = (1) + (2)</b>	<b>230</b>	<b>6000000</b>	<b>6000000</b>	<b>59.88</b>	<b>59.88</b>		
	<b>TOTAL (A)+(B)</b>	<b>237</b>	<b>10020000</b>	<b>10020000</b>	<b>100.00</b>	<b>100.00</b>		
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>		
	<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>237</b>	<b>10020000</b>	<b>10020000</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>

## Financial Performance

Financial performance of Comfort Commotrade Limited for the last three financial years is as follows:

(Rs. In Lakhs)

Particulars	For the Financial Year ended		
	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
	(Audited)	(Audited)	(Audited )
Total Income	61.51	16.59	23.22
Profit/(loss) after Tax	20.26	0.78	4.14
Share Capital (Equity)	134.00	34.00	29.00
Reserves and Surplus (excluding revaluation reserve)	311.10	73.96	53.58
Earnings Per share (in Rs.)	0.67	0.03	0.14
Net Asset Value (in Rs.)	32.33	29.81	28.22
Face Value per Share (in Rs.)	10.00	10.00	10.00

## Capital Issue during the last three years

1	Name of the Company	Comfort Commotrade Limited
2	Year of issue.	2012-13
3	Type of issue (public/ rights/ composite).	Public Issue on SME Exchange of BSE
4	Amount of issue.	Rs. 600 Lakh
5	Closing Date	September 10, 2012
6	Date of Allotment	September 18, 2012
7	Date of Refunds	September 20, 2012
8	Date of Listing on the recognized stock exchange	September 24, 2012
9	Date of completion of the project, where object of the issue was financing the project.	Not Applicable
10	Date of completion of delivery of share certificates	Not applicable
11	Rate of dividend paid.	2% in FY 2012

## Stock Market Data of SME Exchange of BSE:-

Month	High (Rs.)	Date of High	Volume	Low (Rs.)	Date of Low	Volume	Total Volume in the Month	Average price (Rs.)
February 2013	26.00	26/02/2013	20,000	19.25	11/02/2013	10,000	1,30,000	22.625

#### 4. Comfort Capital Private Limited

Comfort Capital Private Limited was originally incorporated on 5<sup>th</sup> January, 1993 under the Companies Act, 1956 in the State of Maharashtra, in the name of Luharuka Advertising Private Limited. Further, the name was changed to Comfort Advertising Private Ltd on 9<sup>th</sup> October, 1996. The name was further changed to Comfort Capital Private Ltd on 14<sup>th</sup> September, 2009. Registered office is located at A-301, Hetal Arch, Opp. Natraj Market, S.V. Road, Malad (West), Mumbai - 400064. The main object of the company is to carry on business of finance and investments.

#### Board of Directors

Name	Designation
Mr. Anil B. Agrawal	Director
Mrs. Annu A. Agrawal	Director

The shareholding pattern of the company as on 16<sup>th</sup> March, 2013 is as under

Name	No. of Shares Held	% Holding
Mr. Anil Agrawal	200	0.05%
Ms. Annu Agrawal	9900	2.58%
Ms. Sumitra Devi Jain	12,000	3.13%
Ms. Kalpana Jain	44,500	11.62%
Ms. Veenu Jain	38,500	10.05%
Mr. Ankur Agrawal	29,500	7.70%
Ms. Deepika Agrawal	83,000	21.67%
Naveen Jain (HUF)	31,500	8.22%
Dharmesh Jain (HUF)	38,000	9.92%
Ritesh Jain (HUF)	40,000	10.44%
Darshan Kumar Jain (HUF)	24,500	6.40%
Jambu Kumar Jain (HUF)	31,500	8.22%
<b>TOTAL</b>	<b>3,83,100</b>	<b>100.00%</b>

#### Financial Performance

Financial performance of Comfort Capital Private Limited for the last three financial years is as follows:

Particulars	(Rs. in Lakhs)		
	For the Financial Year ended		
	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
	(Audited)	(Audited)	(Audited)
Total Income	14.03	4.89	17.59
Profit/(loss) after Tax	(0.44)	(1.02)	8.33
Share Capital (Equity)	38.31	38.31	38.31
Reserves and Surplus (excluding revaluation reserve)	347.62	348.06	349.08

Earnings Per share (in Rs.)	(0.12)	(0.27)	3.5
Net Asset Value (in Rs.)	100.74	100.85	101.12
Face Value per Share (in Rs.)	10.00	10.00	10.00

## 5. Luharuka Exports Private Limited

Luharuka Exports Private Limited was incorporated on 5<sup>th</sup> January, 1993 under the Companies Act, 1956 in the State of Maharashtra, having its registered office at 227, Natraj Market, S.V. Road, Malad (West), Mumbai - 400064. The company is incorporated to carry on business of export / import and to deal in any type of goods for foreign trading.

### Board of Directors

Name	Designation
Mr. Anil B. Agrawal	Director
Mrs. Annu A. Agrawal	Director

The shareholding pattern of this company as on 16<sup>th</sup> March 2013 is as under:

Name	No. of Shares held	% holding
Mr. Anil B Agrawal	57,625	37.12
Mrs. Annu A Agrawal	15,925	10.26
Anil Agrawal HUF	36,833	23.73
Mr. Ankur Agrawal	44,853	28.89
<b>Total</b>	<b>155,236</b>	<b>100.00</b>

### Financial Performance

Financial performance of Luharuka Exports Private Limited for the last three financial years is as follows:

(Rs. in Lakhs)

Particulars	For the Financial Year ended		
	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
	(Audited)	(Audited)	(Audited)
Total Income	14.83	16.11	11.93
Profit/(loss) after Tax	14.67	15.70	9.44
Share Capital (Equity)	15.52	15.52	9.98
Reserves and Surplus (excluding revaluation reserve)	2035.75	2021.08	348.59
Earnings Per share (in Rs.)	9.45	14.01	9.45
Net Asset Value (in Rs.)	1321.39	1,337.79	359.20
Face Value per Share (in Rs.)	10.00	10.00	10.00

## 6. Luharuka Investment & Consultants Private Limited

Luharuka Investment & Consultants Private Limited was incorporated on 13<sup>th</sup> September, 1989 under the Companies Act, 1956 in the State of Maharashtra, having its registered office at 227, Natraj Market, S.V. Road, Malad (West), Mumbai - 400 064.

The main object of the company is to carry on business of financing, investing and financial advisory services.

### Board of Directors

Name	Designation
Mr. Anil B Agrawal	Director
Mrs. Annu A Agrawal	Director

The shareholding pattern of the company as on 16<sup>th</sup> march, 2013 is as under:

Name	No. of Shares held	% holding
Mr. Anil B. Agrawal	91,850	42.56
Mrs. Annu A. Agrawal	33,950	15.73
Anil Agrawal HUF	63,730	29.53
Mr. Ankur Agrawal	26,270	12.17
<b>Total</b>	<b>215,800</b>	<b>100.00</b>

### Financial Performance

Financial performance of Luharuka Investment & Consultants Private Limited for the last three financial years is as follows:

Particulars	(Rs. in Lakhs)		
	For the Financial Year ended		
	31 <sup>st</sup> March 2012 (Audited)	31 <sup>st</sup> March 2011 (Audited)	31 <sup>st</sup> March 2010 (Audited)
Total Income	14.99	16.81	9.63
Profit/(loss) after Tax	14.80	9.58	7.48
Share Capital (Equity)	21.58	21.58	17.24
Reserves and Surplus (excluding revaluation reserve)	2080.87	2067.07	357.28
Earnings Per share (in Rs.)	6.86	4.44	4.33
Net Asset Value (in Rs.)	974.05	967.37	217.20
Face Value per Share (in Rs.)	10.00	10.00	10.00

## 7. Luharuka Dealers Private Limited

Luharuka Dealers Private Limited was incorporated on 8<sup>th</sup> December, 2010, under the Companies Act, 1956 in the State of Maharashtra, having its registered office at A-301, Hetal Arch, S.V.Road , Malad West, Mumbai-400064.

The main objects of the business is of dealing in various commodities, substances, articles, merchandise, goods, and things whether solid or liquid or gaseous, licencees, merchants, traders, sales organizers, representatives of manufacturers of commodities, goods articles, merchants, traders, sales organizers, representatives of manufactures of commodities, goods articles, materials and things and for that purpose to buy, to sell exchange, market, pledge, distribute, install, service, maintain, or otherwise deals in commodities, goods articles and things and agency business.

### Board of Directors

Name	Designation
Mr. Anil B. Agrawal	Director
Mrs. Annu A. Agrawal	Director

The shareholding pattern of the company as on 16<sup>th</sup> March 2013 is as under:

Name	No. of Shares held	% holding
Mr. Anil B. Agrawal	5,000	50.00
Mrs. Annu A. Agrawal	5,000	50.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

### Financial Performance

Particulars	For the Financial year ended (Rs. In Lacs)
	31 <sup>st</sup> March, 2012(Audited)
Total Income	0.01
Profit/(loss) after tax	(0.20)
Share Capital (Equity)	1.00
Reserves and Surplus (excluding revaluation reserve)	(0.20)
Earnings Per Share (in Rs.)	(2.00)
Book Value per Equity Share (in Rs.)	7.80
Face Value per Share (in Rs.)	10.00

## 8. Luharuka Commotrade Private Limited

Luharuka Commotrade Private Limited was incorporated on 22<sup>nd</sup> June, 2010 under the Companies Act, 1956 in the State of Maharashtra, having its registered office at A-301 Hetal Arch, Opposite Natraj Market, S. V. Road , Malad (West), Mumbai-400064.

The main object of the company is to carry on business as portfolio managers, consultants, advisors for capital issues, investment consultants and management advisers to corporate bodies' individuals and others in commercial and industrial management.

## Board of Directors

Name	Designation
Mr. Anil B. Agrawal	Director
Mrs. Annu A. Agrawal	Director

The shareholding pattern of the company as on 16<sup>th</sup> March, 2013 is as under:

Name	No. of Shares held	% holding
Mr. Anil B. Agrawal	145,000	26.90
Mrs. Annu A. Agrawal	5,000	0.93
Anil Agrawal HUF	100,000	18.55
Mr. Ankur Agrawal	81,000	15.03
Ms. Deepika Agrawal	208,000	38.59
<b>Total</b>	<b>539,000</b>	<b>100.00</b>

## Financial Information

(Rs. In Lakh)

Particulars	For the Financial Year ended	For the Financial Year ended
	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	(Audited)	(Audited)
Total Income	0.25	0.04
Profit/(loss) after Tax	0.02	0.01
Share Capital (Equity)	53.90	53.90
Reserves and Surplus (excluding revaluation reserve)	608.39	608.36
Earnings Per share (in Rs.)	0.00	0.00
Net Asset value (in Rs.)	122.66	122.63
Face Value per Share (in Rs.)	10.00	10.00

## 9. Luharuka Tradelink Private Limited

Luharuka Tradelink Private Limited was incorporated on 16<sup>th</sup> June, 2011 under the Companies Act, 1956 in the State of Maharashtra, having its registered office at A-301 Hetal Arch, Opposite Natraj Market, S. V. Road, Malad (West), Mumbai-400064.

The main object of the company is to carry on business of dealing in various commodities, substances, articles, merchandise goods, and things whether solid or liquid or gaseous. This means to include buying and selling and dealing as representatives of manufacturers.

### Board of Directors

Name	Designation
Mr. Anil B. Agrawal	Director
Mrs. Annu A. Agrawal	Director

The shareholding pattern of the company as on 16<sup>th</sup> March 2013 is as under:

Name	No. of Shares held	% holding
Mr. Anil B Agrawal	5,000	50.00
Mrs. Annu A Agrawal	5,000	50.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

### Financial Information

Since the company was incorporated on June 16, 2011 financials for the last three years are not available.

Particulars	For the Financial Year ended
	31 <sup>st</sup> March 2012
	(Audited)
Total Income	0.04
Profit/(loss) after Tax	0.01
Share Capital (Equity)	1.00
Reserves and Surplus (excluding revaluation reserve)	0.01
Earnings Per share (in Rs.)	0.11
Net Asset value (in Rs.)	8.11
Face Value per Share (in Rs.)	10.00

### 10. Comfort Mines and Minerals Private Limited (CMMPL)

Comfort Mines and Minerals Private Limited was incorporated on 2<sup>nd</sup> November 2011. The registered office of CMMPL is located at 16, Central Avenue, 1<sup>st</sup> Floor, Choubey Colony, Raipur - 492 001. The main objects of the Company is to prospect, explore, open, raise, win, get and quarry coal, minerals, oils, metals and precious metals etc.

### Board of Directors

Name	Designation
Mr. Anil Agrawal	Director
Ms. Annu Agrawal	Director
Mr. Roopam Agrawal	Director
Mr. Amarkant Agrawal	Director

The shareholding pattern of the company as on 16<sup>th</sup> March 2013 is as under:

Name	No. of Shares Held	% Holding
Mr. Anil Agrawal	2,500	25.00%
Ms. Annu Agrawal	2,500	25.00%
Mr. Roopam Agrawal	2,500	25.00%
Mr. Amarkant Agrawal	2,500	25.00%
<b>Total</b>	<b>10,000</b>	<b>100.00%</b>

#### Financial Information

Since the company was incorporated on 2<sup>nd</sup> November, 2011 financials for the last three years are not available.

Particulars	For the Financial Year ended
	31 <sup>st</sup> March 2012
	(Audited)
Total Income	0.03
Profit/(loss) after Tax	0.00
Share Capital (Equity)	1.00
Reserves and Surplus (excluding revaluation reserve)	0.00
Earnings Per share (in Rs.)	0.05
Net Asset value (in Rs.)	8.29
Face Value per Share (in Rs.)	10.00

#### 11. Seth\_Govindram Charitable Trust

PAN: AAATS2703C

Date of Formation: 20.03.1995

Address: 227, Natraj Market, S.V. Road, Malad (West), Mumbai- 400 064

#### Objects:

Seth Govindram Charitable Trust is a registered Trust, primarily formed to work in Social, Educational, Cultural, Sports and Health areas to help the needy and unfortunate people of the society. The Trust has organised various programmes of the benefit of the society and is aimed at cultural and social upliftment.

#### Name of Trustees:

Mr. Anil Agrawal  
Mrs. Annu Agrawal  
Mr. Ankur Agrawal

#### 12. Finsolution Services FZE (FSFZE)

Finsolution Services FZE was incorporated in the RAK Investment Authority on 25.01.2012 as a Free Zone Establishment under registration number RAKIA 74 FZ301 12 5099 and is a wholly owned subsidiary

of Comfort Intech Limited. The registered office of FSFZE is located at P.O. Box 31291, Al Jazeera Al Hamra, Ras Al Khaimah, United Arab Emirates.

**Nature of Business:** Management consultancy services

**Managers :** Mr. Ankur Agrawal and Mr. Bharat Shiroya

### 13. Lemonade Share & Securities Private Limited

Lemonade Share & Securities Private Limited was incorporated on 14/07/2010 under the Companies Act, 1956 in the State of Maharashtra, having its registered office at A-301, Hetal Arch, S.V. Road, Malad (West), Mumbai-400 064.

The main object of the company is to carry on business as brokers, share & stock brokers, sub brokers, under-writer and consultants and to purchase, sell, buy , trade, deal in shares, debentures, debenture stock, bond, units etc.

#### Board of Directors

Name	Designation
Mr. Anil Agrawal	Director
Mr. Bharat Shiroya	Director
Mr. Pradeep Mundhra	Director

The shareholding pattern of the company as on 16<sup>th</sup> March 2013 is as under:

Name	No. of Shares held	% holding
Mr. Pradeep Mundhra	9900	2.11
Mr. Shyam Kishore Mishra	100	0.021
M/s. Comfort Intech Limited	220000	46.81
M/s. Comfort Fincap Limited	220000	46.81
Mr. Anil Agrawal HUF	20000	4.26
<b>Total</b>	<b>470000</b>	<b>100.00</b>

#### Financial Performance

Financial performance of Lemonade Share & Securities Private Limited for the last three financial years is as follows:

(Rs. in Lakhs)

Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	(Audited)	(Audited)
Total Income	0.08	0.03
Profit/(loss) after Tax	0.01	0.01
Share Capital (Equity)	1.00	1.00

Particulars	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
	(Audited)	(Audited)
Reserves and Surplus (excluding revaluation reserve)	0.02	0.01
Earnings Per share (in Rs.)	0.13	0.08
Net Asset Value (in Rs.)	8.71	8.21
Face Value per Share (in Rs.)	10.00	10.00

#### 14. Liquors India Limited

Liquors India Limited was incorporated on 16/01/1975 under the Companies Act, 1956 in the State of Andhra Pradesh, having its registered office at 8-120, IDA, Nacharam, Hyderabad.

The Company is carrying on the business of manufacture, bottling and distribution of alcoholic liquors.

#### Board of Directors

Name	Designation
Mr. Anil Agrawal	Director
Mr. Bharat Shiroya	Director
Mr. Jugal C Thacker	Additional Director
Mr. Amit Kumar Khemka	Additional Director
Mr. Ravikumar	Director
Mr. Badrinath Gandhi	Director
Mr. Ananda Kumar	Director
Mr. Ankur A Agrawal	Director
Mr. Pradeep Mundhra	Director

The shareholding pattern of the company is as under:

Name	No. of Shares held	% holding
Lemonade Share & Securities Private Limited	43,40,000	99.59
Mr. Anil Agrawal	1000	0.02
Ms. Annu Agrawal	1000	0.02
Mr. Ankur Agrawal	1000	0.02
Ms. Deepika Agrawal	1000	0.02
Mr. Anil Agrawal HUF	1000	0.02
Mr. Bharat Shiroya	1000	0.02
Mr. Amit Kumar Khemka	1500	0.03
Mr. Jugal C Thacker	1550	0.04
Mr. Pradeep Mundhra	1550	0.04
Mr. Pawankumar Jhunjunwala HUF	1250	0.03

Mr.Pramodkumar Jhunhunwala HUF	1100	0.03
Mr.Pravinkumar Jhunhunwala HUF	1200	0.03
Mr.Pradeepkumar Jhunhunwala HUF	1250	0.03
Ms. Uma	2500	0.06
<b>Total</b>	<b>4357900</b>	<b>100.00</b>

### Financial Performance

Financial performance of Liquors India Limited for the last three financial years is as follows:  
(Rs. in Lakhs)

Particulars	For the Financial Year ended		
	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
	(Audited)	(Audited)	(Audited )
Total Income	919.84	3343.42	3039.28
Profit/(loss) after Tax	1.90	3.46	12.42
Share Capital (Equity)	435.19	435.19	435.19
Reserves and Surplus (excluding revaluation reserve)	119.05	117.15	121.32
Earnings Per share (in Rs.)	0.04	0.08	0.29
Net Asset Value (in Rs.)	12.74	12.69	12.79
Face Value per Share (in Rs.)	10.00	10.00	10.00

## **SECTION V- REGULATIONS AND POLICIES IN INDIA**

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.

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

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

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

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

### **Transfer of Property**

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

The transfer of property is governed by the Transfer of Property Act, 1882 (“T.P. Act”). The T.P. Act establishes the general principles relating to the transfer of property including among other things identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

### **Registration Act, 1908**

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

### **The Easements Act, 1882**

The law relating to easements is governed by the Easements Act, 1882 (“Easements Act”). The right of easement is derived from the ownership of property and has been defined under the Easements Act to mean a right which the owner or occupier of land possesses for the beneficial enjoyment of that land and which permits him to do or to prevent something from being done in respect of certain other land not his own. Under this law an easement may be acquired by the owner of immovable property, i.e. the “dominant owner”, or on his behalf by the person in possession of the property. Such a right may also arise out of necessity or by virtue of a local

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

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

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

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

### **Service Tax**

Chapter V of the Finance Act 1994 (as amended), and Chapter V-A of the Finance Act 2003 requires that where provision of certain listed services, whole taxable services exceeds Rs. 10,00,000, a service tax with respect to the same must be paid. Every person who is liable to pay service tax must register himself for the same.

## **Intellectual Property**

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

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as 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 word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. 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 ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

### **Copyright Act, 1957**

The Copyright Act, 1957 came into effect from January 1958. Copyright is an exclusive right. The statutory definition of Copyright is the exclusive right to do or authorizes others to do certain acts in relation to Literary, dramatic or musical works, Artistic work Cinematograph film; and Sound recording. The purpose of recognizing & protecting the copyright of an author is to statutorily protect his work & inspire him to exercise his creative faculties. Copyright is granted for a specific period of time. Whether an act is an infringement or not would depend on the fact whether copyright is subsisting in the work or not. In case the copyright has expired, the work falls in the public domain & any act of reproduction of the work by any person other than then the author would not amount to infringement.

### **The Reserve Bank India Act, 1934**

Our Company is registered under the Reserve Bank of India Act, 1934 ("the RBI Act") as a NBFC not accepting public deposits vide the Registration No. No.B.01.00419 dated June 25, 2002 issued by RBI, Ahmedabad Regional Office. The RBI Act was enacted to constitute the RBI to regulate the issue of bank notes and the keeping of reserves with a view to securing monetary stability in India and to generally operate the currency and credit system of India. Our Company is subject to the regulations, as well as to the directives, issued by the RBI from time to time. The RBI Act provides, inter alia, that a NBFC can commence business after obtaining a certificate of registration. NBFCs should have minimum 'net owned funds' of Rs. 200 Lacs, as it may, by notification in the Official Gazette, specify. "Net owned fund" as defined in the RBI Act, are the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company after deducting various stipulated items there from.

### **Prudential Norms for Asset Classification**

The Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 ("Prudential Norms Directions") specify that every NBFC shall, after taking into account the degree of well defined credit weaknesses and extent of dependence on collateral security for realization, classify lease/ hire purchase assets, loans and advances and any other forms of credit into the following classes, namely:

- Standard asset, i.e., the asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business;
- Sub-standard asset, i.e., (a) an asset, which has been classified as non-performing asset for a period not exceeding 18 months; b) an asset where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms;

- Doubtful asset, i.e., (a) a term loan, or (b) a lease asset, or (c) a hire purchase asset, or (d) any other asset which remain as a sub-standard asset for a period exceeding 18 months;
- Loss asset, i.e., (a) an asset which has been identified as loss asset by the NBFC or by internal or external auditor or by the RBI during the inspection of the NBFC, to the extent it is not written off by the NBFC; and (b) an asset which is adversely affected by a potential threat of no recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

An asset is classified as a non performing asset when:

- (a) an asset, in respect of which, interest has remained overdue for a period of six months or more;
- (b) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of six months or more or on which interest amount remained overdue for a period of six months or more;
- (c) a demand or call loan, which remained overdue for a period of six months or more from the date of demand or call or on which interest amount remained overdue for a period of six months or more;
- (d) a bill which remains overdue for a period of six months or more;
- (e) the interest in respect of a debt or the income on receivables, under the head 'other current assets' in the nature of short term loans/ advances, which facility remained over due for a period of six months or more;
- (f) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of six months or more;
- (g) the lease rental and hire purchase installment, which has become overdue for a period of twelve months or more;
- (h) in respect of loan, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/ beneficiary when any of the above credit facilities become non performing asset;

The Prudential Norms Directions also require every NBFC to make provisions against substandard assets, doubtful assets and loss assets, after taking into account the time lag between an accounts becoming non-performing, its recognition as such, the realization of the security and the erosion over time in the value of security charged. Such provisions are required to be made as provided below:

Loans advances and other credit facilities including bills purchased and discounted. The provisioning requirement in respect of loans advances and other credit facilities including bills purchased and discounted is as under:

- **Loss asset:** The entire asset is required to be written off if the assets are permitted to remain in the books for any reason, 100 per cent of the outstanding should be provided for;
- **Doubtful asset:** (a) 100 per cent provision to the extent to which the advance is not covered by the realizable value of the security to which the NBFC has a valid recourse is required to be

made. The realisable value is to be made estimated on a realistic basis; (b) In addition, to item a) above, depending on the period for which the asset has remained doubtful, provision to the extent of 20 per cent to 50 per cent of the secured portion (i.e., estimated realisable value of the outstanding) is required to be made as follows. Accordingly, if the asset has been considered doubtful for upto one year, provision to the extent of 20 per cent of the secured portion is required to be made; if the asset has been considered doubtful for one to three years, provision to the extent of 30 per cent of the secured portion is required to be made; and if the asset has been considered doubtful for more than three years, provision to the extent of 50 per cent of the secured portion is required to be made.

- **Sub-standard asset:** A general provision of 10 per cent of the total outstanding is required to be made.

#### **Guidelines on Fair Practices Code**

The RBI has prescribed guidelines that should be framed and approved by the Board of Directors of all NBFCs. The guidelines, further, require that such code should be published and disseminated on the website of the NBFC. The guidelines include the following requirements, which should be adhered to by NBFCs:

- i. Inclusion of necessary information affecting the interest of the borrower in the loan application form.
- ii. Devising a mechanism to acknowledge receipt of loan applications and establishing a time frame within which such loan applications shall be disposed.
- iii. Conveying, in writing, to the borrower the loan sanctioned and terms thereof. The acceptance of terms should be kept in its record by the NBFC. They may invariably furnish a copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement to all the borrowers at the time of sanction / disbursement of loans. ( RBI/2007-08/158 DNBS.PD/CC. No. / 03.10.042 /2007-08, dated October 10, 2007).
- iv. Giving notice to the borrower of any change in the terms and conditions and ensuring that changes are effected prospectively.
- v. Refraining from interfering in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement.
- vi. Not resorting to undue harassment in the matter of recovery of loans.
- vii. The Board of Directors of the NBFC should lay down the appropriate grievance redressal mechanism.

#### **Supervision by the RBI**

Under the provisions of the Reserve Bank of India (Non Banking Financial Companies) Returns Specifications 1997, every NBFC is required to submit certain returns containing specific information to the RBI on a quarterly, half yearly and on an annual basis, in the format prescribed by the RBI. Further under section 45N of the Reserve Bank of India Act, 1934, the RBI may cause an inspection to be made of any NBFC if it considers it necessary or expedient.

#### **KYC Obligations**

The RBI has extended the Know Your Customer (“KYC”) guidelines to NBFCs and advised all NBFCs to adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework on KYC and Anti-Money Laundering measures are put in place. The KYC policies are required to have the following key elements, namely, Customer acceptance

policy, customer identification policy, ceiling and monitoring of cash transactions, guidelines and monitoring procedures, internal control systems, internal audit for inspection, record keeping and training of staff and management, adherence of KYC guidelines by the persons authorized by NBFCs including brokers/ agents, due diligence of persons authorized by NBFCs including brokers/ agents, customer service in terms of identifiable contact with persons authorized by NBFCs including brokers/ agents.

### **The Prevention of Money Laundering Act, 2002**

The PMLA Act, 2002 casts certain Obligations on Banking Companies, Financial Institutions and Intermediaries to take measures to prevent money laundering in the country. In accordance with the PMLA Act, 2002 and the rules made there under the Securities Exchange Board of India (SEBI) vide its circular ISD/CIR/RR/AML/1/ 06 dated January 18, 2006 has declared Guidelines on Anti Money Laundering Standards. These guidelines have been laid down to prevent intermediaries from being used, intentionally or unintentionally, by criminal elements for money laundering activities. As per these guidelines an intermediary has to prevent itself from being used intentionally or unintentionally, by criminal elements for money laundering activities. As per these guidelines the Company should know and understand its customers and their financial dealings better which in turn helps the Company and its customers to manage their risk prudently.

### **Insider Trading Regulations**

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time (“Insider Trading Regulations”) govern the law with respect to insider trading in India. The Insider Trading Regulations inter alia prohibit all insiders from dealing in securities of a listed company when the insider is in possession of unpublished price sensitive information (“UPSI”). It further prohibits an insider from communicating, counselling or procuring, directly or indirectly, any UPSI to any person who while in possession of such UPSI is likely to deal in such securities.

Information is said to be price sensitive if it is likely to, directly or indirectly, materially affect the price of the securities of the company to which it relates. Under the Insider Trading Regulations, the concept of an “insider” is related to those of a connected person and a deemed connected person. A person is said to be connected to a company when he or she is a director, employee or officer in the company or stands in a professional or business relationship with the company and when he or she may reasonably be expected to have access to UPSI and includes inter alia market intermediaries, Merchant Bankers, share transfer agents, registrars to an issue, debenture trustees, brokers, Portfolio Managers, investment advisors.

The Insider Trading Regulations further provide that all listed companies and organisations associated with the securities market including inter *alia* intermediaries as defined under the SEBI Act, asset management companies, trustees of mutual funds etc. should frame a code of internal procedures and conduct based on the Model Code of Conduct specified under the Insider Trading Regulations.

## SECTION VI- FINANCIAL INFORMATION

### FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our Company's significant outstanding secured borrowings of approximately 17.22 lakhs, as on 31<sup>st</sup> March, 2012 together with a brief description of certain significant terms of such financing arrangements.

#### A. Secured Borrowings

The total outstanding amount with respect to our secured borrowings is approximately 17.22 lacs, as on 31<sup>st</sup> March, 2012. The details of these facilities are set forth below.

Sr. No.	Name of Lender	Nature of Facility	Amount outstanding as on 31 <sup>st</sup> March, 2012 (Rs. In Lakhs)	Rate of Interest	Repayment Terms	Security offered
1.	Union Bank of India	Bank Overdraft	17.22	Fixed deposit interest rate + 1%	Upto to the Expiry of the Limits	Fixed Deposit

## STOCK MARKET DATA FOR OUR EQUITY SHARES

The Equity Shares of our Company have not been traded on CSE, DSE or UPSE during the last three years from the date of this Information Memorandum.

## SECTION VII - OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding or tax liabilities against our Company that would have a material adverse effect on our business and there are no defaults, non payment or overdue of statutory dues, institutional/ bank dues or dues payable to holders of debentures, bonds and fixed deposits and arrears of preference shares (irrespective of whether they are specified under Part I of Schedule XIII of the Act), that would have a material adverse effect on our business:

### A. OUTSTANDING LITIGATION INVOLVING OUR COMPANY

#### 1. Litigations filed against our Company

There are no litigations filed against our Company.

#### 2. Litigations filed by our Company

There are no litigations filed by our Company.

#### 3. Income Tax Proceedings

There are no pending Income tax proceeding involving our Company.

### B. OUTSTANDING LITIGATION INVOLVING OUR DIRECTORS AND PROMOTERS

#### 1. Litigations involving our Directors

There are no litigations involving our Directors.

#### 2. Litigations filed against the Promoters

There are no litigations involving our Promoters.

### C. OUTSTANDING LITIGATION INVOLVING OUR PROMOTER GROUP COMPANIES

#### 1. Litigations filed against our Promoter Group Companies

*Litigation involving Civil Laws*

Comfort Intech Limited

- (i) Empire Industries Ltd. (EL) has filed a suit against the Comfort Intech Limited in the Bombay High Court under the provisions of Order XXXVII Rule 2 of the Code of Civil Procedure 1908 being Sum. Suit No. 1460 of 2010 for recovery of commission amounting to Rs. 27,57,500/- (inclusive of service tax of 10.30%) with further interest thereon at the rate of 10% p. a. from the date of filing of the suit till the date of payment/realization. In the suit EL has claimed that they had introduced a buyer to the CIL for sale of Knuckle Joint Pres machine as per agreement dated 25-03-2009 and as per the agreement EL is entitled to a commission of Rs. 27,57,500/-. CIL has been served with a summons on 26<sup>th</sup> day of June 2010 and as per the requirements of summary suit proceedings CIL has caused a vakalatnama of its Advocate to be filed in the Bombay High Court on 1<sup>st</sup> day of July 2010. Further CIL received order from the High Court 13<sup>th</sup> January, 2012 for depositing Rs. 25 with court. CIL has filed Memorandum of Appeal in High Court against the said order and the same is pending.

(ii) Liquor India Limited

Mr. R. V. RaviKumar Filed a suit against M/S Liquor India Limited in the court of II ADJ Judge, Ranga Reddy District praying (1) rescind the MOU dated 05/09/2012, Share Purchase Agreement dated 07/09/2012 and to restore the parties to the position they were prior to the MOU dated 05/09/2012 (ii) to declare the notice to call the Extra Ordinary General Meeting dated 05/02/2013 as null and void. Next date of hearing is on 20/03/2013

*Litigation involving Criminal Laws*

- (1) M/s. MTZ Poly Films Ltd. has filed a Revision Application against the order of issue of summons being Revision Application No. 110 of 2009 dated 2<sup>nd</sup> December 2009 for stay of the proceedings before the Magistrate on the ground that CIL has served the notice beyond the period of limitation. The Revision Application was quashed thereafter M/S MTZ Poly Films Limited filed a Criminal writ petition against the quashing of Revision Application in the High Court and the next date of hearing of writ petition in the High Court is 19<sup>th</sup> March 2013.
- (2) Alpurpose Textiles Industries Pvt. Ltd. filed a Criminal appeal no. 350/2012 in the matter of case filed by Comfort Intech Limited for dishonour of cheques of aggregate value of Rs. 35,96,000/- (Rupees Thirty Five Lakh Ninety Six thousand only) issued towards repayment of loan by Comfort Intech Limited. Previous date of hearing was on 18/03/2013.

**2. Litigations filed by our Promoter Group Companies**

***Litigation involving Criminal Law***

**Comfort Intech Limited (CIL)**

- (i) Comfort Intech Limited (CIL) has filed a case against M/s. MTZ Poly Films Ltd. and its Directors & officers under section 138 of the Negotiable Instruments Act 1881 in the Court of the Metropolitan Magistrate 43<sup>rd</sup> Court at Borivali, Mumbai for dishonour of cheques of aggregate value of Rs. 62,00,000/- (Rupees Sixty Two Lakh only) issued towards repayment of loan and Bill discounting facility availed by M/s. MTZ Poly Films Ltd. from CIL. The Court issued summons to M/s. MTZ Poly Films Ltd. and its Directors and officers, however M/s. MTZ Poly Films Ltd. has filed a Revision Application against the order of issue of summons being Revision Application No. 110 of 2009 dated 2<sup>nd</sup> December 2009 for stay of the proceedings before the Magistrate on the ground that CIL has served the notice beyond the period of limitation. The Revision Application was quashed and the case filed in the Court of Borivali is revived and previous hearing was held on 15/03/2013.
- (ii) Comfort Intech Limited has filed a case against M/s. Alpurpose Textile Industries Pvt. Ltd. and its Directors viz. Mr. Om Prakash Jalan and Mrs. Shakuntala Devi Jalan under section 138 of the Negotiable Instruments Act 1881 in the Court of the Metropolitan Magistrate 43<sup>rd</sup> Court at Borivali, Mumbai for dishonour of cheques of aggregate value of Rs. 35,96,000/- (Rupees Thirty Five Lakh Ninety Six thousand only) issued towards repayment of loan by Comfort Intech Limited. Further, Comfort Intech Limited filed a

Civil Summary suit in the same matter which was in favour of M/s. Alpurpose Textile Industries Pvt. Ltd.

- (iii) Comfort Intech Limited has filed a case against Mr. Munish Madhok under section 138 of Negotiable Instrument Act, 1881 in the court of Metropolitan Magistrate 43<sup>rd</sup> Court at Borivali, Mumbai for dishonor of cheques of amounting Rs. 5,10,000 (Five Lacs Ten Thousand) in respect of repayment of loan granted by Comfort Intech Limited. However the suit is pending and the matter shall come up for hearing is on 1<sup>st</sup> April 2013.

#### ***Litigation involving Civil Laws***

- (i) Comfort Intech Limited (CIL) has filed a Summary Suit against Alpurpose Textiles Industries Ltd and its Directors in the Bombay High Court being Summary Suit No 2783 of 2010. CIL has filed the above matter for recovery of a sum of Rs. 33,00,000 with interest which was lent and advanced by CIL to M/s. Alpurpose Textile Industries Pvt. Ltd wherein its Directors viz. Mr. Om Prakash Jalan and Mrs. Shakuntala Devi Jalan had stood as guarantor. By a deed of mortgage dated 10th July, 2008, the said Mrs. Shakuntala Devi Jalan has mortgaged a flat owned by her situated at Sunder Nagar, Malad as and by way of security and also issued 6 post dated cheques favouring the Company for due repayment of the aforesaid loan of Rs. 33 Lakh. CIL has filed the said suit for recovery of the principal sum of Rs. 33,00,000 along with a further sum of Rs. 16,55,584 towards interest @ 24% p.a. as on September 28, 2010 and further interest@ 18% from the date of the suit till payment and/or realization thereof. CIL has already initiated criminal proceedings under section 138 of the Negotiable Instruments Act, 1881 pursuant to dishonor of all 6 post dated cheques as already stated hereinabove. CIL have received order from the court dated 24<sup>th</sup> January, 2012 and Court has granted Alpurpose unconditional leave to defend the suit and court has transferred case list of commercial casues suit.CIL is in the process of filing Notice of Motion. Comfort received an order where by Court granted un conditional leave to defend the suit to the Alpurpose. Thereafter Comfort filed a special leave petition in the Supreme Court.

#### ***Litigation with Debt Recovery Tribunal***

- (i) Comfort Intech Limited has filed a suit against Bank of Baroda with Debt Recovery Tribunal. Comfort Intech Limited have purchased property through auction conducted by the authorised dealer of Bank of Baroda held on 31<sup>st</sup> May, 2011 for Rs. 2,27,50,000/- and made full payment of consideration. Comfort Intech Limited received a letter from bank stating their unwillingness to sale property due to certain procedural issues at bank's end. Comfort Intech Limited has filed suit for recovery of the said property. DRT dismissed the application of Comfort and we are preparing to move into Debt recovery Appellate Tribunal.
- (ii) Comfort Intech Limited has filed a suit against Punjab National Bank with Debt Recovery Tribunal. Comfort Intech Limited has purchased property from Mr. Dharmesh Baid for Rs. 2,00,00,000/- on execution of agreement of sale on 21<sup>st</sup> June, 2011. On 2<sup>nd</sup> June, 2012 Comfort Intech Limited received notice stating that Punjab National Bank had taken the possession of the property on 1<sup>st</sup> June, 2012 and Mr. Dharmesh Baid has mortgaged the property with Punjab National Bank. On 13<sup>th</sup> July, 2012 Debt Recovery Tribunal passed an order granting a stay order in favour of Comfort Intech Limited. Further hearing is on 20<sup>th</sup> November, 2012. Case is on final stage and the hearing is on 26<sup>th</sup> March 2013.

## **2. Income Tax Proceedings**

There are no pending Income tax proceeding involving our any Promoter Group Companies.

### **MATERIAL DEVELOPMENTS**

There have not arisen, since the date of the last financial statements disclosed in this Information Memorandum, any circumstances which materially and adversely affect or are likely to affect the performance and prospects of the Company in any manner.

## SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

### CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

#### CAPITAL

2. The Authorised 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.

#### INCREASE OF CAPITAL BY THE COMPANY AND HOW CARRIED INTO EFFECT

3. The Company in General Meeting may by Ordinary Resolution, from time to time increase the capital by creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increase capital shall be issued upon such terms and conditions and with such rights and privileges attached thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the directors shall determine and in particular such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at General Meetings of the Company in conformity with section 87 and 88 of the Act, whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.
4. The shares in the capital shall be distinguished by its appropriate number, provided that nothing in this section shall apply to the shares held with a depository.

#### SHARES AT THE DISPOSAL OF THE DIRECTORS

5. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the 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 of (subject to the compliance with the provision of section 79 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.

#### POWER ALSO TO COMPANY IN GENERAL MEETING TO ISSUE SHARES

6. In addition to and without derogating from the powers for the purpose conferred on the Board under Article 5 & 8 the Company in General Meeting may subject to the Provisions of Section 81 of the Act, determine that any share (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or not) in such proportions and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount, as such General Meeting shall determine and with full power to give any person (whether a member or not) the option to call for or be allotted any class of shares of the Company either at a

premium or at par or (subject to the compliance with the provisions of Section 79 of the Act) at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provisions, whatsoever for the issue, allotment or disposal of any shares.

#### INCREASE OF CAPITAL

7. The Company in General Meeting may from time to time increase its share capital by the creation of further shares, such increase to be of such aggregate amount and to the divided into shares of such respective amount as the resolution shall prescribe. Subject to the provisions of the Act, the further shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof shall direct and if no direction be given as the Board shall determine.

#### FURTHER ISSUE OF SHARES

8. 1. Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital then:

- a. Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
- b. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
- c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.

Provided that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

- d. After expiry of the time specified in the aforesaid notice 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 off them in such manner and to such person(s) as they may think, in their sole discretion fit.

2. Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub clause (1) hereof in any manner whatsoever.

- a. If a special resolution to that effect is passed by the Company in General Meeting, or
- b. Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposer by members, so entitled and voting and Central Government is satisfied, on an application

made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

3. Nothing in sub-clause (c) of (1) hereof shall be deemed:

- a. To extend the time within which the Offer should be accepted; or
- b. To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made had declined to take the shares comprised in the renunciation.

Nothing in the Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

- i. To convert such debentures or loans into shares in the Company; or
- ii. To subscribe for shares in the Company whether such options is conferred in these Articles or otherwise.

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term;

- a. Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or in conformity with the rules, if any, made by that Government in this behalf;
- b. In the case of debentures or loans or other than debentures issued or loans obtained from Government or any Institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in general meeting before the issue of debentures or raising of the loans.

#### POWER ALSO TO COMPANY IN GENERAL MEETING TO ISSUE SHARES

9. In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.

#### APPLICATION OF PREMIUM RECEIVED ON SHARES

11.
  1. Where the Company issues Shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these shares shall be transferred to an account, to be called “the security premium account” and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this Article, apply as if the security premium account were paid up share capital of the Company.
  2. The security premium account may, notwithstanding anything in clause (1) thereof be applied by the Company.
    - a. In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus;
    - b. In writing off the preliminary expenses of the Company;
    - c. In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company; or
    - d. In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

#### POWER TO OFFER SHARES/OPTIONS TO ACQUIRE SHARES

12.
  - (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 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 12 (i), the Board may also allot the Shares referred to in Article 12 (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 12 (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 12 (i) and (ii) above.

#### NEW CAPITAL SAME AS ORIGINAL CAPITAL

15. Except so far as otherwise provided by the conditions of issue 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.

#### ISSUE OF FURTHER SHARES ON PARI PASSU BASIS

22. 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 issue 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

23. 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).

24. a. Power to Company to dematerialize and rematerialize

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.

b. Dematerialization of Securities

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.

c. Intimation to Depository

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.

d. Option for Investors

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.

e. The Company to recognize under Depositories Act, Interest in the Securities other than that of Registered holder.

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.

f. Securities in Depositories and Beneficial Owners

All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

g. Rights of depositories and Beneficial Owners.

- a. 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.
- b. 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.
- c. Every person holding securities of the Company and whose name if 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.”

h. Depository to furnish information

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.

#### APPLICATION OF PREMIUM

28. 1. Where the Company issue shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account to be called Share Premium Account and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in this clause, apply as if the share premium account were paid up share capital of the Company.
2. The share premium account may, notwithstanding sub-clause (1) hereof, be applied by the Company;
- a. In paying up unissued shares of the Company to be issued to 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 debenture of the Company or
  - d. In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

#### LIMITATION OF TIME FOR ISSUE OF CERTIFICATES

34. Every members 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 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

35. 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. 2/- 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.

#### FUNDS OF COMPANY NOT TO BE APPLIED IN PURCHASE OF SHARES OF THE COMPANY

No funds of the Company shall except as provided by Section 77 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 Sections 78, 80 and 100 to 105 of the Act 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

#### FORFEITURE, SURRENDER AND LIEN

##### IF CALL OR INSTALLMENT NOT PAID, NOTICE MAY BE GIVEN

61. 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.

##### BOARD MAY ACCEPT SURRENDER OF SHARES

75. 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

76. 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. Unless otherwise agreed the registration of a transfer of shares/debentures shall

operate as a waiver of the Company's lien if any, on such shares/debentures. 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

77. 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 seven days after the date of such notice.

#### EXECUTION OF TRANSFER

84. 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

85. The instrument of transfer shall be in writing and all the provisions of section 108 of the Act and any statutory modification thereof, for the time being, shall be duly complied with in respect of all transfers of shares and of the registration thereof.

86. (i) Every holder of the share(s) in, and / or debenture(s) of the Company, may at any time nominate, in the manner prescribed under the Act, a person to whom his share(s) in, and/or debenture(s) of the Company, shall vest in the event of his death.

(ii) Where the share(s) in, and/or debenture(s) of the Company, are held by more than one person jointly, all the joint-holders may together nominate, in the manner prescribed under the Act, a person to whom all the rights in the share(s) and/or debenture(s) of the Company, as the case may be, shall vest in the event of death of all the joint holders.

(iii) Notwithstanding anything contained in any other law for the time being in force or in these Articles or in any disposition, whether testamentary or otherwise, in respect of such share(s) in, and/or debenture(s) of the Company, where a nomination made in the manner prescribed under the Act, purports to confer on any person the right to vest the share(s) in, and/or debenture(s) of the Company, the nominee shall, on the death of the shareholder and/or debenture-holders concerned or on the death of all the joint-holders, as the case may be, become entitled to all the rights in relation to such share(s) in and/or debenture(s) to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the Act.

(iv) Where the nominee is a minor, the holder of the share(s) in, and/or debenture(s) of the Company, can make a nomination in the manner prescribed under the Act, to appoint any person to become entitled to the share(s) in, and/or debenture(s) of the Company, in the event of his death, during the minority.

(v) Notwithstanding anything contained in these Articles, any person who becomes a nominee by virtue of the provisions of Article 86, upon the production of such evidence as may be required by the Board and subject as herein after provided, may elect either;

1. to be registered himself as holder of the share(s) and/or debenture(s), as the case may be; or
2. to make such transfer of the share(s) and/or debenture(s), as the case may be, as the deceased shareholder and/or debenture-holder, as the case may be, could have made.

If the person being a nominee, so becoming entitled, elects to be registered as holder of the share(s) and/or debenture(s) himself, he shall deliver or send to the Company, a notice in writing duly signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder and/or debenture-holder, as the case may be.

(vi) All the limitations, restrictions and provisions of the Act, relating to the right to transfer and the registration of transfer of share(s) and/or debenture(s) shall be applicable to any such notice or transfer as aforesaid as if the death of the shareholder/debenture holder had not occurred and the notice or transfer were a transfer signed by that shareholder and/or debenture-holder as the case may be.

(vii) A person, being a nominee, becoming entitled to the share(s) and/or debenture(s) by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share(s) and/or debenture(s), except that he shall not, before being registered a member in respect of his share(s) or debenture(s), be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that, the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share(s) and/or debenture(s) and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share(s) and/or debenture(s), until the requirements of the notice have been complied with.

#### MEETING OF MEMBERS

105.(a) Subject to Section 166 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, subject however to the right of the Registrar, under the Act, to extend the time within which any Annual General Meeting may be held.

(b) Every Annual General Meeting shall be called for at a time during business hours on a day that is not a public 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.

106. The Company shall in accordance with Section 159 of the Act, within 60 days from the day on which the Annual General Meeting is held, prepare and file with the Registrar a return in the form set out in part II of Schedule V to the Act or as near thereto as the circumstance shall admit and containing the particulars specified in part I of the said Schedule V together with three copies of the Balance Sheet and the Profit and Loss Account laid before the Annual General Meeting in accordance with Section 220 of the Act.

#### Calling of Extra-ordinary General Meeting

108. The Board may, whenever it thinks fit, call an Extra-ordinary General Meeting of the Company and it shall, on the requisition of the holders of not less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid forthwith proceed to convene an Extra-Ordinary General Meeting of the Company and in the case of such requisition, the provision of Section 169 of the Act shall apply. No shareholder or shareholders shall call a meeting of the Company except by or upon a requisition as herein provided.

#### Length of notice for calling meeting

109. (1) A General Meeting of the Company may be called giving not less than twenty one days notice in writing.

(2) A General Meeting may be called after giving shorter notice than the specified in sub-clause (1) hereof, if consent is accorded thereof.

- i. in the case of an Annual General Meeting, by all the members entitled to vote thereat: and
- ii. in the case of any other meeting, by members of the Company holding not less than ninety five per cent of such part of the paid up share capital of the Company as gives a right to vote at that meeting.

Provided that where any members of the Company are entitled to vote on some resolution to be moved at the meeting and not on the others, those members shall be taken into the account for the purpose of this sub-clause in respect of the former resolution or resolutions and not in respect of the later.

Contents and manner of services of notices and person on whom it is to be served

110. (1) Every notice of the meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.

(2) Notice of every meeting of the Company shall be given:

- (i) to every member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act.
- (ii) to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title of representatives of the deceased or assignee of the insolvent or by any like description at the address if any, in India supplied for the purpose by the persons claiming to so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred: and
- (iii) To the auditor or auditors for the time being of the Company in any manner authorised by Section 53 of the Act, in the case of any member of members of the Company.
- (iv) Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the registered office of the Company under sub-section (3) of section 53 of the Act, the statement of material facts referred to in Section 173 of the Act, need not be annexed to the notice as required by that section, but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

(3) The accidental omission to give notice to or non receipt of notice by any member or other person to whom it should be given shall not, invalidate the proceedings at the meeting.

(4) Every notice convening a meeting of the Company shall state in that a member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and that a proxy need not be a Member of the Company.

### Disclosure of interest of Directors

159. (1) Every Director of the Company who is in any way, whether directly or indirectly concerned or interested in any contract or arrangement or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board of Directors.

(2) (a) In case of a proposed contract or arrangement the disclosure required to be made by a Director under clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or if a Director was not at the date of that meeting, concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he becomes so concerned or interested.

(b) In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.

(3) (a) For the purpose of clauses (1) and (2) hereof, a general notice given to the Board by a Director to the effect that he is a Director or a member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made.

(b) Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice in the last month of the financial year in which would it otherwise have expired.

(c) No such general notice and no renewal thereof shall be effective unless either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

(d) Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into between two companies when any of the Directors of the Company or two of them together holds or hold not more than two per cent of the paid up share capital in the other company.

### Power of Board Meeting

182. 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.

183. Subject to the restrictions contained in Section 292 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.

#### General powers of the Board

187. (1) Subject to the provisions of the Act and these Articles, the Board of Directors of the 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 the Board shall not exercise any power or do any act or thing which is directed or required, whether by the act or any other act or by the Memorandum of Association of the Company or these Articles or otherwise to be exercised or done by the Company in General Meeting.

Provided further than exercising any power or doing any such act or thing, the Board shall be subject to provisions contained in this behalf in act or in any other act or in the Memorandum of Association or in any regulations not inconsistent therewith and duly made thereunder including regulations made 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.

188. Certain powers to be exercised by the Board only at Meetings.

(1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board;

- (a) the power to make calls, on shareholders in respect of money unpaid on their Shares,
- (b) the power to issue Debentures,
- (c) the power to borrow moneys otherwise than on Debentures,
- (d) the power to invest the funds of the Company, and
- (e) the power to make loans

Provided that the Board may, by resolution passed at a Meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company, the powers specified in sub-clause (c) (d) and (e) to the extent specified below:

(2) Every resolution delegating the power referred to in sub-clause (1) (c) above shall specify the total amount outstanding at any one time, upto which moneys may be borrowed by the delegate.

(3) Every resolution delegating the power referred to in sub-clause (1) (d) above shall specify the total amount upto which the funds of the Company may be invested, and the nature of the investments which may be made by the delegate.

(4) Every resolution delegating the power referred to in sub-clause (1) (e) above shall specify the total amount upto which loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

189. The Board may exercise all such powers of the Company and do all such acts and things as are not by the Act or any other act or by the memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting but no regulation made by the company in General Meeting but 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. Provided that the Board shall not, except with the consent of the Company in General Meeting.

- (a) Sell, lease or otherwise dispose off 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 such undertaking.
- (b) Remit, or give time for the repayment of, any debt due by the Director.
- (c) Invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a)

or of any premises or properties used for any such undertakings and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time.

- (d) Borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the company, and its free reserves that is to say reserves not set apart for any specific purpose as specified in Section 292 of the Act, shall subject to these Articles, be exercised only at meeting of the Board unless the same be delegated to the extent therein stated or
- (e) Contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amounts the aggregate of which will in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever greater.

#### Power to Borrow

190. Subject to the provisions of Sections 292 and 293 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 or any sum or sums of money for the purposes of the Company.

191. All the provisions applicable to nomination facility available to shareholder(s) and debentureholder(s) enumerated in Article 86 of these Articles shall equally apply to depositholder(s).

#### MINUTES

210. (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.

211. 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 214 above, shall be evidence of the proceedings recorded therein.

212. 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 217 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.

213. (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 to in clause (1) above on payment of Thirty paise for every one hundred words or fractional part 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 or not concurring in the resolution.

(7) Nothing contained in clauses (1) to (6) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:

- (a) is or could reasonably be regarded as defamatory of any person
- (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.

## **SECTION IX- MATERIAL DOCUMENTS FOR INSPECTION**

1. Memorandum and Articles of Association of the Company as amended from time to time.
2. Certificate of Incorporation of the Company
3. Copies of Annual Report of the Company for the year ended 31.03.2012

## **SECTION X- DECLARATION**

All relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, applicable, as the case may be, have been complied with and no statement made in this Information Memorandum is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or regulations issued, as the case may be. We further certify that all the statements in this Information Memorandum are true and correct.

**On behalf of our Board of Directors**

**Mr. Bharat N. Shiroya**  
**Managing Director**

Date: 18/03/2013  
Place: Mumbai