



# DRAFT LETTER OF OFFER

Dated : June 11, 2014

For the Eligible Equity Shareholders of the Company only

## HPC BIOSCIENCES LIMITED

Our Company was incorporated as “HPC Biosciences Limited” under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated January 29, 2002 issued by the Registrar of Companies, National Capital Territory of Delhi & Haryana. The Corporate Identification Number of our Company is L24119DL2002PLC114026.

**Registered Office :** 6A, 40, Hanuman Road, Connaught Place, New Delhi-110001;

**Tel:** + 91-11-3296 5576, **Fax:** + 91-11-3296 5576 **E-Mail:** hpcbiosci@yahoo.com; **Website:** www.hpcbiosciences.com

**Contact Person :** Ms. Aditi Gupta, Company Secretary & Compliance Officer;

**Promoters of the Company:** Ms. Madhu Anand & Mr. Tarun Chauhan

### FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF HPC BIOSCIENCES LIMITED ONLY

#### DRAFT LETTER OF OFFER

**ISSUE OF 79,80,000 EQUITY SHARES OF FACE VALUE OF RS. 10 EACH (“RIGHTS EQUITY SHARES”) OF HPC BIOSCIENCES LIMITED (THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF RS. [•] PER RIGHTS EQUITY SHARE FOR AN AGGREGATE AMOUNT NOT EXCEEDING RS. [•] LAKHS BY THE COMPANY TO THE ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF 1 (ONE) RIGHTS EQUITY SHARE FOR EVERY 2 (TWO) EQUITY SHARES HELD ON THE RECORD DATE, I.E. [•] (THE “ISSUE”). THE ISSUE PRICE OF EACH RIGHTS EQUITY SHARE IS [•] TIMES THE FACE VALUE OF THE RIGHTS EQUITY SHARE.**

#### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. **Specific attention of the investors is invited to the section titled “Risk Factors” beginning on page 10 of this Draft Letter of Offer.**

#### ISSUER'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

#### LISTING

The existing Equity Shares of our Company are listed on the SME Platform of BSE Limited (“BSE”). Our Company has received an “in-principle” approval from BSE for listing the Rights Equity Shares arising from this Issue vide letter dated [•]. For the purpose of this Issue, the designated Stock Exchange will be the BSE Limited (“BSE”).

#### LEAD MANAGER



**Choice Capital Advisors Private Limited**  
Shree Shakambhari Corporate Park,  
Plot No 156-158, Chakravarti Ashok Society,  
J.B. Nagar, Andheri (East), Mumbai – 400099  
**Tel :** +91 - 22 - 6707 9999  
**Fax:** +91 - 22 - 6707 9959  
**Website:** www.choiceindia.com  
**Email:** investor\_advisors@choiceindia.com  
**Contact Person:** Mr. Vikash Kumar Agarwal  
**SEBI Registration No:** INM000011872

#### REGISTRAR TO THE ISSUE



**Mas Services Limited**  
T-34, 2nd Floor,  
Okhla Industrial Area, Phase – II,  
New Delhi - 110020  
**Tel :** +91 - 11 - 2638 7281 / 82 / 83  
**Fax:** +91 - 11 - 2638 7384  
**E-mail ID:** info@masserv.com  
**Website:** www.masserv.com  
**Contact Person:** Mr. Sharwan Mangla  
**SEBI Registration No:** INR000000049

#### ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSSES ON
[•]	[•]	[•]



## TABLE OF CONTENTS

Section	Title	Page No.
<b>I</b>	<b>GENERAL</b>	
	DEFINITIONS AND ABBREVIATIONS	1
	PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA	8
	FORWARD LOOKING STATEMENTS	9
<b>II</b>	<b>RISK FACTORS</b>	10
<b>III</b>	<b>INTRODUCTION</b>	
	SUMMARY OF INDUSTRY	21
	SUMMARY OF BUSINESS	23
	SUMMARY OF FINANCIAL STATEMENTS	24
	THE ISSUE	27
	GENERAL INFORMATION	28
	CAPITAL STRUCTURE	33
	OBJECTS OF THE ISSUE	45
	BASIS FOR ISSUE PRICE	51
	STATEMENT OF TAX BENEFITS	54
<b>IV</b>	<b>ABOUT OUR COMPANY</b>	
	INDUSTRY OVERVIEW	64
	BUSINESS OVERVIEW	72
	KEY INDUSTRY REGULATIONS AND POLICIES	78
	HISTORY AND CERTAIN OTHER CORPORATE MATTERS	83
	OUR MANAGEMENT	87
	OUR PROMOTERS	98
	OUR PROMOTER GROUP AND GROUP ENTITIES	101
	DIVIDEND POLICY	102
<b>V</b>	<b>FINANCIAL INFORMATION</b>	
	FINANCIAL STATEMENTS	103
	MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	118
<b>VI</b>	<b>LEGAL AND OTHER INFORMATION</b>	
	OUTSTANDING LITIGATION, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES	126
	GOVERNMENT AND OTHER APPROVALS	130
	OTHER REGULATORY AND STATUTORY DISCLOSURES	131
<b>VII</b>	<b>ISSUE RELATED INFORMATION</b>	
	TERMS OF THE ISSUE	143
	ISSUE PROCEDURE	148
	STOCK MARKET DATA OF OUR EQUITY SHARES	178
<b>VIII</b>	<b>MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION</b>	179
<b>IX</b>	<b>OTHER INFORMATION</b>	
	LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	251
	DECLARATION	253

**THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK**

## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, the following terms and abbreviations stated hereunder shall have the meanings as assigned therewith. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modification notified thereto.

#### CONVENTIONAL/ GENERAL TERMS

Term	Description
Act/ Companies Act	The Companies Act, 1956 and amendments thereto. The Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs as on the date of filing this Draft Letter of Offer.
Client ID	Beneficiary account identity
Competition Act	The Competition Act, 2002, as amended
Consolidated FDI Policy	Circular issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, effective from April 17, 2014
Depositories Act	The Depositories Act, 1996 and amendments thereto.
Depository / Depositories	A Depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time, in this case being CDSL and NSDL
Depository Participant / DP	A depository participant as defined under the Depositories Act
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
Financial Year / Fiscal	The period of 12 months beginning April 1 and ending March 31 of that particular year, unless otherwise stated
FVCI or Foreign Venture Capital Investor	Foreign venture capital investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
Gratuity Act	Payment of Gratuity Act, 1972
IT Act	The Income Tax Act, 1961 and amendments thereto
Indian GAAP	Generally Accepted Accounting Principles in India
Industrial Policy	The industrial policy and guidelines issued by the Ministry of Industry, GoI
Listing Agreement	The SME Equity Listing Agreement signed between our Company and the SME Platform of BSE
Non Resident	Person resident outside India as defined in the FEMA
Portfolio Investment Scheme	The portfolio investment scheme of RBI specified in Schedule 2 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 and amendments thereto
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI Regulations / SEBI ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.
SEBI Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading)

	Regulations, 1992, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations / Takeover Code/ Takeover Regulations/ SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 issued by SEBI on February 20, 1997 and subsequent amendments thereto. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 has been repealed and been replaced by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 on September 23, 2011. The SEBI (SAST) Regulations 2011 which came into effect from October 22, 2011 and subsequent amendments thereto.
Securities Act	United States Securities Act of 1933, as amended.
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VCF(s) or Venture Capital Funds	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be
Wealth Tax Act	The Wealth Tax Act, 1957 and amendments thereto.

## COMPANY RELATED TERMS

Terms	Description
“HPC Biosciences Limited” or “HPC” or “The Company” or “Our Company” or “The Issuer” or “The Issuer Company” or “We” or “us” or “Our”	Unless the context otherwise indicates, refers to HPC Biosciences Limited, a Public Limited Company incorporated under the Companies Act, 1956
Article / Articles of Association / AOA	Unless the context otherwise requires, refers to the Articles of Association of HPC Biosciences Limited as amended from time to time
Auditor or Statutory Auditor	BD Gupta & Co., Chartered Accountants
Board of Directors / Board	The Board of Directors of HPC Biosciences Limited, or a duly constituted Committees thereof
Company Secretary and Compliance Officer	Ms. Aditi Gupta
Equity Share (s)	The Equity Shares of our Company having a Face Value of Rs.10/- each, fully paid up.
Group Companies	Companies, firms, ventures, etc. promoted by the Promoters of our Company, including such entities which are covered under Section 370 (1)(B) of the Companies Act, 1956
MOA / Memorandum / Memorandum of Association	Memorandum of Association of HPC Biosciences Limited, as amended from time to time
Promoters / Our Promoters	Promoters of our Company being Ms. Madhu Anand and Mr. Tarun Chauhan
Registered Office	The Registered Office of our Company situated at 6A, 40, Hanuman Road, Connaught Place, New Delhi-

## ISSUE RELATED TERMS

Terms	Description
Abridged Letter of Offer	The Abridged Letter of Offer to be sent to Existing Equity Shareholders of our Company with respect to this Issue in accordance with SEBI (ICDR) Regulations, 2009
Allottee(s)	The Successful applicant(s) eligible for Allotment of Rights Equity Shares pursuant to the Issue
Allotment / Allotted	Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue to the Allottees
Applicant (s)	Existing Equity Shareholders and/or Renouncees who are entitled to apply or have applied for Rights Equity Shares under the Issue, as the case may be
Application	Application made by the Applicant whether submitted by way of CAF or Split Application Form in the form of a plain-paper Application, to subscribe to the Rights Equity Shares issued pursuant to the Issue at the Issue Price including applications by way of the ASBA Process
Application Amount	The aggregate value of the Application indicated in the Application Form or Split Application Form, payable at the time of the Application
Application Form	The Form in terms of which the applicant shall make an application to subscribe to the Rights Equity Shares pursuant to the Issue, including plain paper Applications.
Application Supported by Blocked Amount / ASBA	An application (whether physical or electronic) used compulsorily by ASBA Applicants to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
ASBA Account	Account maintained with SCSBs and specified in the CAF for blocking the amount mentioned in the CAF
ASBA Applicant (s)	<p>Applicants who:</p> <ul style="list-style-type: none"> <li>• hold the Equity Shares in dematerialized form as on the Record Date and have applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialized form;</li> <li>• have not renounced his/her Rights Entitlements in full or in part;</li> <li>• are not a Renouncees; and</li> <li>• apply through a bank account maintained with one of the SCSBs.</li> </ul> <p>All QIB Applicants, Non-Institutional Investors (including all companies and bodies corporate) and other Applicants whose application amount exceeds Rs. 200,000 complying with the above conditions must participate in this Issue only through the ASBA process.</p>
Bankers to the Issue / Escrow Collection Bank(s)	[.]
Composite Application Form / CAF	Form used by an Investor to make an Application for Allotment of Equity Shares in the Issue
Consolidated Certificate	In case of holding of Rights Equity Shares in physical form, our Company would issue one certificate for the Rights Equity Shares allotted to one folio
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate applications under the Issue by the ASBA Investors with the Registrar to the Issue and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>

Designated Branches	Such branches of the SCSBs which shall collect the CAF or the plain paper Application, as the case may be, from the ASBA Investor and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>
Designated Stock Exchange	BSE Limited
Draft Letter of Offer / DLOF	The draft letter of offer of our Company dated June 11, 2014
Existing Equity Shareholder(s)	Holder(s) of the Equity Shares of the Company as on the Record Date
Equity Shareholder(s)	Holder(s) of the Equity Shares of the Company
Investors	The Existing Equity Shareholders of our Company on the Record Date i.e. [.] and Renouncees
Issue/ the Issue/ this Issue	This issue of 79,80,000 Equity Shares of face value of Rs. 10/- each fully paid ("Rights Equity Shares") of the Company for cash at a price of Rs. [.] per Rights Equity Share in the ratio of 1 (One) Equity Share for every 2 (Two) Equity Shares held on the Record Date, i.e. [.] (the "Issue").
Issue Opening Date	[.]
Issue Closing Date	[.]
Issue Price	Rs. [.] per Rights Equity Share
Issue Proceeds	The monies received by our Company pursuant to the Rights Equity Shares which are allotted pursuant to the Issue
LM / Lead Manager / Merchant Banker	Lead Manager to the Issue, in this case being Choice Capital Advisors Private Limited, SEBI Registered Category I Merchant Bankers.
Letter of Offer / LOF	The letter of offer dated [.] to be filed with the Stock Exchange
Mutual Fund(s)	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Non-Institutional Investor(s)	Investor, including any company or body corporate, other than a Retail Individual Investor and a Qualified Institutional Buyer
Non Retail Investor(s)	Investors who are QIBs or Non Institutional Investors
Qualified Institutional Buyers / QIBs	As defined under the SEBI ICDR Regulations, "Qualified Institutional Buyer" means a mutual fund, venture capital fund, Alternative Investment Fund and foreign venture capital investor registered with SEBI, FII and sub-account (other than sub-account which is a foreign corporate or foreign individual) registered with SEBI, a public financial institution as defined in Section 2(72) of the Companies Act, 2013, Schedule commercial bank, Multilateral and Bilateral Development Financial Institution, State Industrial Development Corporation, Insurance Company registered with Insurance Regulatory and Development Authority, Provident Fund with minimum corpus of Rs. 250 million, Pension Fund with minimum corpus of Rs. 2500 Lakhs, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India and insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India
Qualified Foreign Investors/ QFI	QFI shall mean a person who fulfills the following criteria: <ul style="list-style-type: none"> <li>i. Resident in a country that is a member of Financial Action Task Force ("FATF") or a member of a group which is a member of FATF; and</li> <li>ii. Resident in a country that is a signatory International Organization of Securities Commission's Multilateral Memorandum of</li> </ul>



	<p>Understanding or a signatory of a bilateral Memorandum of Understanding with SEBI.</p> <p>Provided that the person is not resident in a country listed in the public statements issued by FATF from time to time on-(i) jurisdictions having a strategic Anti-Money Laundering/ Combating the Financing of Terrorism (“AML/CFT”) deficiencies to which counter measures apply, (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies; Provided further such person is not resident in India; Provided further that such person is not registered with SEBI as Foreign Institutional Investor or Sub-account or Foreign Venture Capital Investor</p>
Record Date	[.]
Registrar / Registrar to the Issue	Registrar to the Issue being M/s MAS Services Limited
Renouncee(s)	Any person(s) who have/has acquired Rights Entitlements from Existing Equity Shareholders
Retail Individual Investors	Individual Investors who have applied for Equity Shares for an amount not more than Rs. 2 lakhs (including HUFs applying through their Karta)
Rights Entitlement	The number of Rights Equity Shares that an Existing Equity Shareholder is entitled to in proportion to his/ her shareholding in our Company as on the Record Date
Rights Equity Shares	The Equity Shares offered and to be issued and allotted pursuant to the Issue
SAF(s)	Split Application Form(s)
SCSB	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>
Stock Exchange (s)	BSE Limited

## INDUSTRY RELATED TERMS

Terms	Description
Acre	This article is about unit of area measure
Bio-fertilizer	A bio-fertilizer is a substance which contains living microorganisms which, when applied to seed, plant surfaces, or soil, colonizes the rhizosphere or the interior of the plant and promotes growth by increasing the supply or availability of primary nutrients to the host plant.
Bio-pesticides	Bio-pesticides include naturally occurring substances that control pests (biochemical pesticides), microorganisms that control pests (microbial pesticides), and pesticidal substances produced by plants containing added genetic material (plant-incorporated protectants) or PIPs.
Green House	A greenhouse is a building in which plants are grown without the dependence on the monsoon
Share Cropping	A system of agriculture in which a landowner allows a tenant to use the land in return for a share of the crop produced on the land
MSP	Minimum Support Price

## ABBREVIATIONS

Abbreviation	Full Form
A/c	Account
AGM	Annual General Meeting
AS	Accounting Standards issued by ICAI
ASBA	Applications Supported by Blocked Amount
BSE	BSE Limited (formerly known as Bombay Stock Exchange Limited)
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Company Identification Number
DIN	Director Identification Number
DP ID	Depository Participant's ID
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
ESOP	Employee Stock Option Plan
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FIIIs	Foreign Institutional Investors (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 registered with SEBI under applicable laws in India)
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GOI / Government	Government of India
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
INR	Indian National Rupees
ISIN	International Securities Identification Number
MOU	Memorandum of Understanding
N.A.	Not Applicable
NAV	Net Asset Value
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
No.	Number
NRE Account	Non Resident External Account
NRIIs	Non Resident Indians
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Bodies
p.a.	per annum
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
P/E Ratio	Price/Earnings Ratio
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended from time to time
RONW	Return on Net Worth

ROC	Registrar of Companies
Rs.	Rupees, the official currency of the Republic of India
RTGS	Real Time Gross Settlement
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
Sec.	Section
STT	Securities Transaction Tax
Sub-Account	Sub-account registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, as amended
TFT	Trade for Trade Segment
US/United States	United States of America
USD/US\$/\$	United States Dollar, the official currency of the United States of America

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, 1956 and the Notified Provisions of the Companies Act, 2013, the Depositories Act and the rules and regulations made thereunder. Notwithstanding the foregoing, terms under the chapters titled “Financial Statements” and “Statement of Tax Benefits” on page 103 and 54 of this Draft Letter of Offer, respectively, shall have the meanings given to such terms in these respective chapters.

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

### **Financial Data**

Unless stated otherwise, the financial data in this Draft Letter of Offer is derived from the Company's financial statements prepared and restated in accordance with Indian GAAP, the Companies Act and SEBI (ICDR) Regulations, 2009.

Our Company's fiscal year commences on April 1 and ends on March 31 of the following calendar year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. Indian GAAP differs significantly in certain respects from IFRS and US GAAP. Neither the information set forth in our financial statements nor the format in which it is presented should be viewed as comparable to information prepared in accordance with IFRS or any accounting principles other than principles specified in the Indian accounting practices.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Numerical values have been rounded off to two decimal places.

Any percentage amounts, as set forth in "Risk Factors", "Business Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Draft Letter of Offer unless otherwise indicated, have been calculated on the basis of the Company's restated financial statements prepared in accordance with Indian GAAP.

### **Currency of Presentation**

In this Draft Letter of Offer, all references to "Rupees" or "Rs." Or "INR" are to Indian Rupees, the official currency of the Republic of India. Unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lakhs" or "lacs" means "one hundred thousand" and the word "million" means "ten lakhs" and the Word "Crore" means "ten million". Throughout this Draft Letter of Offer, unless otherwise stated, all figures have been expressed in lakhs.

### **Industry and Market Data**

Unless stated otherwise, industry data used throughout this Draft Letter of Offer has been obtained from industry publications, internal Company reports, newspapers and magazines, websites, articles, etc. Such above publications generally state that content therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that the industry data used in this Draft Letter of Offer is reliable, it has not been verified by any independent source.

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

## FORWARD LOOKING STATEMENTS

We have included statements in this Draft Letter of Offer which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expression or variations of such expressions are "forward-looking statements". Similarly, statement that describes our strategies, objectives, plans and goals are also forward looking statements.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions that could significantly affect our current plans and expectations and our future financial condition and results of operations. Important factors that could cause actual results to differ materially from our expectations include but are not limited to, the following:

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

For further discussion of factors that could cause Company's actual results to differ, see the section titled "Risk Factors" on page 10 of this Draft Letter of Offer.

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

## SECTION II – RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding, you should read this section in conjunction with the Chapters “Business Overview” beginning on page 72, “Industry Overview” beginning on page 64 and “Management Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 118 as well as the other financial and statistical information contained in this Draft Letter of Offer. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may also have an adverse effect on our business, financial condition and results of operations. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the effect is not quantifiable and hence the same has not been disclosed in such risk factors. In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Issue, including the risks involved.*

### **Materiality**

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

- a. Some events may not be material individually, but may be found material collectively.
- b. Some events may have material impact qualitatively instead of quantitatively.
- c. Some events may not be material at present but may have material impact in future.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any risks described in this section. Unless otherwise stated, the financial information used in this section is derived from the restated financial statements of our Company.

### **INTERNAL RISK FACTORS**

#### ***1. We do not own the land on which we are carrying our agriculture operations.***

The land at which we presently carry out our agriculture operations has been taken on lease from Mr. Manoj Narain Aggarwal for periods of 21 years and 11 Months vide Lease Agreement dated April 01, 2011. Any termination of the said lease and/or non-renewal could adversely affect our our business, financial condition and results of operations.

#### ***2. Our company depends on contracted farmers and workers for the Agriculture Operations. Any failure on the part of such farmers and workers to raise desired quality and quantities of crops in a timely manner may affect our operations and profitability.***

We depend on contracted farmers and workers for the farming. Inability on the part of such farmers and workers to raise the desired quality and/or quantities of the crops, in a timely manner could adversely affect our operations and profitability.

Further, our Company typically enters into oral agreements with such farmers and workers and accordingly, we cannot assure you that our Company would be able to enforce the obligations of such farmers and

workers under such oral agreements or be able to maintain these arrangements on substantially the same terms, if at all, which could have an adverse effect on our Company's operations and profitability.

3. *We have experienced negative cash flows in some of the previous financial years. Any operating losses or negative cash flows in the future could adversely affect our results of operations and financial conditions.*

The details of Cash flows of the Company are as follows:

Particulars	For the year ended on		
	March 2014	March 2013	March 2012
Net cash flow from Operating activities	23.49	(586.92)	(37.08)
Net cash flow from Investing activities	(76.76)	(1354.74)	(119.61)
Net cash flow from Financing activities	27.97	2000.82	166.70
Net increase / (decrease) in cash and cash equivalents	(25.30)	59.16	10.01

Cash flow of a Company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and to make new investments without raising finance from external resources. Any operating losses or negative cash flows could adversely affect our results of operations and financial conditions. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations.

4. *We require substantial funds towards working capital for our smooth day to day operations of business and any discontinuance or our inability to acquire adequate working capital timely and on favorable terms at a future date, may have an adverse effect on our operations, profitability and growth prospects.*

Our business demands substantial funds towards working capital requirements. In case there are insufficient cash flows to meet our working capital requirement or we are unable to arrange the same from other sources or there are delays in disbursement of arranged funds, or we are unable to procure funds on favorable terms, at a future date, it may result into our inability to finance our working capital needs on a timely basis which may have an adverse effect on our operations, profitability and growth prospects.

5. *Shortfall in the Promise V/s Performance in the Initial Public Issue made by our Company*

Our Company came out with its maiden Public Issue in the year 2013 and issued 45,60,000 Equity Shares of the face value Rs. 10 each at a price of Rs. 35 per share aggregating to Rs. 1596.00 Lacs. The Objects of the issue and the respective utilizations as on March 31, 2014 are as follows:

Particulars	Proposed Objects	Actual Utilisation as on March 31, 2013	Actual Utilisation as on March 31, 2013
Development of Green House Cultivation	327.00	-	300.00
Development of Farm land for transition to Organic Farming	790.00	928.50	928.50
Strengthen Supply Chain Management	250.00	-	50.00
Procurement of farm tools & Equipments	38.00	-	32.50
General Corporate purposes	100.00	-	35.75
Issue Expenses	70.00	30.62	30.62
Unutilized portion	-	636.88	218.63
<b>Total</b>	<b>1575.00</b>	<b>1596.00</b>	<b>1596.00</b>

**6. *Our Company has unsecured loans, which are repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations and financial condition of our Company.***

Our Company has taken unsecured inter corporate loans, the total outstanding amount of which as at March 31, 2014 is Rs. 37.79 lakhs. There was no agreement or any other documentation executed by the said parties with regard to the said unsecured loan and consequently there is no precondition for repayment of the said loan. If the loan is recalled on a short notice, our Company may have to, on an urgent basis arrange for equivalent funds to fulfill the necessary requirements. Inability of our Company to do so may require creating a security for the said loan. The occurrence of these events may have an adverse effect on our cash flow and financial conditions. For more details regarding the loan, please refer the chapter titled “Financial Statements” beginning on page 103 of this Draft Letter of Offer.

**7. *Our Company has not taken insurance cover hence we may not be able to protect ourselves from all losses and may in turn adversely affect our financial condition.***

Our Company has not taken any insurance cover at present. Hence we may not be able to protect ourselves from any damage or loss, if any, suffered by us. To the extent that we suffer loss or damage, our results of operations or cash flow may be affected.

**8. *Our Company does not enter into any long term supply contracts with our customers.***

Our Company does not enter into long-term supply contracts with our customers for the sale of our agricultural products. Our Company carries on business with our customers on the basis of purchase orders raised from time to time, and does not have any long term commitments from our customers to make purchases from our Company of our agricultural products. There is no assurance that our Company will continue to receive purchase orders on expected price for our agricultural products either on substantially the same terms or at all, which could have an adverse effect on our Company’s operations and profitability.

**9. *Our business is subjects to some production risks, which could adversely affect our Company’s operations and profitability.***

Our business operations may be materially and adversely affected by inclement weather conditions (such as drought, freezes, or excessive rainfall at harvest) and/or damage due to insect pests and disease which may affect both the quantity and quality of agriculture produced.

Further, in order to attain the desired levels of crop yield, certain precautions like utilization of the soil application, proper application of fertilizers, timely application of pesticides, timely supply of water *etc.* have to be followed.

In the event of any failure on the part of the farmers, or adverse weather conditions, it may lead to loss of crops. Any of the aforesaid factors would have a material adverse effect on business, financial condition and results of operations.

**10. *Crops being perishable in nature, any inability on our part to deliver our crops at the right time in the markets could have a material adverse effect on our business, results of operation and financial condition.***

The crops which we produce are perishable in nature. Hence, we have to ensure that right quantity and quality of our crops reach the markets in a timely manner. Any interruption in supply of our crops to the various markets, due to any reason including those not within our control, could have a material adverse effect on our business, results of operation and financial condition.



***11. We are dependent on third-party transportation providers for the delivery of products.***

Our Company relies on a network of third party transporters for the transportation of agricultural products. Our Company's agricultural products are transported primarily in trucks. Failure to obtain adequate transportation facilities and in a timely manner or at all could adversely affect our operations and profitability. Transportation strikes by members of various Indian truckers' unions have had in the past, and could again have in the future, an adverse affect on deliveries to our customers. In addition, products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of products which may also affect our business and results of operation negatively. An increase in the freight costs or unavailability of freight for transportation of products to markets may have an adverse effect on our business and results of operations.

***12. Our Company has limited operating history in the business of agriculture operations and therefore investors may not be able to assess our company's prospects based on past results.***

We have been incorporated in the year of 2002 however we could commence agriculture operations in the year 2011. Since we have limited operating history in this business, consequently, there will be only limited information with which to evaluate our track record and our current or future prospects on which to base the investment decision.

***13. Our operations have been concentrated in state of Uttarakhand in India. Our growth strategy to expand into new geographic areas poses risks.***

Our operations have been geographically concentrated in the States of Uttarakhand. Our business is therefore significantly dependent on the geography and climate of the farm, government policy, general economic condition, economic, social and political pressures and the philosophy and culture of the farmer in the State in which we operate.

We may expand geographically, and may not gain acceptance or be able to take advantage of any expansion opportunities outside our current markets. This may place us at a competitive disadvantage and limit our growth opportunities. We face additional risks if we undertake business in other geographic areas in which we do not possess the same level of familiarity with various stakeholders and customers as enjoyed by our competitors. We may not be able to successfully manage some or all of the risks of expansion, which may have a material adverse effect on our revenues, profits and financial condition.

***14. Fluctuations in the price, availability and quality of raw materials could cause delay and increase costs.***

Generally farmers / croppers procure seeds and fertilizers, for farming on the land under oral agreement. Fluctuations in the price, availability and quality of the raw materials used by them for farming could have a material adverse effect on our cost of sales or our ability to meet desired quality and quantities of crops. The price and availability of such raw materials may fluctuate significantly, depending on many factors, including government policy.

Any material shortage or interruption in the supply or decrease in the quality of these raw materials due to natural causes or other factors could result in increased costs that we may not be able to pass on to our customers, which in turn would have a material adverse effect on our margins and results of operations.

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

We operate in a highly competitive environment. Principal products of our Company include wheat, pulses, paddy, sugar cane, fruits, vegetables; flowers and wood plantation are produced by a number of agriculturists. Players in this market generally compete with each other on key attributes such as technical competence, quality of products, pricing and track record. We compete against our competitors on quality,

technical competence, distribution channels and customer relationships. There is no assurance that we will continue to compete successfully in future. Some of our competitors may be able to price their products more attractively or may be able to distribute their products more effectively through establishing better distribution networks, or may have greater access to capital, superior research and development, marketing and other resources. Our inability to remain sufficiently competitive will adversely and materially affect our business and operating results. In addition, should there be any significant increase in global competition or if we are unable to meet the requirements of the changing market conditions, our business and operating results could be adversely affected. The occurrence of any of those events could have a material adverse effect on our ability to compete against our competitors, which would have an adverse impact on our business and financial performance.

***16. We may require certain statutory and regulatory approvals and licenses in the ordinary course of our business. If we are unable to obtain, renew or maintain any of such statutory or regulatory permits or approvals, it may have a material adverse effect on our business.***

Our business operations may require us to obtain and renew from time to time, certain approvals, licenses, registrations and permits, some of which may expire and for which we may have to make an application for obtaining the approval or its renewal. If we fail to maintain such registrations and licenses or comply with applicable conditions, or a regulatory authority claims we have not complied, with these conditions, our certificate of registration for carrying on a particular activity may be suspended and/or cancelled and we will not then be able to carry on such activity. Further, we may become liable to penal action if our activities are adjudged to be undertaken in the manner not authorized under the applicable law. This could materially and adversely affect our business, financial condition and results of operations. We cannot assure you that we will be able to obtain approvals in respect of such applications or any application made by us in the future. For more information about the licenses required in our business and the licenses and approvals applied for, please refer to chapter titled “Government and Other Approvals” beginning on page 130 of this Draft Letter of Offer.

***17. The success of our business operations depends largely upon our Management and Key Managerial Personnel, the loss of any of them may negatively impact our business operations and financial conditions.***

Our success is highly dependent on the expertise and services of our management and other key managerial personnel. Our ability to successfully function and meet future business challenges partly depends on our ability to attract and retain these key managerial personnel. We cannot assure you that we will be able to retain any or all of the key members of our management. The loss of the services of any key member of our management team could have an adverse effect on our ability to expand our business. For further details of our management and key managerial personnel, please refer to the chapter “Our Management” on page 87 of this Draft Letter of Offer.

***18. Our inability to manage growth could disrupt our business and reduce our profitability.***

Our Company has experienced significant growth in terms of production, income, and expanding its customer base. Our Company’s continued growth places significant demands on our management and resources. In the event that we decide to implement any expansion strategies in the future, there can be no assurance that our Company will be able to execute such expansion strategies in a timely manner or at all. Any failure to do so could adversely affect our operations and profitability.

***19. Delays or defaults in customer payments could result in a reduction of our profits.***

We may be subject to working capital shortages due to delays or defaults in payment by customers. If customers default in their payments to which we have devoted significant resources it could have a material adverse effect on our business, financial condition and results of operations.


**20. The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at the discretion of our management and as per the details mentioned in the chapter titled “Objects of the Issue”. Any revision in the estimates may require us to reschedule our project expenditure and may have a bearing on our expected revenues and earnings.**

Our funding requirements and the deployment of the proceeds of the Issue are purely based on our management’s estimates and have not been appraised by any bank or financial institution. Our Company may have to revise such estimates from time to time and consequently our funding requirements may also change. Further, the deployment of the funds towards the objects of the Issue is entirely at the discretion of our management and is not subject to monitoring by any external independent agency. However, the deployment of funds is subject to monitoring by our Audit Committee.

**21. We have not made any alternate arrangements for meeting our capital requirements for the Objects of the issue. Further we have not identified any alternate source of financing the ‘Objects of the Issue’. Any Delay in raising funds from the IPO could adversely impact the implementation schedule.**

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

Further we have not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds may delay the implementation schedule. We therefore, cannot assure that we would be able to execute the expansion process within the given timeframe, or within the costs as originally estimated by us.

**22. Our logo  has not been registered. The same has been objected. Consequently we may not be able to effectively protect our intellectual property.**

We had filed an application for registration of our Company logo which has been objected by the Trade Marks Registry under Section 11 of the Trade Mark Act, 1999. If our Company is unable to obtain registration of trademark, it may not be able to successfully enforce or protect our intellectual property rights and obtain statutory protections available under the Trademarks Act, 1999, as otherwise available for registered trademarks. This could have a material adverse effect on our business, which in turn could adversely affect our results of operations.

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

We do not own the premises on which our Registered Office is situated. Our Company has taken the registered office on lease basis from Praveen Kant HUF at the rent of Rs. 14,000/- per month. We cannot assure you that we will have the right to occupy, these premises in the future, or that we will be able to continue with the uninterrupted use of this property, which may impair our operations and adversely affect our financial condition. Further this agreement is not registered and may not be adequately stamped under Indian law. In the event of any such irregularity, we may not be able to enforce our rights under such agreement in the event of a dispute. For further details of our office premises please refer to the chapter titled "Business Overview" on page 72 of this Draft Letter of Offer.

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

We have entered into transactions with our promoters and directors. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For further details relating to such transactions, please refer to “Statement of Details of Related Party Transactions” beginning on page 116 of this Draft Letter of Offer.

**EXTERNAL RISK FACTORS**

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

The Companies Act, 2013 has been published on August 29, 2013 and the Ministry of Corporate Affairs has vide its notification dated September 12, 2013 and March 26, 2014 notified a total of 283 Sections of the Companies Act, 2013, which have become effective as on the date of this Draft Letter of Offer. Though we have incorporated the relevant details pertaining to the new Companies Act, 2013 (to the extent notified) in this Draft Letter of Offer, any further notifications by the MCA after our filing of this Draft Letter of Offer may be material with respect to the disclosures to be made in this Draft Letter of Offer as well as other rules and formalities for completing the Issue.

The Companies Act, 2013 is expected to replace the existing Companies Act, 1956. The Companies Act, 2013 provides for, among other things, changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit procedures, corporate social responsibility, the requirements for independent directors, director’s liability, class action suits, and the inclusion of women directors on the boards of companies. The Companies Act, 2013 is expected to be complemented by a set of rules that shall set out the procedure for compliance with the substantive provisions of the Companies Act, 2013. In the absence of such rules, it is difficult to predict with any degree of certainty the impact, adverse or otherwise, of the Companies Act, 2013 on the Issue, and on the business, prospects and results of operations of the Company.

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

Taxes and other levies imposed by the Central or State Governments in India that affect our industry include sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. Imposition of any other taxes by the Central and the State Governments may adversely affect our results of operations.

***27. Instability of economic policies and the political situation in India could adversely affect our business.***

The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced policies and taken initiatives that support continued economic liberalization. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company’s business, and the market price and liquidity of the Equity Shares, may be affected by changes in interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

***28. A slowdown in economic growth in India or in the states of India, in which we operate, could cause our business to suffer.***

The performance and growth of our business are dependent on the health of the overall Indian economy and the economy of the State in India in which we operate. Indian economy may be adversely affected by factors such as adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities or interest rates changes, which may also affect the industry in which we operate. Any such factor may contribute to a decrease in economic growth in India which could adversely impact our business and financial performance.

***29. We have not prepared, and currently do not intend to prepare, our financial statements in accordance with the International Financial Reporting Standards (“IFRS”). Our transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.***

Public companies in India, including us, may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for convergence with IFRS announced by the Ministry of Corporate Affairs, Government of India through a press note dated January 22, 2010 (the “IFRS Convergence Note”). The Ministry of Corporate Affairs by a press release dated February 25, 2011 has notified that 35 Indian Accounting Standards are to be converged with IFRS. The date of implementation of such converged Indian accounting standards has not yet been determined. Our financial condition, results of operations, cash flows or changes in shareholders’ equity may appear materially different under IFRS than under Indian GAAP or our adoption of converged Indian Accounting Standards may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognized during that period and in the corresponding (restated) period in the comparative Fiscal/period.

***30. Natural calamities and force majeure events may have an adverse impact on our business.***

Certain events that are beyond control such as earthquakes, fire, floods and drought and similar natural calamities may cause interruption in the business of the Company that could adversely affect its result of operations.

***31. Any downgrading of India’s debt rating by a domestic or international rating agency could negatively impact our business.***

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

***32. Regional hostilities, terrorist attacks, communal disturbances, civil unrest and other acts of violence or war involving India and other countries may result in a loss of investor confidence and adversely affect the financial markets and our business.***

Terrorist attacks, civil unrest and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares will trade and also adversely affect the worldwide financial markets. Military activity or terrorist attacks in India may result in investor concern about stability in the region, which may adversely affect the price of our Equity Shares. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have an adverse effect on the market for securities of Indian companies, including our Equity Shares.

## **RISK RELATING TO EQUITY SHARES**

### ***33. Our ability to pay any dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirement and capital expenditures.***

The amount of our future dividend payments, if any, will depend upon our Company's future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. There can be no assurance that our Company will be able to pay dividends.

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

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian Capital Markets, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments.

In addition, if the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of our Equity Shares. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

### ***35. Investors will not receive the Equity shares subscribed and allotted in this issue until several days after they have paid for them, which will subject them to market risk.***

The Equity Shares subscribed and allotted in this issue will not be credited to investor's demat account with depository participants until approximately 15 days from the Issue closing date. Investors can start trading only after receipt of listing and trading approvals in respect of these Equity Shares which will require additional time of upto seven working days after the allotment. Further, there can be no assurance that the equity Shares allocated will be credited to investor's demat account, or that the trading in the equity shares will commence, within the time periods specified above.

### ***36. Future issuances or sales of the Equity Shares could significantly affect the trading price of the Equity Shares.***

Future issuances of Equity Shares by us or the disposal of Equity Shares by any of the major shareholders or the perception that such issuance or sales may occur may significantly affect the trading price of the Equity Shares. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares.

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

Subsequent to the Issue, we will be subject to a daily "circuit breaker" imposed by BSE, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit

breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges.

The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The BSE may not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of imposing circuit limit, no assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

***38. Investor(s) may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months is not subject to capital gains tax in India if securities transaction tax ("STT") is paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax. Any change in tax provisions may significantly impact your return on investments.

***39. Conditions in the Indian Securities market may affect the price or liquidity of the Equity Shares.***

Indian stock exchanges have, in the past, experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and increased margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

### **Prominent Notes to Risk Factors**

1. The net worth of the Company as per our restated financial statements prepared in accordance with Indian GAAP and restated in accordance with SEBI (ICDR) Regulations was Rs. 2856.92 lakhs as of March 31, 2014. For more information, see the chapter titled “Financial Statements” beginning on page 103 of this Draft Letter of Offer.
2. Issue of 79,80,000 Rights Equity Shares of the Company for cash at a price of [.] per Rights Equity Share, aggregating upto an amount of [.] by the Company to the Existing Equity Shareholders of the Company in the ratio of 1 (One) Rights Equity Shares for every 2 (Two) Equity Shares held on the Record Date i.e [.].
3. The Net Asset Value of each Equity Share of the Company as per our restated financial statements prepared in accordance with Indian GAAP and restated in accordance with SEBI (ICDR) Regulations was Rs. 17.90 as of March 31, 2014. For more information, see the chapter titled “Financial Statements” beginning on page 103 of this Draft Letter of Offer.
4. There was no change in the name of our Company in the last twelve months preceding the date of filing of this Draft Letter of Offer.
5. Trading in the Equity Shares of our Company for all investors shall be in dematerialized form only. For further details, see the section titled “Issue Related Information” on page 143 of this Draft Letter of Offer.
6. Our Company and the Lead Manager will update the offer document in accordance with the Companies Act and the SEBI ICDR Regulations and our Company and the Lead Manager will keep the public informed of any material changes relating to our company till the listing of our shares on the Stock Exchanges. No selective or additional information would be made available to a section of investors in any manner whatsoever.
7. Investors may contact the Lead Manager or the Registrar to the Issue or the Compliance Officer for any information, complaints, clarifications, etc. pertaining to the Issue.
8. Our Promoter Group, Directors and their relatives have not financed the purchase by any other person of the equity shares of our Company during the period of six months immediately preceding the date of filing of Draft Letter of Offer with the BSE.
9. For details of related party transaction, see the chapter titled ‘Details of Related Party Transaction’ in chapter “Financial Statement” beginning on page 103 of this Draft Letter of Offer.



### **SECTION III – INTRODUCTION**

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Draft Letter of Offer, including the information contained in the chapters titled ‘Risk Factors’ and ‘Financial Statements’ and related notes beginning on page 10 and 103 of this Draft Letter of Offer before deciding to invest in our Equity Shares.

#### **SUMMARY OF INDUSTRY**

##### **Introduction**

At 179.9 million hectares, India holds the second largest agricultural land in the world. A majority of the Indian population relies on agriculture for employment and livelihood. Steady investments in technology development, irrigation infrastructure, emphasis on modern agricultural practices and provision of agricultural credit and subsidies are the major factors contributing to agriculture growth.

The country has today emerged as a major player in the global agriculture market. Agriculture accounts for 14 per cent of gross domestic product (GDP) and about 11 per cent of India’s total exports; it is also an essential link in the supply chain of the manufacturing sector and at the same time constitutes a big market for industrial products. Currently, India is the world's largest rice exporter and second in terms of wheat exports. Horticulture exports have also seen good growth. India's agro exports during 2013–14 touched US\$ 45 billion as against US\$ 25 billion in 2011–12.

The Department of Agriculture and Cooperation under the Ministry of Agriculture is the nodal organisation responsible for development of the agriculture sector in India. The organisation is responsible for formulation and implementation of national policies and programmes aimed at achieving rapid agricultural growth through optimum utilisation of land, water, soil and plant resources of the country.

##### **Market Size**

Given the good monsoon, the agriculture sector in India is likely to grow in the range of 5.2–5.7 per cent in the 2013–14 agriculture year (July-June), nearly three times as compared to the previous year. In FY 12, total food grains production in India reached an all-time high of 259.3 million tonnes (MT). Rice and wheat production stood at 105.3 MT and 94.9 MT respectively.

Total exports of Indian agri and processed food products in the period April–February 2013–14 stood at US\$ 20,331.05 million as compared to US\$ 19,144.45 million during the corresponding period of the previous year, according to the Agricultural and Processed Food Products Export Development Authority (APEDA).

In 2012–13, the share of exports of ‘agricultural and processed food products’ in total exports rose to 13.53 per cent from 10.5 per cent share in 2010–11. Guar gum has emerged as India’s largest item of farm exports with a share of 9.58 per cent during the period, followed by basmati rice and marine products.

On account of higher output in Assam and West Bengal, tea production in India in April–February, 2013–14 rose by 7 per cent to 1,152.91 million kg. The production was 1,073.93 million kg during the corresponding period of the previous year, according to data from the Tea Board.

##### **Investments**

The foreign direct investment (FDI) inflows in agricultural services and machinery sector during April 2000–February 2014 stood at US\$ 1,696.98 million and US\$ 338.65 million respectively, as per data released by Department of Industrial Policy and Promotion (DIPP).

## **Government Initiatives**

The Government of India is implementing many programmes for raising investments in agriculture. Notable among them are Rashtriya Krishi Vikas Yojana (RKVY); National Food Security Mission (NFSM); National Horticulture Mission (NHM); Gramin Bhandaran Yojana; Integrated Scheme of Oilseeds, Pulses, Oil palm, and Maize (ISOPOM), etc.

## **Road Ahead**

With a population of about 1.2 billion, India requires a robust, modernised agriculture sector to ensure food security. The 12th Five Year Plan estimated a potential storage capacity expansion of 35 MT. Cold storage capacity also needs to grow rapidly from the current level of 24 MT. The government has targeted an overall growth rate of 4 per cent for the farm sector under the 12th Plan.

(Source: <http://www.ibef.org/industry/agriculture-india.aspx>)

For further details on our Business, please see “Industry Overview” on page 64 of this Draft Letter of Offer.

## SUMMARY OF BUSINESS

Our Company “HPC Biosciences Limited” was incorporated in the year 2002 in New Delhi. Our Promoters, Mr. Tarun Chauhan and Mrs. Madhu Anand have 10 years of experience in the agriculture, food processing and bio science sector.

Our Company undertook to commence the agricultural operations by acquisition of Land on lease situated at village Anandpur, Near Pant Nagar, District Udham Singh Nagar, Uttarakhand. The total extent of the land acquired was approximately 400.66 acres.

Currently, Our Company is engaged in carrying out the following activities on the said land:

1. Our Company is primarily engaged in the agricultural operations viz. cultivation, processing and distribution of agriculture commodities like wheat, paddy, sugar cane, fruits, vegetables and flowers.
2. Our Company has recently entered into the operations of wood plantations, wherein plantation of Bamboos, Kadam, Poplar, Eucalyptus etc. are carried out.
3. Our Company has also initiated activities of cultivating organic fruits and vegetables in our farms.

There is a growing concern about the food safety, health and environment resulting in increase in demand of organic food. Considering the health benefits of organically produced food, and knowledge of the damage done to the environment by conventional, intensive farming methods and tremendous growth in market of organic food over

Our Company came out with its maiden Initial Public Offer in the year 2013 to finance the objects of the Company viz. Development of Green House Cultivation, Development of Farm land for transition to Organic Farming, Strengthen the Supply Chain Management, Procurement of farm tools and equipments etc.

### **Business model of our Company**

- Our Company has adopted the Share Cropping Model of farming, wherein farming on the aforesaid land is done by the farmers. Our farm managers with the assistance of the croppers / farmers / field assistant decide the Crops to be grown.
- The contracted farmers and workers are being assigned with the crops to be grown and demarcated area. We ensure that farmers at our farm use good quality of seed and fertilizers. Our farm manger supervises every process of our agricultural operations.
- After harvesting, cropper gets the pre-determined share of crops as mutually decided by way of oral agreement. This model of share cropping encourages the cropper to work harder and employ better techniques.
- The sharing ratio of crops ranges between 20% to 30 % to croppers and remaining proportion is retained by our Company. We engage ourselves in to supervision of croppers to constantly monitor the quantity and quality of crops.
- The Quality of Product has been our driving force which enables us to develop long standing relationship with our customers.

### **Our Strength**

- Leveraging the experience of our Promoters
- Experienced management team and a motivated and efficient work force
- Availability of land
- Share Cropping Model

For further details on our Business, please see “Business Overview” on page 72 of this Draft Letter of Offer

## SUMMARY OF FINANCIAL STATEMENTS

The following summary of financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations, 2009 and restated as described in the Auditor's Report in the Section titled "Financial Information" on page 103 of this Draft Letter of Offer. You should read this financial data in conjunction with our financial statements for the years ended 2010, 2011, 2012, 2013 and 2014 including the notes thereto and the reports thereon, which appears under the chapter titled "Financial Statements" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on page 103, and 118 of this Draft Letter of Offer.

### STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rupees in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
<b>Equity &amp; Liabilities</b>					
<b>Shareholders' Funds</b>					
Share Capital	1596.00	1596.00	175.00	5.00	5.00
Reserve & Surplus	1296.00	1172.42	304.68	(0.10)	(0.05)
<b>Total (A)</b>	<b>2892.00</b>	<b>2768.42</b>	<b>479.68</b>	<b>4.90</b>	<b>4.95</b>
<b>Non-Current Liabilities</b>					
Share Application Money	-	-	-	-	-
Long Term Borrowings	-	-	-	3.30	3.30
Deferred Tax Liabilities (Net)	-	-	-	-	-
Long Term Provisions	-	-	-	-	-
<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.30</b>	<b>3.30</b>
<b>Current Liabilities</b>					
Short Term Borrowings	37.79	9.82	-	-	-
Trade Payables	-	-	-	-	-
Other Current Liabilities	9.15	4.16	0.05	0.05	0.05
Short Term Provisions	0.59	0.22	-	-	-
<b>Total (C)</b>	<b>47.53</b>	<b>14.2</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>
<b>Total (D=A+B+C)</b>	<b>2939.53</b>	<b>2782.64</b>	<b>479.73</b>	<b>8.25</b>	<b>8.30</b>
<b>Assets</b>					
Fixed Assets	953.44	1056.83	110.00	-	-
Non-Current Investments	278.50	248.50	-	3.30	3.30
Long Term Loans & Advances	368.75	368.75	243.00	4.00	4.00
Other Non-Current Assets	35.08	24.50	3.30	0.03	0.06
<b>Total (E)</b>	<b>1635.77</b>	<b>1698.58</b>	<b>356.30</b>	<b>7.33</b>	<b>7.36</b>
<b>Current Assets</b>					
Current Investments	-	-	-	-	-
Inventories	82.12	103.93	77.72	-	-
Trade Receivables	-	109.18	34.78	-	-
Cash & Bank Balances	44.80	70.10	10.93	0.92	0.94
Short Term Loans & Advances	1176.84	800.85	-	-	-
Other Current Assets	-	-	-	-	-
<b>Total (F)</b>	<b>1303.76</b>	<b>1084.06</b>	<b>123.43</b>	<b>0.92</b>	<b>0.94</b>
<b>Total (G=E+F)</b>	<b>2939.53</b>	<b>2782.64</b>	<b>479.73</b>	<b>8.25</b>	<b>8.30</b>

**STATEMENT OF PROFIT AND LOSSES, AS RESTATED**

**(Rupees in Lakhs)**

<b>Particulars</b>	<b>31.03.14</b>	<b>31.03.13</b>	<b>31.03.12</b>	<b>31.03.11</b>	<b>31.03.10</b>
<b>Income:</b>					
Income from Agriculture Operations	346.17	476.24	289.83	-	-
Other Income	6.44	0.71	-	0.07	0.32
Increase / (Decrease) in Stock in Trade	(21.81)	26.20	77.71	-	-
<b>Total</b>	<b>330.80</b>	<b>503.15</b>	<b>367.54</b>	<b>0.07</b>	<b>0.32</b>
<b>Expenditure:</b>					
Plantation and Cultivation Expenses	14.84	13.77	13.13	-	-
Employees Cost	20.38	26.71	24.09	-	-
Other Administrative & Selling Expenses	34.12	31.90	12.64	0.12	0.34
<b>Total</b>	<b>69.34</b>	<b>72.38</b>	<b>49.86</b>	<b>0.12</b>	<b>0.34</b>
<b>Profit before Depreciation, Interest &amp; Tax</b>	<b>261.46</b>	<b>430.77</b>	<b>317.68</b>	<b>(0.05)</b>	<b>(0.02)</b>
Depreciation	135.89	132.81	12.90	-	-
<b>Profit before Interest &amp; Tax</b>	<b>125.57</b>	<b>297.96</b>	<b>304.78</b>	<b>(0.05)</b>	<b>(0.02)</b>
Interest & Finance charges	-	-	-	-	-
<b>Profit before Taxes</b>	<b>125.57</b>	<b>297.96</b>	<b>304.78</b>	<b>(0.05)</b>	<b>(0.02)</b>
Provision for Taxes	1.99	0.22	-	-	-
<b>Net Profit After Tax &amp; Before Extraordinary Items</b>	<b>123.58</b>	<b>297.74</b>	<b>304.78</b>	<b>(0.05)</b>	<b>(0.02)</b>
Extra Ordinary Items (Net of Tax)	-	-	-	-	-
<b>Net Profit</b>	<b>123.58</b>	<b>297.74</b>	<b>304.78</b>	<b>(0.05)</b>	<b>(0.02)</b>

**STATEMENT OF CASH FLOWS, AS RESTATED**

**(Rupees in Lakhs)**

<b>Particulars</b>	<b>31.03.14</b>	<b>31.03.13</b>	<b>31.03.12</b>	<b>31.03.11</b>	<b>31.03.10</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net profit before tax	125.58	297.96	304.78	(0.05)	(0.02)
<b>Adjustment for:</b>					
Add: Depreciation	135.89	132.81	12.90	-	-
Add: Preliminary Expenses	10.12	6.13	0.03	0.03	0.03
Less: Interest Received	(6.44)	(0.72)	-	-	-
<b>Operating Profit before Working capital changes</b>	<b>265.15</b>	<b>436.18</b>	<b>317.71</b>	<b>(0.02)</b>	<b>0.01</b>
<b>Adjustments for:</b>					
Decrease (Increase) in Trade & Other Receivables	109.18	(74.40)	(34.78)	-	-
Decrease (Increase) in Inventories	21.8	(26.21)	(77.71)	-	-
Decrease (Increase) in Loans & Advances	(376.00)	(926.60)	(239.00)	-	-
Decrease /(increase) in other Assets	-	-	(3.30)	-	-
Increase (Decrease) in Current Liabilities	3.52	4.11	-	-	-
Net Changes in Working Capital	(241.50)	(1023.10)	(354.79)	-	-
<b>Cash Generated from Operations</b>	<b>23.65</b>	<b>(586.92)</b>	<b>(37.08)</b>	<b>(0.02)</b>	<b>0.01</b>
Taxes	0.16	-	-	-	-
<b>Net Cash Flow from Operating Activities (A)</b>	<b>23.49</b>	<b>(586.92)</b>	<b>(37.08)</b>	<b>(0.02)</b>	<b>0.01</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Sale / (Purchase) of Fixed Assets	(32.50)	(1079.64)	(122.91)	-	-
Interest Received	6.44	0.72	-	-	-
Sale / (Purchase) of Investments	(30.00)	(248.50)	3.30	-	-
Decrease (Increase) in Non-Current Assets	(20.70)	(27.32)	-	-	-
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(76.76)</b>	<b>(1354.74)</b>	<b>(119.61)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Issue of share capital and Proceeds from Share Application Money	-	1991.00	170.00	-	-
Increase / (Repayment) of Secured/unsecured loans	27.97	9.82	(3.30)	-	-
Preliminary Expenses incurred	-	-	-	-	-
<b>Net Cash Flow from Financing Activities (C)</b>	<b>27.97</b>	<b>2000.82</b>	<b>166.70</b>	<b>-</b>	<b>-</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(25.30)</b>	<b>59.16</b>	<b>10.01</b>	<b>(0.02)</b>	<b>0.01</b>
Cash and cash equivalents at the beginning of the year / Period	70.10	10.93	0.92	0.94	0.93
Cash and cash equivalents at the end of the year/ Period	44.80	70.09	10.93	0.92	0.94

## THE ISSUE

The Board of Directors of our Company have, pursuant to a resolution passed on April 29, 2014 authorized this offer of Rights Equity Shares.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter titled “Terms of the Issue” on page 143 of this Draft Letter of Offer.

<b>Rights Equity Shares being offered by our Company</b>	79,80,000 Rights Equity Shares
<b>Rights Entitlement for Rights Equity Shares</b>	1(One) Rights Equity Shares for every 2(Two) Equity Shares held on the Record Date i.e. [●].
<b>Record Date</b>	[●]
<b>Face Value per Rights Equity Shares</b>	Rs. 10 each
<b>Issue Price per Rights Equity Share</b>	Rs. [●] per Rights Equity Share
<b>Equity Shares outstanding prior to the Issue</b>	1,59,60,000 Equity Shares
<b>Issue size</b>	[●]
<b>Equity Shares outstanding after the Issue</b>	2,39,40,000 Equity Shares
<b>Terms of the Issue</b>	Please refer to the chapter titled “ <i>Terms of the Issue</i> ” on page 143 of this Draft Letter of Offer.
<b>Use of Issue Proceeds</b>	For further information, see the chapter titled “ <i>Objects of the Issue</i> ” on page 45 of this Draft Letter of Offer

### Payment terms

The payment terms available to the Investors are as follows:

<b>Due Date</b>	<b>Amount</b>
On Application of Rights Equity Shares	Rs. [●] per Rights Equity Share which constitutes 100 % of the Issue Price.

## GENERAL INFORMATION

Our Company was originally incorporated in New Delhi as "HPC Biosciences Limited" on 29<sup>th</sup> January, 2002 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, National Capital Territory of Delhi & Haryana. The corporate identification number of our Company is L24119DL2002PLC114026.

### Registered Office of our Company

6A, 40, Hanuman Road,  
Connaught Place,  
New Delhi-110001

**Tel:** +91-11-3296 5576,

**Fax:** +91-11-3296 5576

**Website:** www.hpcbiosciences.com

**E-Mail:** hpcbiosci@yahoo.com

**Company Registration Number:** 114026

**Company Identification Number:** L24119DL2002PLC114026

### Registrar of Companies

4th Floor, IFCI Tower,  
61, Nehru Palace,  
New Delhi- 110019

**Tel:** +91-011-2623 5707/08/09

**Fax:** +91-011-2623 5702

**Website:** ww.mca.gov.in

**Email:** roc.delhi@mca.gov.in

**Designated Stock Exchange:** BSE Limited

**Listing of Shares Offered in this Issue:** SME Platform of BSE

### Our Board of Directors:

Our Board comprises the following:

Sr. No.	Name	Age	DIN	Address	Designation
1.	Tarun Chauhan	33	06435943	314, Dhakka Village, Kingsway Camp, New Delhi, 110009, Delhi, India	Whole-time Director
2.	Madhu Anand	60	06447160	T-48, New Moti Nagar, Karol Bagh, New Delhi, 110005, Delhi, India	Chairman cum Non-executive & Non Independent Director
3.	Sakshi Saxena	25	06446947	B-18, Ashoka Niketan, New Delhi, 110092, Delhi, India	Independent Director
4.	Sushil Rao Kumar	26	06842361	25/436, Block 25, Trilok Puri, Delhi-110091	Independent Director

For further details of our Directors, see chapter titled "Our Management" on page 87 of this Draft Letter of Offer.



## **Company Secretary and Compliance Officer**

### **Ms. Aditi Gupta**

Company Secretary & Compliance Officer

6A, 40, Hanuman Road,

Connaught Place,

New Delhi-110001

**Tel:** +91-11-3296 5576,

**Fax:** +91-11-3296 5576

**Website:** www.hpcbiosciences.com

**E-Mail:** hpcbiosci@yahoo.com

**Investor may contact the Compliance Officer and/or Registrar to the Issue and/or Lead Manager to the Issue in case of any Pre-Issue or Post-Issue related matters such as non-receipt of letter of Allotment, credit of allotted Equity Shares in the respective beneficiary account, refund orders, etc.**

**All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with copy to the concerned SCSBs to whom the Application Form was submitted, giving full details such as name, address of the applicant, number of Equity Shares applied for, Application Amount blocked, ASBA account number and the Designated Branch of the relevant SCSBs where the ASBA Form was submitted by the ASBA Applicant**

**All complaints, queries or comments received by Stock Exchange/SEBI shall be forwarded to Lead Manager, who shall respond to the same.**

## **Lead Manager to the Issue**

### **Choice Capital Advisors Private Limited**

Shree Shakambhari Corporate Park,

156-158, Chakravarti Ashok Society,

J.B. Nagar, Andheri (E), Mumbai – 400 099

**Tel:** +91-022-6707 9999

**Fax:** +91-022-6707 9959

**Website:** www.choiceindia.com

**Email:** vikash@choiceindia.com

**Contact Person:** Mr. Vikash Kumar Agarwal

**SEBI Registration No:** INM000011872

## **Legal Advisor to the Issue**

### **Law and Legal Jurists**

Chamber No. 612, Dwarka Court Complex,

Sector – 10, Dwarka,

New Delhi – 110075

**Tel:** +91-011-2381 2302

**Email:** lljurists@yahoo.co.in

**Contact Person:** Mr. Ranjan Kumar

**Registrar to the Issue****Mas Services Limited**

T-34, 2<sup>nd</sup> Floor,  
Okhla Industrial Area, Phase-II,  
New Delhi-110020

**Tel:** +91-11-2638 7281/82/83

**Fax:** +91-11-2638 7384

**Website:** www.masserv.com

**E-mail:** info@masserv.com

**Contact Person:** Mr. Sharwan Mangla

**SEBI Registration No:** INR000000049

**Statutory Auditors to the Company****B. D. Gupta & Co, Chartered Accountants**

95-B, Mayur Vihar, Phase-II,  
Delhi- 110091

**Tel:** +91- 981077 1477

**E-mail:** manishvivek@yahoo.com

**Contact Person:** Mr. Manish Kumar Gupta

**Membership No.:** 099568

**Firm Registration No.:** 000309C

**Peer Reviewed Auditor****Rama K Gupta & Co., Chartered Accountants**

8, New Chandra Nagar,  
Behind GDA, Kherapati Road,  
Gwalior (M.P) – 474002

**Tel:** +91- 9425112778

**Fax:** 0751-456 166

**E-mail:** ramakantgupta@yahoo.com

**Contact Person:** Mr. Ramakant Gupta

**Membership No.:** 073853

**Firm Registration No.:** 005005-C

**Rama K Gupta & Co.** holds a peer reviewed certificate dated February 06, 2014 issued by the Institute of Chartered Accountants of India.

**Bankers to the Company****Oriental Bank of Commerce**

M-1,2,3, Connaught Place,  
New Delhi – 110001

**Tel:** +91-11-2341 5991

**Fax:** +91-11-2341 2945

**Website:** www.obcindia.co.in

**E-Mail:** bm1048@obc.co.in

## **Bankers to the Issue / Escrow Collection Banks and Refund Bankers**

[.]

### **Self-Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA Process is provided on <http://www.sebi.gov.in>. For details of designated branches of SCSBs collecting ASBA Application Form, please refer the above-mentioned SEBI website.

### **Statement of inter se allocation of responsibilities for the issue**

Since Choice Capital Advisors Private Limited is the sole Lead Manager to this Issue, all the responsibilities of a merchant banker in this Issue will be managed by them.

### **Issue Schedule**

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

<b>Issue Opening Date</b>	[•]
<b>Last date for receiving request for SAFs</b>	[•]
<b>Issue Closing Date</b>	[•]

### **Credit Rating**

This being an issue of Rights Equity Shares, credit rating is not required.

### **IPO Grading**

This being a Rights Issue of Equity Shares, no IPO Grading is required

### **Debenture Trustees**

As this is an Issue of Rights Equity Shares, the appointment of debenture trustee is not required.

### **Monitoring Agency**

A monitoring agency is not required pursuant to Regulation 16(1) of the SEBI (ICDR) Regulations. Our Audit Committee will monitor the use of proceeds of this Issue as per clause 52 of the SME Equity Listing Agreement.

### **Appraising Agency**

The present issue is not being appraised by any appraising agency.

### **Expert Opinion**

Except for (a) Auditors' reports on the restated financial statements and Statement of Possible Tax Benefits included in this Draft Letter of Offer; and (b) Legal Due Diligence Reports dated May 07, 2014, our Company has not obtained any other expert opinion.

## Underwriting Agreement

This Issue is 100% Underwritten. The Underwriting agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are several and are subject to certain conditions specified therein. The Underwriter has indicated their intention to underwrite the following number of specified securities being offered through this Issue:

Name and address of the underwriter	No. of Equity Shares underwritten	Amount underwritten (Rs. In Lakhs)	% of the Total Issue size underwritten
<b>Choice Capital Advisors Private Limited</b> Shree Shakambhari Corporate Park, 156-158, Chakravarti Ashok Society, J.B. Nagar, Andheri (E), Mumbai – 400 099 <b>Tel:</b> +91-022- 6707 9999 <b>Fax:</b> +91-022-6707 9959 <b>Email ID:</b> vikash@choiceindia.com <b>Website:</b> www.choiceindia.com <b>Contact Person:</b> Vikash Kumar Agarwal <b>SEBI Registration No:</b> INM000011872	79,80,000	[●]	100
<b>TOTAL</b>	<b>79,80,000</b>	[●]	<b>100</b>

In the opinion of the Board of Directors of our Company, the resources of the above mentioned underwriter are sufficient to enable them to discharge their obligations in full.

## CAPITAL STRUCTURE

The share capital of our company, as on the date of this Draft Letter of Offer and after giving effect to the Issue is as stated below:

*(Rs. in lakhs except share data)*

Sr. No.	Particulars	Aggregate Value at nominal value	Aggregate Value at Issue Price
<b>A</b>	<b>Authorised Share Capital</b>		
	2,50,00,000 Equity Shares of Rs.10 each	2500.00	-
<b>B</b>	<b>Issued, subscribed and paid-up Equity Share Capital before the Issue</b>		
	1,59,60,000 Equity Shares of Rs.10 each	1596.00	-
<b>C</b>	<b>Present issue in terms of the Draft Letter of Offer</b>		
	79,80,000 Equity Shares of Rs.10 each fully paid up	798.00	[●]
<b>D</b>	<b>Equity Share Capital after the Issue</b>		
	2,39,40,000 Equity Shares of Rs.10 each fully paid up	2394.00	-
<b>E</b>	<b>Securities Premium Account</b>		
	Before the Issue		1140.00
	After the Issue		[●]

1. All Equity Shares are fully paid-up.
2. The Issue has been authorised by the Board of Directors vide a resolution passed at its meeting held on April 29, 2014.

Our Company has only one class of share capital i.e. Equity Shares of Rs. 10/- each.

### Changes in the Authorized Capital

Particulars of Change		Date of Shareholders' Meeting	AGM/EGM
From	To		
50,000 Equity Shares of Rs. 10 each		On Incorporation	-
50,000 Equity Shares of Rs. 10 each	45,50,000 Equity Shares of Rs. 10 each	October 05, 2011	EGM
45,50,000 Equity Shares of Rs. 10 each	50,00,000 Equity Shares of Rs. 10 each	March 01, 2012	EGM
50,00,000 Equity Shares of Rs. 10 each	1,65,00,000 Equity Shares of Rs. 10 each	December 24, 2012	EGM
1,65,00,000 Equity Shares of Rs. 10 each	2,50,00,000 Equity Shares of Rs. 10 each	September 25, 2013	AGM

## Notes to the Capital Structure

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

Date of allotment/ Fully Paid up	No. of equity shares allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment	Cumulative No. of equity Shares	Cumulative paid-up Capital (Rs.)	Cumulative Securities Premium (Rs.)
On Incorporation	50,000	10	10	Cash	Subscription to MOA	50,000	5,00,000	NIL
October 10, 2011	5,50,000	10	10	Cash	Preferential Allotment	6,00,000	60,00,000	NIL
October 15, 2011	11,50,000	10	10	Cash	Preferential Allotment	17,50,000	1,75,00,000	NIL
December 28, 2012	12,53,800	10	10	Cash	Preferential Allotment	30,03,800	3,00,38,000	NIL
December 30, 2012	12,36,200	10	10	Cash	Preferential Allotment	42,40,000	4,24,00,000	NIL
January 02, 2013	9,42,500	10	10	Cash	Preferential Allotment	51,82,500	5,18,25,000	NIL
January 03, 2013	5,17,500	10	10	Cash	Preferential Allotment	57,00,000	5,70,00,000	NIL
January 03, 2013	57,00,000	10	Nil	Bonus	Bonus in the ratio 1:1	1,14,00,000	11,40,00,000	NIL
March 14, 2013	45,60,000	10	35	Cash	Initial Public Offering	1,59,60,000	15,96,00,000	11,40,00,000

### 2. Equity Shares issued for consideration other than cash by our Company

Other than the issue of bonus shares as detailed above, Our Company has not issued any Equity Shares for consideration other than cash.

- We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable for, directly or indirectly, for our Equity Shares) whether on a preferential basis or otherwise, except that if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures.
- We have not issued any Equity Shares out of revaluation reserves or in terms of any scheme approved under sections 391-394 of the Companies Act, 1956.
- We have not issued any Equity Shares at a price less than the Issue Price in the one year immediately preceding the date of filing of this Draft Letter of Offer.

### 6. Details of Promoters' shareholdings

As on the date of this Draft Letter of Offer, our Promoters, Mr. Tarun Chauhan and Mrs. Madhu Anand hold 34,99,000 Equity Shares, which constitutes 21.92% of the issued, subscribed and paid-up Equity Share capital of our Company.

The Equity Shares held by the Promoters were acquired / allotted in the following manner:

Date of Allotment / Transfer /Acquisition and when made fully paid up	No. of Equity Shares*	Face Value (Rs.)	Issue / Acquisition / Transfer Price**	Consideration (Cash / other than cash)	Sources of Fund (Owned / Borrowed)	Nature of allotment/ acquisition	As a % of Pre- Issue Share - holding	As a % of Post-Issue Share- holding
<b>Mr. Tarun Chauhan</b>								
October 04, 2011	4,300	10	10	Cash	Owned	Transfer	0.03	0.02
January 03, 2013	4,300	10	N.A.	N.A.	N.A.	Bonus in the ratio 1:1	0.03	0.02
<b>Sub Total (A)</b>	<b>8,600</b>						<b>0.05</b>	<b>0.04</b>
<b>Mrs. Madhu Anand</b>								
October 04, 2011	25,200	10	10	Cash	Owned	Transfer	0.16	0.11
October 04, 2011	20,000	10	10	Cash	Owned	Transfer	0.13	0.08
October 10, 2011	5,17,000	10	10	Cash	Owned	Further Allotment	3.24	2.16
October 15, 2011	11,50,000	10	10	Cash	Owned	Further Allotment	7.21	4.80
October 30, 2011	33,000	10	10	Cash	Owned	Transfer	0.21	0.14
January 03, 2013	17,45,200	10	N.A.	N.A.	N.A.	Bonus in the ratio 1:1	10.93	7.29
<b>Sub Total (B)</b>	<b>34,90,400</b>						<b>21.87</b>	<b>14.58</b>
<b>Total (A+B)</b>	<b>34,99,000</b>						<b>21.92</b>	<b>14.62</b>

\* All the Equity Shares held by the Promoter were fully paid-up on the respective dates of acquisition of such Equity Shares.

\*\* The cost of acquisition excludes the stamp duty paid.

None of the Equity Shares held by our Promoters is subject to any pledge.

**7. Except as stated below, none of the Equity Shares of our Company are locked-in as on the date of this Draft Letter of Offer.**

Date of Allotment and when made fully paid up	No. of Equity Shares	Face Value (Rs.)	Issue Price	Consideration (Cash / other than cash)	Nature of allotment	As a % of Pre- Issue Share - holding	Lock-in upto
October 04, 2011	4,300	10	10	Cash	Transfer	0.03	March 19, 2016
January 03, 2013	4,300	10	N.A.	N.A.	Bonus in the ratio 1:1	0.03	March 19, 2016
<b>Sub Total (A)</b>	<b>8,600</b>					<b>0.05</b>	
October 04, 2011	25,200	10	10	Cash	Transfer	0.16	March 19, 2016
October 04, 2011	20,000	10	10	Cash	Transfer	0.13	March 19, 2016
October 10, 2011	5,17,000	10	10	Cash	Further Allotment	3.24	March 19, 2016
October 15, 2011	11,50,000	10	10	Cash	Further Allotment	7.21	March 19, 2016
October 30, 2011	33,000	10	10	Cash	Transfer	0.21	March 19, 2016
January 03, 2013	17,45,200	10	N.A.	N.A.	Bonus in the ratio 1:1	10.93	March 19, 2016
<b>Sub Total (B)</b>	<b>34,90,400</b>					<b>21.87</b>	
<b>Total (A+B)</b>	<b>34,99,000</b>					<b>21.92</b>	

**8. Details of aggregate shareholding of our Promoters and Promoter Group**

Shareholder	Pre-Issue		Post-Issue	
	No. of Equity Shares	% Holding	No. of Equity Shares	% Holding
Tarun Chauhan	8,600	0.05	[●]	[●]
Madhu Anand	34,90,400	21.87	[●]	[●]
<b>TOTAL</b>	<b>34,99,000</b>	<b>21.92</b>	<b>[●]</b>	<b>[●]</b>

Our Promoters have provided undertakings dated May 07, 2014 confirming their intention to, subject to the provisions of the applicable laws, subscribe to the full extent of their Rights Entitlement in this Issue. Our Promoters have further undertaken that subject to compliance with applicable laws including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, they reserve the right to subscribe for



additional Equity Shares of our Company. Further, in the event of under-subscription in the Issue, subject to obtaining any approvals required under applicable law, our Promoters shall apply for Equity Shares, in addition to their Rights Entitlement in the Issue either directly or through entities/persons belonging to the Promoter Group, to the extent of such undersubscribed portion of the Issue so as to ensure that at least 90% of the Issue is subscribed. As a result of this subscription and consequent allotment, our Promoters, directly or through entities/persons belonging to the Promoter Group may acquire Equity Shares over and above their Rights Entitlement, which may result in an increase of the shareholding above the current shareholding together with their Rights Entitlement. This subscription and acquisition of additional Equity Shares by our Promoters and/or entities/persons belonging to the Promoter Group, if any, will not result in change of control of the management of our Company and shall be exempt in terms of Regulation 10 (4)(b) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Further, our Promoters also acknowledge and undertake that their entitlement to subscribe the unsubscribed portion over and above their Rights Entitlement either by themselves or through entities/persons belonging to the Promoter Group would be restricted, to ensure that the public shareholding in our Company after the Issue, does not fall below the permissible minimum level as specified in the listing conditions or Clause 42 of the SME Equity listing agreement.

9. Our Promoters and their immediate relatives, Directors and Promoter Group have neither purchased, nor have they sold any Equity Shares, during a period of six months preceding the date of filing this Draft Letter of Offer.

10. Except as stated below, none of our Directors or key managerial personnel hold Equity Shares in the Company:

<b>Sr. No.</b>	<b>Name of the Directors/ Key managerial personnel</b>	<b>No. of Shares</b>	<b>As a % of Pre Issue Share Capital</b>	<b>As a % of Post Issue Share Capital</b>
1.	Tarun Chauhan	8,600	0.05	0.04
2.	Madhu Anand	34,90,400	21.87	14.58
	<b>TOTAL</b>	<b>34,99,000</b>	<b>21.92</b>	<b>14.62</b>

11. During the period of six months immediately preceding the date of filing of this Draft Letter of Offer, no financing arrangements existed whereby our Promoters, our Promoter Group, Our Directors and their relatives may have financed the purchase of Equity Shares by any other person.

## 12. Our Shareholding pattern

Our Shareholding Pattern as on March 31, 2014 is as follows:

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shareholding dematerialized form (V)	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of Shares (VIII)	As a percentage (IX)= (VIII) / (IV) *100
<b>(A)</b>	<b>Promoter and Promoter Group</b>							
<b>(1)</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	2	34,99,000	34,99,000	21.92	21.92	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>2</b>	<b>34,99,000</b>	<b>34,99,000</b>	<b>21.92</b>	<b>21.092</b>	<b>-</b>	<b>-</b>
<b>(2)</b>	<b>Foreign</b>							
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>2</b>	<b>34,99,000</b>	<b>34,99,000</b>	<b>21.92</b>	<b>21.92</b>	<b>-</b>	<b>-</b>
<b>(B)</b>	<b>Public shareholding</b>							

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shareholding dematerialized form (V)	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of Shares (VIII)	As a percentage (IX)= (VIII) / (IV) *100
<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)	Nominated investors (as defined in Chapter XA of SEBI (ICDR) Regulations )	-	-	-	-	-	-	-
(i)	Market Makers	-	-	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total(B)(1)</b>	-	-	-	-	-	-	-
<b>(2)</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	77	22,40,200	22,20,200	14.04	14.04	-	-
(b)	Individuals-							
	i. Individual shareholders holding nominal share capital upto Rs. 1lakh.	616	27,64,200	23,09,200	17.32	17.32	-	-
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1lakh.	228	74,56,600	59,10,600	46.72	46.72	-	-
(c)	Any Other	-	-	-	-	-	-	-

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shareholding dematerialized form (V)	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of Shares (VIII)	As a percentage (IX)= (VIII) / (IV) *100
	Sub-Total(B)(2)	921	1,24,61,000	1,04,40,000	78.08	78.08	-	-
	Total Public Shareholding (B)= (B)(1)+(B)(2)	921	1,24,61,000	1,04,40,000	78.08	78.08	-	-
	TOTAL (A)+(B)	923	1,59,60,000	1,39,39,000	100.00	100.00	-	-
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	923	1,59,60,000	1,39,39,000	100.00	100.00	-	-

**(I) (b) Statement showing Shareholding of persons belonging to the category “Promoter and Promoter Group”**

Sr. No. (I)	Name of Shareholder (II)	Total Shares held		Shares pledged or otherwise encumbered		
		Number (III)	As a % of grand total (A) +(B) +(C) (IV)	Number (V)	As a percentage (VI) = (V) / (III)* 100	As a % of grand total (A) +(B) +(C) of sub-clause (I)(a) (VII)
1	Tarun Chauhan	8,600	0.05	-	-	-
2	Madhu Anand	34,90,400	21.87	-	-	-
	<b>TOTAL</b>	<b>34,99,000</b>	<b>21.92</b>			

**(I) (c) Statement showing Shareholding of persons belonging to the category “Public” and holding more than 1% of the total number of shares**

Sr. No.	Name of Shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	Mahashiv Metal and alloys Private Limited	2,62,800	1.65
2	South Asia Stocks Limited	2,66,000	1.67
3	Jayaben Nayanbhai Thakkar	3,00,000	1.88
4	Rekha Rathi	2,50,000	1.57
5	Deepak Rathi HUF	2,50,000	1.57
6	Dhanajay Rathi HUF	2,50,000	1.57
7	Kstitij Rathi HUF	2,50,000	1.57
8	Integrated Master Securities (P) Limited	2,16,000	1.35
	<b>TOTAL</b>	<b>20,44,800</b>	<b>12.81</b>

**(I) (d) Statement showing details of locked-in shares**

Sr. No.	Name of Shareholder	Number of locked-in shares	Locked-in shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para(I)(a) above}
1	Tarun Chauhan	8,600	0.05
2	Madhu Anand	34,90,400	21.87
	<b>Total</b>	<b>34,99,000</b>	<b>21.92</b>

**(II) (a) Statement showing details of Depository Receipts (DRs)**

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
	<b>Nil</b>	<b>N.A.</b>	<b>N.A.</b>	<b>N.A.</b>

**(II) (b) Statement showing holding of Depository Receipts(DRs), where underlying shares are in excess of 1 % of the total number of shares:**

<b>Sr. No.</b>	<b>Name of the DR Holder</b>	<b>Type of Outstanding DR (ADRs, GDRs, SDRs, etc.)</b>	<b>Number of shares underlying outstanding DRs</b>	<b>Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A) + (B) + (C) indicated in Statement at para (I)(a) above}</b>
	<b>Nil</b>	<b>N.A.</b>	<b>N.A.</b>	<b>N.A.</b>

### **13. Top ten shareholders**

The list of the top ten shareholders of our Company and the number of Equity Shares held by them is provided below:

#### **a. As on June 06, 2014**

<b>Sr. No.</b>	<b>Name of the Shareholders</b>	<b>Number of Equity Shares</b>	<b>%</b>
1.	Madhu Anand	34,90,400	21.87
2.	Integrated Master Securities (P) Ltd.	13,74,000	8.61
3.	Adroit Fin Ser Pvt. Ltd.	4,73,100	2.96
4.	South Asian Stocks Ltd.	4,62,300	2.90
5.	R K Stockholding Pvt. Ltd.	2,64,000	1.65
6.	Mahashiv Metal and Alloys Pvt. Ltd.	2,62,800	1.65
7.	Rekha Rathi	2,50,000	1.57
8.	Deepak Rathi HUF	2,50,000	1.57
9.	Dhananjay Rathi HUF	2,50,000	1.57
10.	Kshitij Rathi HUF	2,50,000	1.57
	<b>TOTAL</b>	<b>73,26,600</b>	<b>45.91</b>

#### **b. As on May 30, 2014**

<b>Sr. No.</b>	<b>Name of the Shareholders</b>	<b>Number of Equity Shares</b>	<b>%</b>
1.	Madhu Anand	34,90,400	21.87
2.	Integrated Master Securities (P) Ltd.	12,49,200	7.83
3.	South Asian Stocks Ltd.	4,68,000	2.93
4.	Adroit Fin Ser Pvt Ltd.	3,76,500	2.36
5.	R K Stockholding Pvt. Ltd.	2,64,000	1.65
6.	Mahashiv Metal And Alloys Pvt. Ltd.	2,62,800	1.65
7.	Rekha Rathi	2,50,000	1.57
8.	Deepak Rathi HUF	2,50,000	1.57
9.	Dhananjay Rathi HUF	2,50,000	1.57
10.	Kshitij Rathi HUF	2,50,000	1.57
	<b>TOTAL</b>	<b>71,10,900</b>	<b>44.55</b>

**c. As on June 10, 2012**

<b>Sr. No.</b>	<b>Name of the Shareholders</b>	<b>Number of Equity Shares</b>	<b>%</b>
1.	Madhu Anand	17,45,200	99.73
2.	Tarun Chauhan	4,300	0.25
3.	Rajender Kumar	100	0.01
4.	Shamit Goel	100	0.01
5.	Sujeet Kumar	100	0.01
6.	Vikas Kumar	100	0.01
7.	Mahesh Kumar	100	0.01
	<b>TOTAL</b>	<b>17,50,000</b>	<b>100.00</b>

14. Our Company, our Directors, our Promoters and the Lead Manager to this Issue have not entered into any buy-back and/or standby and/or safety net and/or any other similar arrangements for purchase of Equity Shares being offered through this Issue from any person connected with the Issue
15. The Lead Manager and its associates do not hold any Equity Shares in our Company as on the date of filing of this Draft Letter of Offer.
16. Our Company has not raised any bridge loan against the proceeds of this Issue.
17. As on the date of this Draft Letter of Offer there are no outstanding financial instruments or warrants or any other rights that would entitle the existing Promoters or Shareholders or any other person any option to receive Equity Shares after the offering.
18. As on the date of this Draft Letter of Offer, none of the shares held by our promoters/promoter group are pledged with any financial institutions or banks or any third party as security for repayment of loans.
19. The Equity Shares of our Company are fully paid up and there are no partly paid up Equity Shares as on date of this Draft Letter of Offer.
20. Since the entire price i.e of Rs. [.] per share is being called on application, all the successful applicants will be issued fully paid-up Equity Shares at the time of Allotment.
21. Our Company does not have any ESOP/ESPS scheme for our employees and we do not intend to allot any Equity Shares to our employees under ESOP/ESPS scheme from the proposed Issue.
22. An over-subscription to the extent of 10% of this Issue size may be retained for the purpose of rounding off while finalizing the basis of allotment of Equity Shares.
23. This issue is being made through Fixed Price method.
24. The total number of members of our Company as on March 31, 2014 is 923.
25. No person connected with the Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash, kind, services, or otherwise, to any Applicant.
26. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
27. The Equity Shares forming part of Promoters' contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary.

28. There have been no acquisition of Equity Shares by the Promoters and the Promoter Group within the last one year preceding the date of the Draft Letter of Offer except as under:
29. This Issue being a Rights Issue, provisions of Promoters' contribution and lock-in are not applicable as per Regulation 34 (c) of SEBI Regulations.
30. There will be no further issue of capital by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner which will affect our equity share capital, shall be made during the period commencing from the filing of the Draft Letter of Offer with the Stock exchange till the date on which the Equity Shares are listed or application moneys are refunded on account of the failure of this Issue.



## OBJECTS OF THE ISSUE

The Objects of the Issue are:

1. Construction of Internal Road through Bricks and Leveling land
2. Development of Farm land for transition to Organic Farming
3. General Corporate Purposes
4. Issue Expenses

The main objects clause of our Company's Memorandum of Association enables us to undertake our existing activities and the activities for which funds are being raised by our Company pursuant to the Issue.

We intend to utilize the proceeds of the Issue after deducting expenses relating to the Issue ("Net Proceeds of the Issue" or "Net Proceeds"), which is estimated at Rs. [●] lakhs for the abovementioned objects.

The details of the Proceeds of the Issue are as follows:

Sr. No.	Description	Amount (Rs. in lakhs)
1.	Gross Proceeds of the Issue*	[●]
2.	Issue Expenses*	[●]
3.	Net Proceeds of the Issue*	[●]

*\*To be determined on finalization of the Issue Price and updated in the Letter of Offer at the time of filing with the Stock Exchanges*

## Fund Requirement

We intend to utilise the Net Proceeds of the Issue, on the following:

Sr. No.	Particulars	Estimated amount to be utilized (Rs. in lakhs)
1.	Construction of Internal Road through Bricks and Leveling land	80.00
2.	Development of Farm land for transition to Organic Farming	660.00
3.	General Corporate Purposes	[●]
<b>Means of Finance</b>		
	Net Proceeds of the Issue	[●]

Our fund requirements and deployment of the Net Proceeds of the Issue is based on internal management appraisals and estimates, and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs, or in other financial condition, business or strategy.

We operate in highly competitive and dynamic market conditions and may have to revise our estimates from time to time on account of external circumstances or costs in our financial condition, business or strategy. Consequently, our fund requirements may also change. Any such change in our plans may require rescheduling of our expenditure programs and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required

financing will be through our internal accruals, cash flow from our operations and/or debt, as required. In case of a shortfall in the Net Proceeds, we may explore a range of options including utilizing our internal accruals or debt/equity financing. In the event that the estimated utilization out of the Net Proceeds in a Fiscal is not completely met, the same shall be utilized in the next Fiscal. For risks relating to our objects please see the section titled “Risk Factors” on page 10 of this Draft Letter of Offer.

The Company proposes to meet the entire fund requirements for the proposed objects of the Issue from the Net Proceeds. Therefore, the Company is not required to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

### **Schedule of Utilisation**

The following table sets forth the schedule of utilization of the Net Proceeds:

(Rupees in Lakhs)

Sr. No.	Particulars	Amount to be utilized during quarter			
		Financial Year 2014 – 15		Financial Year 2015 – 16	
		Q3 (September – December)	Q4 (January – March)	Q1 (April – June)	Q2 (July – September)
1.	Construction of Internal Road and Leveling land	40.00	40.00	-	-
2.	Development of Farm land for transition to Organic Farming	250.00	200.00	150.00	60.00
3.	General Corporate Purposes	[•]	[•]	[•]	[•]
	<b>TOTAL</b>	[•]	[•]	[•]	[•]

### ***Details of the activities to be financed from the Net Proceeds***

#### **1. Construction of Internal Road through Bricks and Leveling land**

The area of our farm land is spread over 400.66 Acres situated at village Anandpur, Pant Nagar, District Udham Singh Nagar, Uttarakhand. Since there is some space which is managed by leveling through soil but due to flow of water on particular space, it converts in to muddy. We plan to allocate Rs. 55 lacs to space for construction of Road through Bricks for easy conveyance. We have also plan to allocate Rs. 25 lacs for two faces of land levelling (1) to provide a slope which fits a water supply; and (2) to level the field to its best condition with minimal earth movement and then vary the water supply for the field condition.

The cost has been arrived on the basis of management estimates as the per detailed given below:

Particulars	Area (Sq. K. M.)	Rate per Sq. K.M.	Total Cost (Rs. In Lakhs)
Construction of Internal Road through bricks and leveling land	1.50 Sq. K.M.	Rs. 53,33,333	80.00
<b>Total</b>			<b>80.00</b>

## 2. Development of Farm land for transition to Organic Farming

Organic farming is kind of agricultural that provide the consumers, with fresh, tasty and reliable food while regarding natural life-cycle systems. In order to reach organic farming a number of practices should be implemented.

The practice of organic farming, said to the best known alternative to the conventional method, also originated in the west, which suffered from the ill effects of chemical agriculture. However, organic farming is based on the similar principles underlying our traditional agriculture. Organic agriculture aims at the human welfare without any harm to the environment which is the foundation of human life itself.

There are two way for transition as transition all fields at once or a small percentage of the farm during the first year. During the first year we have implemented our plan “transition in to organic farming” amend the soil of 150 Acres of farm land.

Further we plan to amend the soil of 105 Acres (424920 square meters) of farm land to completely transform the same for organic farming. The estimated cost of the same is approximate Rs. 155 per square meter inclusive of labor charges. The total cost would be as under:

Particulars	Area (Sq. Meter)	Rate per Sq. Meter	Total Cost (Rs. In Lakhs)
Soil bed Installation, treatment the land by composted manure, limestone, rock dust, labor charges.	4,24,920	155.32	660.00
<b>Total</b>			<b>660.00</b>

Total estimated cost of development of land by soil amendment is Rs. 660.00 Lacs as per the management estimates.

## 3. General Corporate Purposes

Our Board, will have flexibility in applying the balance amount towards general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds of the Issue, including, strengthening marketing capabilities and brand building exercises, meeting our working capital requirements, routine capital expenditure, funding our growth opportunities and meeting of exigencies which our Company may face in course of business.

### Estimated Issue Related Expenses

The estimated Issue related expenditure is as follows:

Sr. No.	Activity Expense	Amount (Rs. In lakhs)*	Percentage of Total Estimated Issue Expenditure*	Percentage of Issue Size*
1.	Fees of Lead Manager, bankers to the Issue, legal advisor, registrar to the Issue and out of pocket expenses	[●]	[●]	[●]
2.	Expenses relating to advertising, printing,	[●]	[●]	[●]

	distribution, marketing and stationery expenses			
3.	Regulatory fees, filing fees, listing fees, depository fees, auditor fees and miscellaneous expenses	[•]	[•]	[•]
	<b>Total estimated Issue expenses</b>	[•]	[•]	[•]

*\*To be determined on finalization of the Issue Price and updated in the Letter of Offer at the time of filing with the Stock Exchanges*

### Schedule of Implementation

The following table sets forth the schedule of implementation of business forming part of the proposed objects:

No.	Activity	Start Date	Completion Date
<b>1. Development of Farm land for transition to Organic Farming</b>			
1	Demarcation of Area	September, 2014	September, 2015
2	Placement of Orders for soil bed etc.	September, 2014	September, 2015
3	Soil bed Installation, treatment the land by composted manure, limestone, rock dust, labor charges	September, 2014	September, 2015
<b>2. Construction of internal road &amp; Leveling land</b>			
1	Design and layout	September, 2014	February, 2015
2	Construction Activity	September, 2014	February, 2015

### Deployment of Funds

Our Company has not incurred any expenditure on the project till May 31, 2014. The same has been certified by our Statutory Auditors, M/s B D Gupta & Co., Chartered Accountants vide their certificate dated June 02, 2014.

### Bridge Financing Facilities

The Company has not availed any bridge loans from any bank / financial institutions as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

### Interim Use of Net Proceeds

Our Board will have flexibility in deploying the Net Proceeds of the Issue. Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including investment in money market mutual funds, fixed deposits with banks and other interest bearing securities for the necessary / interim duration. Such investments will be approved by the Board or its committee from time to time, in accordance with its investment policies.

### Monitoring Utilization of Funds from Issue

As this is an Issue for an amount not exceeding Rs. 50,000 lakhs, there is no requirement for the appointment of a monitoring agency. Our Board or its duly authorized committees will monitor the utilization of the proceeds of the Issue. Our Company will disclose the utilization of the proceeds of the Issue, including interim use, under a separate head along with details, for all such proceeds of the Issue that have not been utilized. Our Company will indicate investments, if any, of unutilized proceeds of the Issue in the balance sheet of our Company for the relevant Financial Years subsequent to the listing.

We will, on a half-yearly basis, disclose to the Audit Committee and the Board, the uses and applications of the Issue Proceeds in accordance with the provisions of Clause 52 of the SME Listing Agreement. We also will on an annual basis, prepare a statement of funds which have been utilized for purposes other than those stated in this Draft Letter of Offer, if any, and place it before the Audit Committee and the Board. Such disclosure will be made only until such time that all the Issue Proceeds have been utilized in full. The statement shall be certified by our Auditors.

**Other confirmations**

There are no existing or anticipated transactions in relation to the utilization of Net Proceeds with any of our Promoters, Directors, Key Managerial Personnel, associates or Group Companies and no part of the Net Proceeds is intended to be paid by our Company as consideration to any of our Promoter, Directors, Key Managerial Personnel, associates or Group Companies.

## BASIC TERMS OF ISSUE

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

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

The present issue has been authorized pursuant to a resolution of our Board dated April 29, 2014.

<b>Face Value</b>	Each Equity Share shall have the face value of Rs. 10/- each
<b>Issue Price</b>	Each Equity Shares is being offered at a price of Rs. [●] each
<b>Market Lot and Trading Lot</b>	At present, the market lot for Equity Shares in dematerialized mode is 300 (Three Hundred) Equity Share.
<b>Terms of Payment</b>	100% of the issue price of Rs. [●] shall be payable on Application.
<b>Ranking of Equity Shares</b>	The Equity Shares shall be subject to the Memorandum and Articles of Association of our Company and shall rank pari-passu in all respect including dividends with the existing Equity Shares of the Company.

### Minimum Subscription

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten the details of which have been disclosed on page 32 of this Draft Letter of Offer.

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

## BASIS FOR ISSUE PRICE

The Issue Price of Rs [●] per Equity Share has been determined by our Company, in consultation with the Lead Manager on the following qualitative and quantitative factors. The face value of the Equity Share is Rs 10/- and Issue Price is Rs [●] per Equity Share which is [●] times the face value.

Investors should read the following summary with the “Risk Factors” beginning on page 10 of this Draft Letter of Offer, chapter titled “Business Overview” beginning from page 72 and “Financial Information” beginning from page 103 of this Draft Letter of Offer. The trading price of the Equity Shares of our Company could decline due to risk factors and you may lose all or part of your investments.

## QUALITATIVE FACTORS

Some of the qualitative factors which form the basis for computing the Issue Price are:

- Leveraging the experience of our Promoters
- Experienced management team and a motivated and efficient work force
- Availability of land
- Share Cropping Model

For further details, see “*Business Overview*” on page 72 of this Draft Letter of Offer.

## QUANTITATIVE FACTORS

Information presented in the section is derived from our Company’s restated financial statements prepared in accordance with Indian GAAP.

Some of the quantitative factors, which form the basis for computing the price, are as follows:

### 1. *Basic & Diluted Earnings Per Share (EPS) (On Face Value of Rs. 10 per share):*

Period	Basic and Diluted EPS (Rs)	Weight
Year ended March 31, 2012	4.66	1
Year ended March 31, 2013	3.47	2
Year ended March 31, 2014	0.77	3
<b>Weighted Average EPS</b>	<b>2.32</b>	

*Notes:*

- *Earnings per Share have been calculated in accordance with Accounting Standard 20 - Earnings per Share issued by the Institute of Chartered Accountants of India.*
- *The EPS Calculations include the retrospective effect from bonus issue made by the company on January 03, 2013. For further details, please refer to “Annexure 6 Statement of Accounting Ratios” of the Auditors Report on page 113 of this Draft Letter of Offer.*

**2. Price to Earnings (P/E) ratio in relation to issue price of Rs. [●] per equity share of Rs. 10/- each:**

Particulars	P/E Ratio at the Issue Price
Based on Basic & Diluted EPS for FY 2013-14	[●]
Based on Weighted Average EPS of the last three financial years	[●]

Industry P/E*	
Highest – Esteem Bio Organic Food Processing Ltd.	459.20
Lowest – Lakshmi Energy and Foods Limited	2.00
Average – Food Processing Indian	12.60

*\*Source: Capital Market, Vol XXIX/05, April 28-May 11, 2014*

**3. Return on Net Worth (RoNW):**

Period	RoNW (%)	Weight
Year ended March 31, 2012	63.53	1
Year ended March 31, 2013	10.85	2
Year ended March 31, 2014	4.33	3
<b>Weighted Average RONW</b>	<b>16.37</b>	

Note: The Return on Net worth has been computed by dividing net profit after tax as restated, by Net Worth as at the end of the year/period.

**4. Minimum Return on increased Net Worth after the Issue required to maintain pre-Issue EPS:**

A. Based on Basic and Diluted EPS of Rs. 0.77

At the Issue Price of Rs. [●]: [●] %

B. Based on Weighted Average EPS of Rs. 2.32

At the Issue Price of Rs. [●]: [●] %

**5. Net Asset Value per Equity Share (of face value of Rs. 10/- each)**

Particulars	NAV
As on March 31, 2014	17.90
NAV Post-Issue	[●]
Issue Price Rs.	[●]



## 6. Peer Group Comparison of Accounting Ratios

Particulars	Face Value per Equity Share (Rs.)	P/E Ratio#	EPS (Basic) (Rs.)	Return on Net Worth (%)	Net Asset Value / Share (Rs.)
HPC Biosciences Ltd*	10	[●]	0.77	4.33	17.90
<b>Peers</b>					
Gujarat Ambuja Exports Limited	2.00	4.99	8.07	14.79	54.57
LT Foods Limited	10.00	8.72	14.65	146.29	10
Karuturi Global Limited	1.00	20.00	0.11	0.89	12.04

*Source: Respective financial results of the Company, as available, for the Financial Year 2014. Information on industry peer is on a Standalone basis.*

*\* Based on restated financial statements of the Company for Financial Year 2014.*

*# Based on closing market price as on June 06, 2014 on BSE and EPS for the year ended March 31, 2014, extracted from the financial results of the Company, as available on BSE website.*

*The peer group identified is based on the 'Peer Group Comparison' for the Company as per bseindia.com.*

The Issue Price of Rs. [●] per Equity Share is [●] times of the face value of Rs. 10 per equity share.

The Company in consultation with the Lead Manager believes that the Issue price of Rs. [●] per share for the public issue is justified in view of the above parameters.

For further details, please refer to the section titled 'Risk Factors' and 'Financial Information' and Chapter titled 'Business Overview' and beginning on page 10, 103 and 72, respectively of this Draft Letter of Offer for a more informed view.

## STATEMENT OF TAX BENEFITS

To,

The Board of Directors  
HPC Bio Sciences Limited.  
6A, 40, Hanuman Road,  
Connaught Place,  
New Delhi-110001

Dear Sirs,

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

We hereby confirm that the enclosed Annexure, prepared by HPC Bio Sciences Limited (**‘the Company’**), states the possible tax benefits available to the Company and the shareholders of the Company under the Income-tax Act, 1961 (‘IT Act’) and the Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not fulfill.

The benefits discussed in the Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company’s management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India.

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

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

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

No assurance is given that the revenue authorities / courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We would not assume responsibility to update the view, consequence to such change. We shall not be liable to HPC Bio Sciences Limited for any claims, liabilities or expenses relating to this assignment

except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith of intentional misconduct.

Thanking you,

Yours faithfully,

**For B D Gupta & Co.**

**Chartered Accountants**

**Mr. Manish Kumar Gupta**  
**(Partner)**

**Membership No.: 099568**

**Firm Registration No. : 000309C**

**Place: New Delhi**

**Date: May 28, 2014**

## ANNEXURE

### STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO OUR COMPANY AND ITS SHAREHOLDERS

#### **A) SPECIAL TAX BENEFITS AVAILABLE TO OUR COMPANY AND ITS SHAREHOLDERS**

##### **I. Special Benefits available to Our Company**

There are no special tax benefits available to the Company.

##### **II. Special Benefits available to the Shareholders of Our Company**

There are no special tax benefits available to the Equity Shareholders.

#### **B) OTHER GENERAL TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS**

The following tax benefits shall be available to the Company and its Shareholders under Direct tax law

##### **Under the Income-Tax Act, 1961 (“the Act”):**

##### **I. Benefits available to the Company**

###### **1. Depreciation**

As per the provisions of Section 32 of the Act, the Company is eligible to claim depreciation on tangible and specified intangible assets as explained in the said section and the relevant Income Tax rules there under.

###### **2. Dividend Income**

Dividend income, if any, received by the Company from its investment in shares of another domestic Company will be exempt from tax under Section 10(34) read with Section 115-O of the Income Tax Act, 1961.

###### **3. Income from Mutual Funds / Units**

As per section 10(35) of the Act, the following income shall be exempt in the hands of the Company:

Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or

Income received in respect of units from the Administrator of the specified undertaking; or

Income received in respect of units from the specified company.

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be.

For this purpose (i) “Administrator” means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) “Specified Company” means a company as referred to in section 2(h) of the said Act.

#### 4. Income from Long Term Capital Gain

As per section 10(38) of the Act, long term capital gains arising to the Company from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the Company.

For this purpose, “Equity Oriented Fund” means a fund –

- (i) Where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and
- (ii) Which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

As per section 115JB, the Company will not be able to reduce the income to which the provisions of section 10(38) of the Act apply while calculating “book profits” under the provisions of section 115JB of the Act and will be required to pay Minimum Alternative Tax as follows-

Book Profit	A.Y.-2012-13	A.Y.-2013-14
If book profit is less than or equal to Rs. 1 Crore	19.055%	19.055%
If book profit is more than Rs. 1 Crore	20.01%	20.01%

5. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.

6. As per the provisions of Section 112 of the Income Tax Act, 1961, long-term capital gains as computed above that are not exempt under Section 10(38) of the Income Tax Act, 1961 would be subject to tax at a rate of 20 percent (plus applicable surcharge plus education cess plus secondary and higher education cess). However, as per the provision to Section 112(1), if the tax on long-term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term capital gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge plus education cess plus secondary and higher education cess).

7. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A “long term specified asset” means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

- (i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
- (ii) By the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

8. As per section 111A of the Act, short-term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge plus education cess plus secondary and higher education cess)

## **9. Preliminary Expenses**

Under Section 35D of the Act, the company will be entitled to the deduction equal to 1/5th of the Preliminary expenditure of the nature specified in the said section, including expenditure incurred on present issue, such as Brokerage and other charges by way of amortization over a period of 5 successive years, subject to stipulated limits.

## **10. Credit for Minimum Alternate Taxes (“MAT”)**

Under Section 115JAA (2A) of the Income Tax Act, 1961, tax credit shall be allowed in respect of any tax paid (MAT) under Section 115JB of the Income Tax Act, 1961 for any Assessment Year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Income Tax Act, 1961. Such MAT credit shall not be available for set-off beyond 10 years immediately succeeding the year in which the MAT credit initially arose.

## **II. Benefits to the Resident Shareholders of the Company under the Income-Tax Act, 1961:**

As per section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the Company is exempt from tax in the hands of the shareholders.

1. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

2. Under Section 10(38) of the Income Tax Act, 1961, long-term capital gains arising to a shareholder on transfer of equity shares in the company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to STT. However, the long-term capital gain of a shareholder being company shall be subject to income tax computation on book profit under section 115JB of the Income Tax, 1961.

3. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.

4. As per section 112 of the Act, if the shares of the company are listed on a recognized stock exchange, taxable long-term capital gains, if any, on sale of the shares of the Company (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge plus education cess plus secondary and higher education cess) after considering indexation benefits or at 10% (plus applicable surcharge plus education cess plus secondary and higher education cess) without indexation benefits, whichever is less.

5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long-term specified asset” within a period of 6 months after the date of such transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long-term specified asset during any financial year does not exceed fifty Lac rupees. In such a case, the cost of such long-term specified asset will not qualify for deduction under section 80C of the Act. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

A “long-term specified asset” means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) By the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

7. Under Section 54F of the Income Tax Act, 1961 and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the Income Tax Act, 1961) arising to an individual or a Hindu Undivided Family (‘HUF’) on transfer of shares of the company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

8. Under Section 111A of the Income Tax Act, 1961 and other relevant provisions of the Income Tax Act, 1961, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the company would be taxable at a rate of 15 percent (plus applicable surcharge plus education cess plus secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the Income Tax Act, 1961, would be subject to tax as calculated under the normal provisions of the Income Tax Act, 1961.

9. As per section 36(1)(xv) of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered in the course of the business will be eligible for deduction from the income chargeable under the head —Profits and Gains of Business or Profession if income arising from taxable securities transaction is included in such income.

### **III. Non-Resident Indians/Non-Resident Shareholders (Other than FIIs and Foreign Venture Capital Investors)**

1. Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115-O of the Income Tax Act, 1961. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the Income Tax Act, 1961 will also be exempt from tax under Section 10(35) of the Income Tax Act, 1961, received on the shares of the Company is exempt from tax.

2. As per section 10(38) of the Act, long-term capital gains arising to the shareholders from the transfer of a long-term capital asset being an equity share in the Company, where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the shareholder.

3. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.

4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long-term specified asset” within a period of 6 months after the date of such transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long-term specified asset during any financial year does not exceed fifty Lac rupees. In such a case, the cost of such long-term specified asset will not qualify for deduction under section 80C of the Act. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

A “long-term specified asset” means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) By the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

5. Under Section 54F of the Income Tax Act, 1961 and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the Income Tax Act, 1961) arising to an individual or a Hindu Undivided Family (‘HUF’) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

6. Under Section 111A of the Income Tax Act, 1961 and other relevant provisions of the Income Tax Act, 1961, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge plus education cess plus secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a company, other than those covered by Section 111A of the Income Tax Act, 1961, would be subject to tax as calculated under the normal provisions of the Income Tax Act, 1961.

7. Under section 115-C (e) of the Act, the Non-Resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the Act viz. “Special Provisions Relating to Certain Incomes of Non-Residents” which are as follows:

(i) As per provisions of section 115D read with section 115E of the Act, where shares in the Company are acquired or subscribed to in convertible foreign exchange by a Non-Resident Indian, capital gains arising to



the non-resident on transfer of shares held for a period exceeding 12 months, shall (in cases not covered under section 10(38) of the Act) be concessionally taxed at the flat rate of 10% (plus applicable surcharge plus education cess plus secondary and higher education cess) (without indexation benefit but with protection against foreign exchange fluctuation).

(ii) As per section 115F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to a Non-Resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from income tax, if the net consideration is reinvested in specified assets within six months from the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

(iii) As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

(iv) As per section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for the assessment year in which he is first assessable as a Resident, under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

(v) As per section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provision of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XIIA shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance the other provisions of the Act.

8. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

#### **IV. Foreign Institutional Investors (FIIs)**

1. Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115-O of the Income Tax Act, 1961. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the Income Tax Act, 1961 will also be exempt from tax under Section 10(35) of the Income Tax Act, 1961 received on the shares of the Company is exempt from tax.

2. As per section 10(38) of the Act, long-term capital gains arising to the FIIs from the transfer of a long-term capital asset being an equity share in the Company or a unit of equity oriented fund where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the FIIs.

3. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the section 10(38) of the Act at the following rates:

**Nature of income & Rate of tax (%)**

<b>Nature of Income</b>	<b>Rate of Tax (%)</b>
Long-Term Capital Gain	10
Short-Term Capital Gain (Referred to Section 111A)	15
Short-Term Capital Gain (other than under section 111A)	30

The above tax rates have to be increased by the applicable surcharge, education cess, and secondary and higher education cess.

4. In case of long-term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long-term specified asset” within a period of 6 months after the date of such transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long-term specified asset during any financial year does not exceed fifty Lac rupees. In such a case, the cost of such long-term specified asset will not qualify for deduction under section 80C of the Act. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

A “long-term specified asset” means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) By the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

6. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

7. However, where the equity shares form a part of its stock-in-trade, any income realized in the disposition of such equity shares may be treated as business profits, taxable in accordance with the DTAA between India and the country of tax residence of the FII. The nature of the equity shares held by the FII is usually determined on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases, sales and the ratio between purchases and sales and the holding etc. If the income realized from the disposition of equity shares is chargeable to tax in India as business income, FII's could claim, STT paid on purchase/sale of equity shares as allowable business expenditure. Business profits may be subject to applicable Tax Laws.

**V. Venture Capital Companies/Funds**

1. Under Section 10(23FB) of the Income Tax Act, 1961, any income of Venture Capital company / funds

(set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per Section 115U of the Income Tax Act, 1961, any income derived by a person from his investment in venture capital companies / funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

## **VI. Mutual Funds**

1. As per Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from income tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

### **Under the Wealth Tax Act, 1957**

#### **Benefits to shareholders of the Company**

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2 (ea) of Wealth Tax Act, 1957. Hence the shares are not liable to Wealth Tax.

#### **Tax Treaty Benefits**

An investor has an option to be governed by the provisions of the Income Tax Act, 1967 or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

#### **Notes:**

- The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;
- The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India as amended from time to time. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws;
- This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;
- In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and
- The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.

## SECTION IV: ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

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

#### **Overview of the Indian Economy**

The Indian economy recovered in the second quarter (Q2) of 2013-14 recording a growth of 4.8 per cent. This follows a growth rate of 4.4 per cent in the first quarter (Q1) of the current financial year— the lowest in 16 quarters. Particularly encouraging is the fact that the recovery in Q2 is noticed on the face of significant fiscal consolidation by the Government and tighter liquidity conditions to moderate aggregate demand. The economy went through challenging times since the crisis in the Euro area in 2011-12 with a cyclical down turn with growth slowdown, elevated current account deficit, persistent inflation, and the need to restore fiscal policy to a sustainable path. While the Government delivered on the announced fiscal targets in 2012-13, current account deficit (CAD) continued to remain elevated in Q1 of 2013-14 and in tandem with market misperception of an imminence of the rollback of quantitative easing in US, assumed a serious dimension with the sharp depreciation of the rupee. The Government put in place a series of measures and there has been a significant let-up in the challenges on the trade and balance of payments front, particularly in the Q2 2013-14. Domestic impediments like elevated levels of food and retail inflation, high input costs and pressure on profit margins and infrastructural bottlenecks continued, with the Government addressing them through appropriate calibration of fiscal policy, administrative measures and institutional mechanisms like Cabinet Committee on Investment to fast track projects.

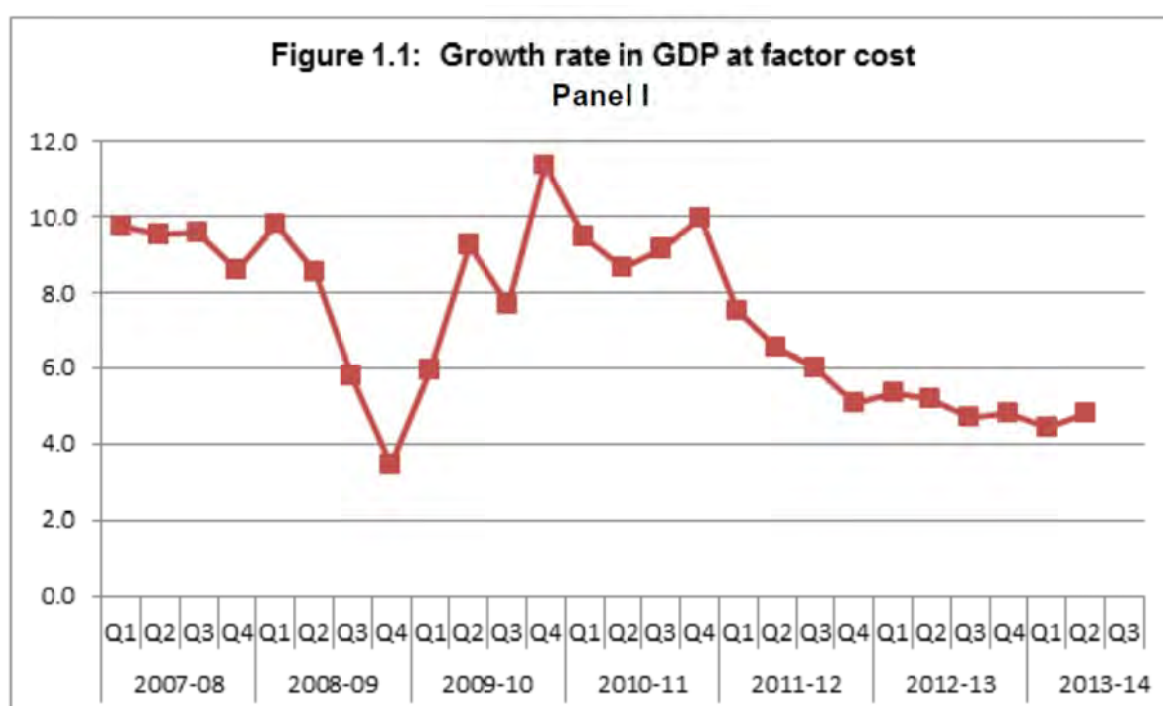
The recovery in growth, although weak, is expected to gather pace in the coming quarters. Broadly summarized, the indications to this effect are a sharp moderation in CAD composed of both a moderation in imports and pickup in exports; a moderation on year-on-year WPI inflation in the first half over that in the previous year; fiscal consolidation that is broadly on track; and accelerated growth in agriculture and a mild recovery in manufacturing. While there are some concerns about renewed price pressure in October 2013 and the services sector, the driver of growth, is still to pick up, there are indications to the effect that these could be reversed going forward. The analyses in various sections of this chapter would provide the analytical basis for the above assessment. With recent improvements in growth of some sectors, better performance of exports and measures taken by the Government, the year 2013-14 can be expected to end with a growth of 5 per cent.

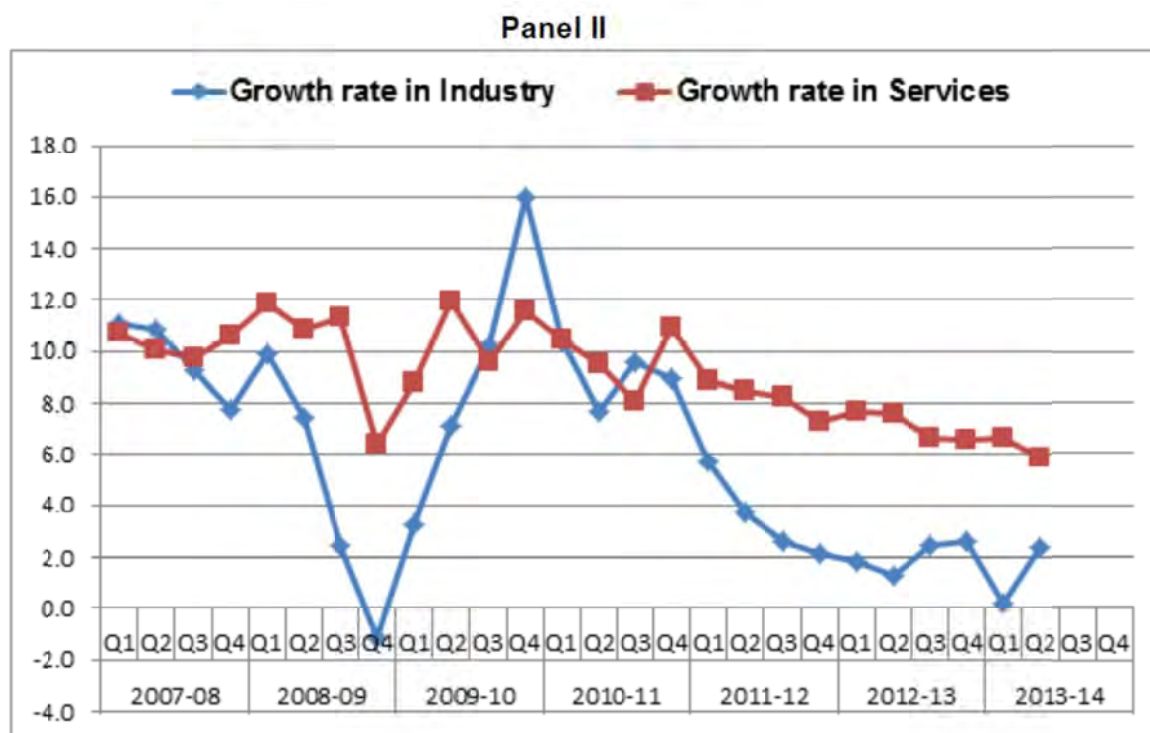
The Indian economy weathered the global financial crisis rather well and quickly recovered from the decline in growth rate in 2008-09 to a healthy growth that averaged around 9 per cent annually in 2009-10 and 2010-11. However, this recovery was short-lived and growth rate declined to 6.2 per cent in 2011-12 and 5.0 per cent in 2012-13, on account of both domestic and external factors. Despite some recovery in the growth of agriculture and industry sector, particularly in Q2 of the current financial year, the overall growth of the economy has been a modest 4.6 per cent in the first half of the year. The growth rate of the economy improved from 4.4 per cent in Q1 2013-14 to 4.8 per cent in Q2. Compared to Q1 2013-14, Q2 has evidenced a robust pick-up in the growth of the agricultural sector and a gradual recovery in the industrial sector. The growth in economic services also got strengthened, while the community, social and personal services- a sector with substantial public sector presence - exhibited a significant fall in growth, pointing towards efforts at fiscal consolidation. The demand side impetus to growth is gradually gaining momentum with the

strengthening of private consumption and investment and with exports making an impressive turnaround in Q2 2013-14. The confluence of these factors has resulted in a growth of 4.6 per cent during the first half (H1) of 2013-14, roughly the same level of 4.7 per cent achieved during the second half (H2) of 2012-13.

On the external front, the crisis of 2008, the subsequent sovereign debt crisis and the recession in the Euro-area had moderated the average growth rate of the global economy to less than 3 per cent over the period 2008-2012 as compared to 5 per cent during 2004-2007. Data from IMF indicate that several emerging market economies including China and India quickly rebounded to high growth in the aftermath of the crisis. In fact, in terms of market price GDP, India's growth exceeded that of China in 2010. Apart from emerging economies, advanced economies also experienced significant recovery in 2010 with both the US and the Euro-area registered distinctly higher growth rates. A series of subsequent events, including the uncertainty surrounding Euro-area sovereign debt crisis, hampered sustained economic recovery in advanced economies with adverse consequences for growth and challenges for macroeconomic management in emerging market economies. With the intensification of the sovereign debt crisis, the decline in real GDP growth rates starting 2011 has been witnessed across advanced and emerging market economies. Economic growth has again started looking up in advanced economies, especially in the US, alleviating the external constraint on India's recovery to some extent.

The slowdown in real GDP growth in India during 2011-12 and 2012-13 is in sync with trends in similar emerging economies. The downturn has been more pronounced in the Indian case, owing to domestic and structural factors. The growth of real GDP has generally shown a declining trend since the first quarter of 2011-12. An upward movement in some of the quarters in between raised the hope for a turnaround that was belied (Figure 1.1, Panel I). Corresponding to this, the industrial sector witnessed a long, steep decline. The service sector also witnessed growth moderation, which has been gradual and less steep than the industrial sector, and its growth remained more or less constant during Q3 2012-13 to Q1 2013-14. As panel 1 of Figure 1.1 shows, the declining trend in GDP growth has reversed in Q2 2013-14, on the back of higher growth in agriculture and industry vis-à-vis Q1 2013-14.





Despite higher growth in agriculture and improvement in the power sector in Q1 2013-14 vis-à-vis Q4 2012-13, recovery in GDP growth proved to be moderate because of continued poor performance of mining and manufacturing and the steep downturn in the 'trade, hotels, transport and communications' segment of the service sector, which constitutes more than a fourth of the GDP and is largely dependent on the activity levels in the commodity producing sectors (Table 1.1). As per Q2 GDP figures, the 'trade, hotels, transport and communications' sector has still not picked up momentum. The fiscal impetus to growth has also more or less tapered off. However, farm sector growth and the revival in the industrial sector has more than offset such effects.

Table 1.1: Quarterly Growth Rate of GDP (Per cent)									
Sector		2012-13				2013-14		2012-13	2013-14
		Q1	Q2	Q3	Q4	Q1	Q2	H1	H1
1	Agriculture, forestry & fishing	2.9	1.7	1.8	1.4	2.7	4.6	2.3	3.6
2	Industry	1.8	1.3	2.5	2.7	0.2	2.4	1.5	1.3
a	Mining & quarrying	0.4	1.7	-0.7	-3.1	-2.8	-0.4	1.0	-1.6
b	Manufacturing	-1.0	0.1	2.5	2.6	-1.2	1.0	-0.5	-0.1
c	Electricity, gas & water supply	6.2	3.2	4.5	2.8	3.7	7.7	4.7	5.7
d	Construction	7.0	3.1	2.9	4.4	2.8	4.3	5.1	3.5
3	Services	7.7	7.6	6.7	6.6	6.6	5.9	7.7	6.3
a	Trade, hotels, transport & communication	6.1	6.8	6.4	6.2	3.9	4.0	6.4	4.0
b	Financing, insurance, real estate & business services	9.3	8.3	7.8	9.1	8.9	10.0	8.8	9.5
c	Community, social & personal services	8.9	8.4	5.6	4.0	9.4	4.2	8.6	6.6
4	GDP at factor cost	5.4	5.2	4.7	4.8	4.4	4.8	5.3	4.6

Source: Central Statistics Office (CSO)

All major components of aggregate demand, except Government final consumption, slowed in Q1 2013-14 (Table 1.2). Government consumption, which acted as the bulwark in Q1 2013-14, has steeply moderated in Q2. The slack in private consumption, coupled with significant increase in the possession of valuables, indicate postponement of current consumption and greater resort by individuals to invest in items like gold and silver that act as store of value. More than the mild pick-up in private consumption, the turnaround in exports has revived aggregate demand. An encouraging sign in Q2 2013-14 is the moderate revival in fixed investment vis-à-vis a decline in Q1 2013-14. Apart from the above, the decline in major subsidies by 10.5 per cent, coupled with a reasonable growth in indirect taxes (6.1 per cent), define the turnaround in the growth of GDP at market prices during Q2 2013-14.

<b>Table 1.2: Growth of GDP at constant 2004-05 prices- Major component wise (per cent)</b>						
	<b>2012-13</b>				<b>2013-14</b>	
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>
I. GDP at market prices	3.4	2.5	4.1	3.0	2.4	5.6
Ila. Government Final Consumption Expenditure	7.2	6.9	2.2	0.6	10.5	-1.1
Ilb. Private Final Consumption Expenditure	4.3	3.5	4.2	3.8	1.6	2.2
III. Gross Fixed Capital Formation	-2.2	1.1	4.5	3.4	-1.2	2.6
IV. Valuables	-20.9	4.3	-6.9	-20.2	92.5	23.9
V.Exports	12.2	5.0	-3.5	-0.6	-1.2	16.3
VI. Imports	10.7	9.5	4.2	3.3	0.7	0.4
<i>Source: CSO.</i>						

With a slowdown in aggregate demand during 2011-12 and 2012-13, the investment rate had slowed to 35.0 per cent in 2011-12 (the latest period up to which annual data on savings and investment rates are available) from 38.1 per cent in 2007-08. The slowdown in capital formation which continued through Q1 2013-14 reflected the subdued sentiments that prevailed in the industrial sectors. Despite the volatilities shown by the capital goods sector, the Q2 GDP numbers point to the revival of investment cycle, led by construction activities.

(Source: Ministry of Finance Department of Economic Affairs - Mid-Year Economic Analysis 2013-2014)

## **AGRICULTURE SECTOR IN INDIA**

### **Introduction**

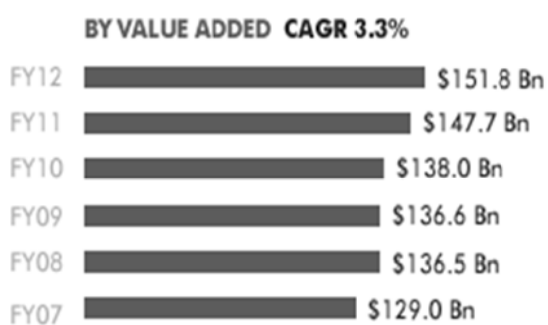
At 179.9 million hectares, India holds the second largest agricultural land in the world. A majority of the Indian population relies on agriculture for employment and livelihood. Steady investments in technology development, irrigation infrastructure, emphasis on modern agricultural practices and provision of agricultural credit and subsidies are the major factors contributing to agriculture growth.

The country has today emerged as a major player in the global agriculture market. Agriculture accounts for 14 per cent of gross domestic product (GDP) and about 11 per cent of India's total exports; it is also an essential link in the supply chain of the manufacturing sector and at the same time constitutes a big market for industrial products. Currently, India is the world's largest rice exporter and second in terms of wheat exports. Horticulture exports have also seen good growth. India's agro exports during 2013-14 touched US\$ 45 billion as against US\$ 25 billion in 2011-12.

The Department of Agriculture and Cooperation under the Ministry of Agriculture is the nodal organisation responsible for development of the agriculture sector in India. The organisation is responsible for formulation and implementation of national policies and programmes aimed at achieving rapid agricultural growth through optimum utilisation of land, water, soil and plant resources of the country.

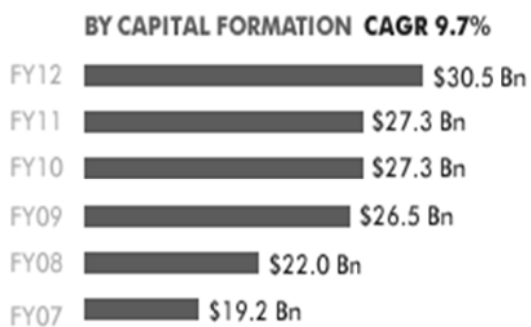
### *Size of Indian agriculture sector and allied activities*

GDP of agriculture and allied sectors in India reached US\$ 151.8 billion in FY12.



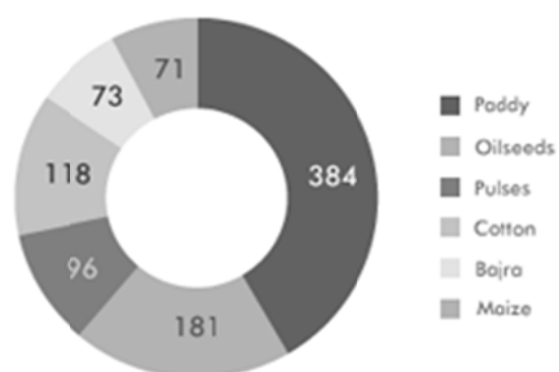
### *Area sown in India*

Area sown in India during kharif season in FY13 (lakh hectares).



### *Gross capital formation in Indian agriculture sector and allied activities*

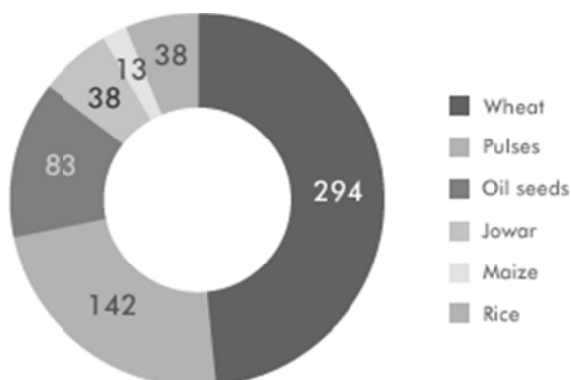
At US\$ 30.5 billion, agriculture accounted for 6.8 per cent of total Gross Capital Formation in FY12.





## ***Area sown in India***

**Area sown in India during rabi season in FY13 (lakh hectares).**



## **Market Size**

Given the good monsoon, the agriculture sector in India is likely to grow in the range of 5.2–5.7 per cent in the 2013–14 agriculture year (July–June), nearly three times as compared to the previous year. In FY 12, total food grains production in India reached an all-time high of 259.3 million tonnes (MT). Rice and wheat production stood at 105.3 MT and 94.9 MT respectively.

Total exports of Indian agri and processed food products in the period April–February 2013–14 stood at US\$ 20,331.05 million as compared to US\$ 19,144.45 million during the corresponding period of the previous year, according to the Agricultural and Processed Food Products Export Development Authority (APEDA).

In 2012–13, the share of exports of ‘agricultural and processed food products’ in total exports rose to 13.53 per cent from 10.5 per cent share in 2010–11. Guar gum has emerged as India’s largest item of farm exports with a share of 9.58 per cent during the period, followed by basmati rice and marine products.

On account of higher output in Assam and West Bengal, tea production in India in April–February, 2013–14 rose by 7 per cent to 1,152.91 million kg. The production was 1,073.93 million kg during the corresponding period of the previous year, according to data from the Tea Board.

## **Investments**

The foreign direct investment (FDI) inflows in agricultural services and machinery sector during April 2000–February 2014 stood at US\$ 1,696.98 million and US\$ 338.65 million respectively, as per data released by Department of Industrial Policy and Promotion (DIPP). The following are some of the major investments and developments in the sector:

- The agriculture division of Mahindra and Mahindra (M&M) has entered into a joint venture (JV) with the Netherlands-based seed company HZPC for sourcing high quality potato seeds for Indian farmers.
- Private equity fund India Agribusiness Fund plans to invest Rs 75 crore (US\$ 12.44 million) in Bengaluru-based Beloorbayir Biotech which supplies key ingredients to global nutraceutical, food, beverage and pharmaceutical makers.

- The National Bank for Agriculture and Rural Development (NABARD) has sanctioned Rs 1,112 crore (US\$ 184.31 million) for creation of 1,336 warehouses in various states and state government corporations in the country, which will create 0.75 MT of additional storage space.
- Tractors and Farm Equipment Ltd (TAFE) plans to invest Rs 250 crore (US\$ 41.44 million) by the end of FY 15 on expansion and development of new products. The company, with four factories, has a capacity of around 200,000 units a year. It plans to increase the total capacity to around 300,000 units a year over the next two years, according to Ms Mallika Srinivasan, Chairman and CEO, TAFE.
- Indian Council of Agricultural Research (ICAR) has sought Rs 5,700 crore (US\$ 945.55 million) to strengthen Krishi Vigyan Kendras (KVK) in the 12th Five Year Plan. The allocation for KVK was Rs 2,000 crore (US\$ 331.77 million) during the 11th Plan. In addition, a sum of Rs 500 crore (US\$ 82.94 million) has been allocated to the states of Punjab, Haryana and western Uttar Pradesh for diversification of crops.

### **Government Initiatives**

The Government of India is implementing many programmes for raising investments in agriculture. Notable among them are Rashtriya Krishi Vikas Yojana (RKVY); National Food Security Mission (NFSM); National Horticulture Mission (NHM); Gramin Bhandaran Yojana; Integrated Scheme of Oilseeds, Pulses, Oil palm, and Maize (ISOPOM), etc. The following are some of the major initiatives taken by the Government of India:

- The government has allowed 100 per cent FDI under automatic route in storage and warehousing, including cold storages. Hundred per cent FDI is also permitted for development of seeds under the automatic route.
- The government is promoting production of various organic inputs in the country, including bio-fertilisers under the National Project on Organic Farming (NPOF). The project provides financial assistance up to 25 per cent of total financial outlay up to a ceiling of Rs 40 lakhs as credit linked back-ended subsidy for setting up bio-fertilisers production units.
- In the Union Budget 2014–15, a target of Rs 8 trillion (US\$ 132.71 billion) for agriculture credit has been set for 2014–15. The credit target for 2013–14 was Rs 7 trillion (US\$ 116.06 billion). Further, the government on January 31, 2014 released Rs 180.22 crore (US\$ 29.89 million) as grant-in-aid to states under the scheme to develop infrastructure facilities for production and distribution of quality seeds.
- The Cabinet Committee on Economic Affairs (CCEA) has approved the implementation of the National Mission on Agricultural Extension and Technology (NMAET) during the 12th Five Year Plan with a total outlay of Rs 13,073.08 crore (US\$ 2.17 billion). The mission aims to restructure and strengthen agricultural extension to enable delivery of appropriate technology and improved agronomic practices to farmers.
- Further, in 2013–14, a pilot scheme on Nutri Farms was launched with an outlay of Rs 200 crore (US\$ 33.18 million) to promote cultivation of bio-fortified food crops enriched with critical micro nutrients such as iron-rich bajra, protein-rich maize and zinc-rich wheat, etc., to improve the nutrition status of the most vulnerable sections of the country's population.

## **Road Ahead**

With a population of about 1.2 billion, India requires a robust, modernised agriculture sector to ensure food security. The 12th Five Year Plan estimated a potential storage capacity expansion of 35 MT. Cold storage capacity also needs to grow rapidly from the current level of 24 MT. The government has targeted an overall growth rate of 4 per cent for the farm sector under the 12th Plan.

“The growth momentum in India’s agricultural exports is expected to continue in the next few years, with an increased share of processed food, including mango pulp, dried and preserved vegetables, meat and poultry items. Factors such as reduced transaction costs, time, better port gate management and fiscal incentives contributed to this upward trend. With continued focus on issues such as food safety and compliance with international standards, we can surely reach new heights,” as per Mr Piruz Khambatta, Chairman and Managing Director, Rasna, and Chairman, Confederation of Indian Industry’s (CII) National Committee on Food Processing.

(Source: <http://www.ibef.org/industry/agriculture-india.aspx>)

## **BUSINESS OVERVIEW**

Our Company “HPC Biosciences Limited” was incorporated in the year 2002 in New Delhi. Our Promoters, Mr. Tarun Chauhan and Mrs. Madhu Anand have 10 years of experience in the agriculture, food processing and bio science sector.

Our Company undertook to commence the agricultural operations by acquisition of Land on lease situated at village Anandpur, near Pant Nagar, District Udham Singh Nagar, Uttarakhand. The total extent of the land acquired was approximately 400.66 acres.

Currently, Our Company is engaged in carrying out the following activities on the said land:

1. Our Company is primarily engaged in the agricultural operations viz. cultivation, processing and distribution of agriculture commodities like wheat, paddy, sugar cane, fruits, vegetables and flowers.
2. Our Company has recently entered into the operations of wood plantations, wherein plantation of Bamboos, Kadam, Poplar, Eucalyptus etc. are carried out.
3. Our Company has also initiated activities of cultivating organic fruits and vegetables in our farms.

There is a growing concern about the food safety, health and environment resulting in increase in demand of organic food. Considering the health benefits of organically produced food, and knowledge of the damage done to the environment by conventional, intensive farming methods and tremendous growth in market of organic food over

Our Company came out with its maiden Initial Public Offer in the year 2013 to finance the objects of the Company viz. Development of Green House Cultivation, Development of Farm land for transition to Organic Farming, Strengthen the Supply Chain Management, Procurement of farm tools and equipments etc.

### **Business model of our Company**

- Our Company has adopted the Share Cropping Model of farming, wherein farming on the aforesaid land is done by the farmers. Our farm managers with the assistance of the croppers / farmers / field assistant decide the Crops to be grown.
- The contracted farmers and workers are being assigned with the crops to be grown and demarcated area. We ensure that farmers at our farm use good quality of seed and fertilizers. Our farm manger supervises every process of our agricultural operations.
- After harvesting, cropper gets the pre-determined share of crops as mutually decided by way of oral agreement. This model of share cropping encourages the cropper to work harder and employ better techniques.
- The sharing ratio of crops ranges between 20% to 30 % to croppers and remaining proportion is retained by our Company. We engage ourselves in to supervision of croppers to constantly monitor the quantity and quality of crops.
- The Quality of Product has been our driving force which enables us to develop long standing relationship with our customers.

## ***Our Strength***

### **Leveraging the experience of our Promoters**

Our Promoters Mrs. Madhu Anand and Mr. Tarun Chauhan have 10 years of experience in the agriculture, food processing and bio science sector.

### **Experienced management team and a motivated and efficient work force**

Our Company is managed by a team of experienced and professional personals having knowledge of every aspect of agricultural activities, marketing and finance. The faith of the management in the staff and their performance has enabled us to build up capabilities to expand our business.

### **Availability of land**

The area of our farm land is spread over 400.66 Acres situated at village Anandpur, Pant Nagar, District Udham Singh Nagar, Uttarakhand, The land is suitable for transformation into organic farming. The fertile land, eminent water supply and suitable climatic condition are conducive for farming. Availability of manpower in the form of skilled farmers and unskilled labourers are in the proximity of the farm. In addition to that our land is situated near to G. B. Pant University of Agriculture and Technology, which is the first agricultural university of India and had been a significant force in ushering Green Revolution.

### **Share Cropping Model**

Our Company has adopted the Share Cropping Model of farming, wherein farming is done by the farmers on contract. The contracted farmers and workers are being assigned with the crops to be grown and demarcated area. After harvesting, cropper gets the pre-determined share of crops as mutually decided by way of oral agreement. This model of share cropping encourages the cropper to work harder and employ better techniques.

### ***Business Strategy***

The business strategy has been consumer centric to bring them value for money by imbibing best practices and processes aiming at all round innovation through use of technology and resources to deliver and contribute maximum and sustained returns to all stakeholders. We intend to pursue the following strategies in order to consolidate our position and grow further:

### **Complete transformation to Organic Farming**

Due to the engulfing demand of the agro-products which are chemical free and safe for consumption, we have ventured into the organic farming in to the horticulture segment of our operation on certain area of our farms. We plan to transform entire horticulture segment of our operations to organic.

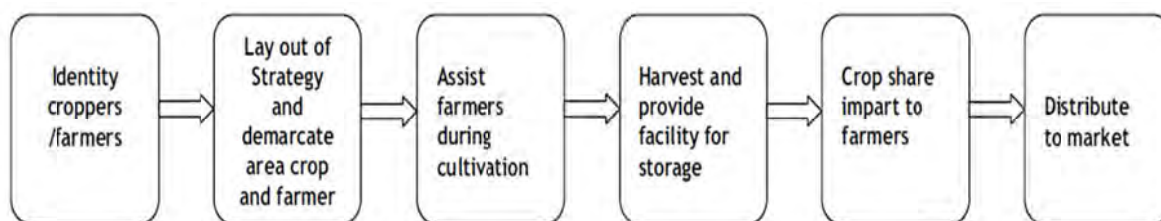
### **Developing eco-tourism**

Fundamentally, eco-tourism is known for little environmental impact as possible and helping to sustain the indigenous populace, thereby encouraging the preservation of nature and habitats when visiting a place. This is responsible form of tourism and tourism development, which encourages going back to natural products in every aspect of life. It is also the key to sustainable ecological development. Eco-tourism is more than a catch phrase for nature loving travel and recreation.

## Greenhouse Farming

Going forward, we plan to establish a greenhouse farming of fruits and vegetables to ensure year round supply to our consumers. This would enable over selves to gain competitive edge.

## Flow of Agriculture Operations of Our Company



The broad process of cultivation is under:

- Preparation and leveling of land
- De-fertilizing the land
- Sowing the seeds
- Care after sowing-watering, manuring and plant protection
- Irrigation
- Cropping
- Harvesting
- Sorting and packing

## Location

We operate from the Registered Office situated at 6A, 40, Hanuman Road, Connaught Place, New Delhi-110001. Our farm is located in a village namely Anandpur, Pant Nagar, District Udham Singh Nagar, Uttarakhand. Our agricultural operations are conducted in the farm and its spreads across 400.66 acres of land.

## Technology

We have not entered into any technical collaboration agreements with any party.

## Collaborations

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

## Our Products

Our product portfolio includes range of agriculture products such as wheat, paddy, pulses, sugar cane, fruits, vegetables, flowers, etc.

## Quality

Our driving force has always been the quality of our products, as the same would enable us for long standing relationship with our customers. We ensure that farmers at our farm use good quality of seed and fertilizers. Our farm manger supervises the every process of our operations.

## **Raw Material**

Generally farmers / croppers procure seeds and fertilizers, hence we do not envisage any need of raw materials.

## **Major Customer**

Our agricultural produce is sold in the open markets and some of our major customers are as under:

1. Saral Trading Company
2. Kartikey Enterprises
3. Shiv Traders
4. Inntal Trading
5. K S Enterprises

## **UTILITIES**

### **Power**

For our agriculture operations, requirement of power is met with electricity supply of state government electricity board and through DG Sets.

### **Water**

For agriculture operations, we are mainly dependent on monsoon and canal surrounding to our land and River going through land as well.

## **Human Resources**

As on May 31, 2014, we have 18 people on the payrolls:

<b>Sr. No.</b>	<b>Category</b>	<b>No. of Employees</b>
1.	Whole time director	01
2.	Farm Managers and Assistant Farm Manager	02
3.	Accounts, Administration and Finance	04
4.	Field Assistant	10
5.	Company Secretary	01
	<b>TOTAL</b>	<b>18</b>

The employees who are on the payrolls of the Company are not part of any trade or labour union.

## **Past Production Figures Industry-Wise**

For details of the industry data please refer to chapter titled “Industry Overview” beginning on page 64 of this Draft Letter of Offer.

## **Competition**

The Indian agriculture market is largely fragmented comprising of organized and unorganized sectors. Every district may have its own clutch of unorganized agriculturists. The rates vary depending upon the demand supply pattern prevailing in the market. Geographies also play a vital role in deciding the rates. The produce is marketable in the mandies and open market. We face competition from local farmers. Our wide range of

products and core competencies provide us an edge in the competition. We propose to create awareness of our produce by conducting and participating seminars, education programs for agriculturists.

### **Marketing Arrangement**

Our Company is primarily focused in North India, predominately in the state of Uttarakhand. The marketing strategy of the company is the combination of direct marketing, using the existing distribution network and sales force. Conversation with customers on an individual basis, educating them, guiding them and campaigning for the company's products all the year round is part of the strategy. We support our marketing efforts with the activities at the grass root level through field work by maintaining regular contacts and meetings. We also participate regularly in exhibition and fairs being conducted at various levels.

### **Export Possibility and Obligation**

Our Company doesn't have any export obligation as we are not exporting any material.

### **SWOT**

#### **Strengths**

- Extensive array of agri products
- Location advantage of farm.
- Experienced management team.

#### **Weakness**

- Dependent upon monsoon for agriculture operations
- Limited geographical coverage
- Dependent on external croppers


#### **Opportunities**

- Growing awareness among consumers about the organic food.
- Availability of uncontaminated land.

#### **Threats**

- There are no entry barriers in our industry which puts us to the threat of competition from new entrants.
- Any change or shift of focus of government from agriculture industry may adversely impact our financials

### **Intellectual Property**

We had filed an application for registration of our Company logo  which has been objected by the Trade Marks Registry under Section 11 of the Trade Mark Act, 1999.



## Land and Property

The following table sets forth the location and other details of the leasehold properties of our Company:

Sr. No.	Purpose and Description of Property	Document and date	Lessor/ Licensor	Key Terms of the Agreement
1	Registered Office situated at 6A, 40, Hanuman Road, Connaught Place, New Delhi-110001	Rent Agreement and Renewal Agreement dated 01/12/2012 and 01/11/2013 respectively.	Praveen Kant HUF	The tenure of this agreement is eleven months
2	Farm situated at Anandpur, Pant Nagar, District Udham Singh Nagar, Uttarakhand.	Lease Agreement dated 01/04/2011	Manoj Narain Aggarwal	The tenure of this agreement is twenty one years and eleven months

## Insurance

Our Company has not taken any insurance cover at present.

## **KEY INDUSTRY REGULATIONS AND POLICIES**

The business of our Company requires, at various stages, the sanction of the concerned authorities under the relevant Central, State legislation and local bye-laws. The following description is an overview of certain laws and regulations in India, which are relevant to our Company. Certain information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to applicants and is neither designed nor intended to be a substitute for professional legal advice.

The statements below are based on current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

### **INDUSTRY RELATED LAWS**

#### ***Prevention of Black Marketing and Maintenance of Supplies Act, 1980***

To make matters worse, in 1980 came the "Prevention of Black Marketing and Maintenance of Supplies Act." It is an "Act for detention in certain cases or the purpose of prevention of black marketing and maintenance of supplies of commodities essential to the community and for matters concerned therewith".

#### ***Agricultural Produce (Grading and Marketing) Act, 1937 (Agmark)***

The Directorate of Marketing and Inspection enforces the Agricultural Produce (Grading and Marketing) Act, 1937. Under this Act Grade standards are prescribed for agricultural and allied commodities. These are known as Agmark' standards. Grading under the provisions of this Act is voluntary. The DMI enforces the Agricultural Products (Grading and Marketing) Act, 1937. Under this Act, Grade Standards are prescribed for agricultural and allied commodities. These are known as "Agmark" Standards. Grading under the provisions of this Act is voluntary. Manufacturers who comply with standard laid down by DMI are allowed to use "Agmark" labels on their products.

#### ***Prevention of Food Adulteration Act, 1954***

This Act is the basic statute that is intended to protect the common consumer against the supply of adulterated food. This specifies different standards for various food articles. The standards are in terms of minimum quality levels intended for ensuring safety in the consumption of these food items and for safeguarding against harmful impurities and adulteration. The Central Committee for Food Standards, under the Directorate General of Health Services, Ministry of Health and Family Welfare, is responsible for the operation of this Act. The provisions of the Act are mandatory and contravention of the rules can lead to both fines and imprisonment. Prevention of Food Adulteration Act applies to domestic and imported food commodities, encompassing food color and preservatives, pesticide residues, packaging, labeling and regulation of sales.

#### ***The Insecticides Act, 1968***

The provisions of the Insecticides Act, 1968 provides that the act shall be applicable on any process or part of a process which is involved in making, altering, finishing, packing, labeling, breaking up or otherwise treating or adopting any insecticide with a view to its sale, distribution or use but it does not include the packing or breaking up of any insecticide in the ordinary course of retail business. The Act provides that any person desiring to import or manufacture any insecticide may apply to the Registration Committee for the registration of such insecticide and there shall be separate application for each such insecticide. This Act also provides that any person desiring to manufacture or to sell, stock or exhibit for sale or distribute any

insecticide, [or to undertake commercial pest control operations with the use of any insecticide] may make an application to the licensing officer for the grant of a License.

## **PROPERTY RELATED LAWS**

### ***The Transfer of Property Act, 1882 (the “TP Act”)***

The Transfer of Property Act, 1882 (the “TP Act”) establishes the general principles relating to the transfer of property in India. It forms a basis for 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. It also provides for the rights and liabilities of the vendor and purchaser in a transaction for the sale of land.

### ***Registration Act, 1908 (the “Registration Act”)***

The Registration Act, 1908 (the “Registration Act”) details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, inter alia, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in the present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of Rs. 100 or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent.

The Registration Act also stipulates the time for registration, the place for registration and the persons who may present documents for registration. Any document which is required to be compulsorily registered but is not registered will not affect the subject property, nor be received as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance of a contract under the TP Act or as evidence of any collateral transaction not required to be effected by registered instrument), unless it has been registered.

### ***Indian Stamp Act, 1899” (the “Stamp Act”)***

Stamp duty is payable on all instruments/ documents evidencing a transfer or creation or extinguishment of any right, title or interest in immoveable property. The Indian Stamp Act, 1899 (the “Stamp Act”) provides for the imposition of stamp duty at the specified rates on instruments listed in Schedule I of the Stamp Act. Under the Constitution of India, the states are also empowered to prescribe or alter the stamp duty payable on such documents executed within the state.

Instruments chargeable to duty under the Stamp Act but which have not been duly stamped, are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments by certain specified authorities and bodies and imposition of penalties, for instruments which are not sufficiently stamped or not stamped at all.

### ***Indian Easements Act, 1882***

The law relating to easements and licenses in property is governed by the Easements Act, 1882 (the “Easements Act”). The right of easement has been defined under the Easements Act to mean a right which the owner or occupier of any land possesses over the land of another for beneficial enjoyment of his land. Such right may allow the owner of the land to do and continue to do something or to prevent and continue to prevent something being done, in or upon any parcel of land which is not his own.

## **WORKS AND LABOUR LAWS**

### ***Payment of Wages Act, 1936 ("Wages Act")***

The payment of Wages Act, 1936 is a central legislation which applies to the persons employed in the factories and to persons employed in industrial or other establishments where the monthly wages payable to such persons is less than Rs 18,000/-. The Act confers on the person(s) responsible for payment of wages certain obligations with respect to the maintenance of registers and the display in such factory/establishment, of the abstracts of this Act and Rules made there under.

### ***Minimum Wages Act, 1948 ("Minimum Wages Act")***

The Minimum Wages Act, 1948 was enacted to provide for minimum wages in certain employments. Under this Act, the Central and the State Governments are the authorities to stipulate the scheduled employment and to fix minimum wages. The Act contains list of Agricultural and Non Agricultural employment where the prescribed minimum rate of wages is to be paid to the workers. The minimum wages are calculated and fixed based on the basic requirement of food, clothing, housing required by an average Indian adult.

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

A terminal Lump sum benefit paid to a worker when he or she Leaves employment after having worked for the employer for a prescribed minimum number of years is referred to as "gratuity." The Payment of Gratuity Act extends to the whole of India and is applicable to all factories, mines, oilfields, plantations, ports, railway companies and any establishments where 10 or more persons were employed on any day of the preceding 12 months and every Shop and Establishment of that State, in which 10 or more persons are employed, or were employed on any day in the preceding 12 months. The Act provides that within 30 days of opening of the establishment, it has to notify the controlling authority in Form A and thereafter whenever there is any change in the name, address or change in the nature of the business of the establishment a notice in Form B has to be filed with the authority. The Employer is also required to display an abstract of the Act and the rules made there-under in Form U to be affixed at the or near the main entrance. Further, every employer has to obtain insurance for his Liability towards gratuity -payment to be made under Payment of Gratuity Act 1972, with Life Insurance Corporation or any other approved insurance fund.

### ***The Workmen Compensation Act, 1923***

The Workmen Compensation Act, 1923 ("WCA") has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries caused due to accidents arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. The WCA makes every employer liable to pay compensation if personal injury, disablement either partial or total or loss of life is caused to a workman (including those employed through a contractor) by accident arising out of and in the course of his employment. In case the employer fails to pay compensation in accordance with the provisions of WCA within one month from the date it falls due, the commissioner appointed under the WCA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

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

All the establishments to which the Employees State Insurance (ESI) Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act applies to those establishments where 20 or more persons are employed. The Act requires all the employees of the factories and establishments to which the Act applies to be insured in the manner provided under the Act. Further, employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department.

## **INTELLECTUAL PROPERTY LAWS**

### ***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.

## **OTHER APPLICABLE LAWS**

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

The Companies Act, 1956 deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956. The 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.

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

The Companies Act, 2013, has been introduced to replace the existing Companies Act, 1956 in a phased manner. The Ministry of Corporate Affairs has vide its notification dated September 12, 2013 and March 26, 2013 notified a total of 283 Sections of the Companies Act, 2013, which have become effective as on the date of this Draft Letter of Offer.

### ***The Income Tax Act, 1961***

In accordance with the Income Tax Act, 1961 any income earned by way of profits by a Company incorporated in India is subject to tax levied on it in accordance with the tax rate as declared as part of the annual Finance Act.

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

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

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

The Competition Act 2002 (the "Competition Act") aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The

Competition Act regulates anti-competitive agreements, abuse of dominant position and combinations. The Competition Commission of India (the “Competition Commission”) which became operational from May 20, 2009 has been established under the Competition Act to deal with inquiries relating to anti-competitive agreements and abuse of dominant position and regulate combinations.

The Competition Act also provides that the Competition Commission has the jurisdiction to inquire into and pass orders in relation to an anti-competitive agreement, abuse of dominant position or a combination, which even though entered into, arising or taking place outside India or signed between one or more non-Indian parties, but causes an appreciable adverse effect in the relevant market in India.

## HISTORY AND CERTAIN OTHER CORPORATE MATTERS

Our Company was incorporated as “HPC Biosciences Limited” under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated January 29, 2002 issued by the Registrar of Companies, National Capital Territory of Delhi & Haryana. The Corporate Identification Number of our Company is L24119DL2002PLC114026.

Our Company was originally incorporated by Vijay Kumar Jindal, Shubha, Rajinder Kumar, Jyoti Prakash Madaan, Arti Bhatia, Raakesh Bhatia and Karun Jain with intent to venture into agricultural operations. In the year 2011 Mrs. Madhu Anand & Mr. Tarun Chauhan acquired majority stake in the Company and usurped control over the company.

Our Company undertook to commence the agricultural operations by acquisition of Land on lease situated at village Anandpur, Near Pant Nagar, District Udham Singh Nagar, Uttarakhand. The total extent of the land acquired was approximately 400.66 acres.

Currently, Our Company is engaged in carrying out the following activities on the said land:

1. Our Company is primarily engaged in the agricultural operations viz. cultivation, processing and distribution of agriculture commodities like wheat, paddy, sugar cane, fruits, vegetables and flowers.
2. Our Company has recently entered into the operations of wood plantations, wherein plantation of Bamboos, Kadam, Poplar, Eucalyptus etc. are carried out.
3. Our Company has also initiated activities of cultivating organic fruits and vegetables in our farms.

The Registered Office of our Company is situated at 6A, 40, Hanuman Road, Connaught Place, New Delhi-110001

### Main Objects of our Company

The main objects of our Company, as contained in our Memorandum of Association, are as set forth below:

1. *To establish, provide, maintain and run research laboratories and experimental workshops for bio technology and biomedical research, experiments tests of all kinds required ~o promote scientific and technical investigations and inventions especially in field of life saving drugs and medicines and to develop biological and pharm logical standardization and to acquire any patent and licenses or other protective devices relating to the results of any discovery, investigations, findings or researches and to acquire any processes upon such terms as may seem expedient and to improve the same and to undertake the manufacture of any and either to market the same or to grant licenses.to others to market the same and to carry on' the business of chemists and druggists and to manufacture, prepare, import, export, buy, sell, supply, distribute store, stock, maintain and otherwise handle deal in and carry on business in all kinds and varieties of patent and non-patent medicines, drugs, mixtures, formulations, capsules, tablets, pills, powders, pharmaceutical chemical , medical and medicinal products, preparations and materials, sterilised injections, vaccines, immunogens, phylacogens, chemical and surgical dressings.*
2. *To carry on projects on gene therapy, genomic and stem cells research and to carry on the business of management and analysis of bio logical information and to use informations and technology to determine the functioning of genes in their cellular environment. To identity and function any classify all proteins encoded by the genomic and related works and to provide management of and consultancy related to bio-tech in the field related in bio-tech in the field of information technology, ' data processing and data transfer and to act as representatives or Indian & foreign concerns/persons operation in the line of information technology and to carry on the contract research in these areas.*

3. *To carry on the business of manufacture of biological, peptones, extracts and dehydrated culture media for microbiology and the business of active synthetic peptides, peptide antibodies, immunoassay kits, enzyme substances and other synthetic chemicals and on the business of diagnostic kits, for major infections diseases like tuberculosis, malaria, japanese encephalitis, HIV, dengue and hepatitis, as well as non-communicable diseases such as hormonal disorders.*
4. *To carry on projects in bio fuels*
5. *To undertake the work of agriculture, horticulture and other works to product the raw material from live stocks and animals, food grain and fruits items to use the products in the food park for development of Food Processing sector more particularly. In the development of Food Processing of all kinds of fruits, vegetables, seeds and agricultural products, herbs flowers, glasses in their all forms and descriptions including frozen foods, juices and tonics vitamins food products, deictic products, flavored drink, nectars, aerated waters, carbonated fruit juices, fruit and vegetable concentrate powder and paste relating to the food Processing Industry.*

The main Object and the Objects incidental or ancillary to the Main Objects of our Memorandum of Association enable us to undertake activities for which funds are being raised through this Issue. The existing activities of our Company are in accordance with the Objects Clause of our Memorandum of Association.

#### **Changes in Memorandum of Association of the Company**

Except as stated below, there has been no change in the Memorandum of Association of our Company since Incorporation:

<b>Date of Meeting</b>	<b>Nature of Changes</b>
October 05, 2011	The increase in authorised share capital of our Company from Rs. 5,00,000/- comprising of 50,000 Equity Shares of Rs. 10/- each was increased to Rs. 4,55,00,000/- comprising of 45,50,000 Equity Shares of Rs. 10/- each.
March 01, 2012	The increase in authorised share capital of our Company from Rs. Rs. 4,55,00,000/- comprising of 45,50,000 Equity Shares of Rs. 10/- each to Rs. 5,00,00,000/- comprising of 50,00,000 Equity Shares of Rs. 10/- each.
December 24, 2012	The increase in authorised share capital of our Company from Rs. 5,00,00,000/- comprising of 50,00,000 Equity Shares of Rs. 10/- each to each to Rs. 16,50,00,000/- comprising of 1,65,00,000 Equity Shares of Rs. 10/- each.
September 25, 2013	The increase in authorised share capital of our Company from Rs. 16,50,00,000/- comprising of 1,65,00,000 Equity Shares of Rs. 10/- each to Rs. 25,00,00,000 comprising of 2,50,00,000 Equity Shares of Rs. 10/- each.

#### **Changes in the Registered Office**

Initially, our Registered Office was situated at Kailash Building, 26 K.G Marg, New Delhi -110001. Subsequently, our Registered Office was shifted to 314, Dhakka Village, Kingways Camp, New Delhi - 110009 with effect from October 01, 2012. Thereafter our Registered Office was shifted to 6A, 40, Hanuman Road, Connaught Place, New Delhi-110001 with effect from December 01, 2012.



## Major Events and Milestones in the History of the Company

Year	Key Events
January 2002	Incorporated in the name and style of HPC Biosciences Limited
April, 2011	Commencement of agriculture operations
October, 2011	Control of company acquired by Mrs. Madhu Anand & Mr. Tarun Chauhan
March 2013	Listing of Equity Shares on the SME Platform of BSE

For information on the Company's activities, market, growth, technology and managerial competence, please see the chapters "Our Management", "Business Overview" and "Industry Overview" beginning on page 87, 72 and 64 respectively of this Draft Letter of Offer.

### Holding / Subsidiary Company

Our Company does not have any Holding / Subsidiary Company as on the date of filing of this Draft Letter of Offer.

### Issuance of Equity or Debt

Other than the information as disclosed in "Capital Structure" on page 33 of this Draft Letter of Offer, our Company has not issued any capital in the form of equity or debt.

### Corporate Profile

For details pertaining to corporate profile, kindly refer the chapter titled "Business Overview" on page 72 of this Draft Letter of Offer.

### Defaults or rescheduling of Borrowings

Our Company has not defaulted or rescheduled any of its borrowings.

### Changes in the activities of Our Company having material effect

There has been no change in the activities being carried out by our Company during the preceding five years from the date of this Draft Letter of Offer which may have a material effect on the profits / loss of our Company, including discontinuance of lines of business, loss of agencies or markets and similar factors, other than as information disclosed in the chapter "Business Overview" on page 72 of this Draft Letter of Offer.

### Acquisition of Business or Undertaking in the history of the Company

There has been no merger or acquisition of businesses or undertakings in the history of our Company.

### Revaluation of Assets

Our Company has not revalued its assets since incorporation.

### Injunctions or Restraining Orders

Our Company is not operating under any injunctions or restraining orders.

**Strikes and lock-outs**

Our Company has not been subject to any strikes or lock-outs.

**Number of Shareholders in the Company**

Our Company has 923 Shareholders as on March 31, 2014.

**Shareholders' Agreements**

There are no subsisting shareholders' agreements among our shareholders to which our Company is a party or otherwise has notice of the same.

**Other Agreements**

Our Company has not entered into any specific or special agreements except those entered into in the ordinary course of business upto the date of filing of this Draft Letter of Offer.

**Strategic Partner**

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

**Financial Partner**

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

## OUR MANAGEMENT

Under our Articles of Association, we are to have not less than three (3) Directors and not more than twelve (12) Directors. We currently have four (4) Directors on the Board. The following table sets forth current details regarding our Board of Directors as on the date of filing of this Draft Letter of Offer:

<b>Name, Designation, Age, Father's name, DIN, Address, Occupation, Nationality</b>	<b>Date of Appointment and Terms</b>	<b>Other Directorships</b>
<b>Mr. Tarun Chauhan</b>  <i><b>Designation:</b></i> Whole-time Director  <i><b>Age:</b></i> 33 Years  <i><b>Father's Name:</b></i> Mahipal Singh Chauhan  <i><b>DIN:</b></i> 06435943  <i><b>Address:</b></i> 314, Dhakka Village, Kingsway Camp, New Delhi, 110009, Delhi, India.  <i><b>Occupation:</b></i> Business  <i><b>Nationality:</b></i> Indian	Appointed as Director on October 01, 2011. Re-appointed as Whole-time Director with effect from April 02, 2012.  <b>Terms:</b> April 02, 2012 to April 01, 2017	Angels Enterprises Limited
<b>Mrs. Madhu Anand</b>  <i><b>Designation:</b></i> Non-executive and Non Independent Director  <i><b>Age:</b></i> 60 Years  <i><b>Father's Name:</b></i> Baijnath Kapoor  <i><b>DIN:</b></i> 06447160  <i><b>Address:</b></i> T-48, New Moti Nagar, Karol Bagh, New Delhi, 110005, Delhi, India  <i><b>Occupation:</b></i> Business  <i><b>Nationality:</b></i> Indian	October 01, 2011  <b>Term:</b> Liable to retire by rotation	Nil
<b>Ms. Sakshi Saxena</b>  <i><b>Designation:</b></i> Independent Director  <i><b>Age:</b></i> 25 Years  <i><b>Father's Name:</b></i> Anil Kumar Saxena  <i><b>DIN:</b></i> 06446947  <i><b>Address:</b></i> B-18, Ashoka Niketan,, New Delhi,	October 01, 2011  <b>Term:</b> Liable to retire by rotation	Nil

<b>Name, Designation, Age, Father's name, DIN, Address, Occupation, Nationality</b>	<b>Date of Appointment and Terms</b>	<b>Other Directorships</b>
110092, Delhi, India  <b>Occupation:</b> Professional  <b>Nationality:</b> Indian		
<b>Mr. Sushil Rao Kumar</b>  <i>Designation:</i> Independent Director  <i>Age:</i> 26 Years  <i>Father's Name:</i> Sarvjeet Rao  <b>Address:</b> 25/436, Block 25, Trilok Puri, Delhi-110091  <b>DIN:</b> 06842361  <b>Occupation:</b> Business  <b>Nationality:</b> Indian	November 05, 2013  <b>Term:</b> Liable to retire by rotation	Nil

For further details on their qualifications, experience, etc., kindly refer to their respective biographies under the heading "Brief Biographies" on page 89 of this Draft Letter of Offer.

**Confirmations:**

- None of our Directors are or were director in any listed company during the five years preceding the date of filing of this Draft Letter of Offer, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.
- None of our Directors are or were a director of any listed company which has been or was delisted from any recognized stock exchanges in India during the term of their directorship in such company.
- None of the Directors of our Company are related to each other.
- None of our Directors are on the RBI List of willful defaulters as on the date of filing of this Draft Letter of Offer.
- Further, neither our company, nor our Promoters, nor person forming part of our Promoter Group, nor Directors and persons in control of our Company have been/are debarred from accessing the capital market by SEBI.
- There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of our Directors were selected as director or as member of the senior management.
- Our Directors have not entered into any service contract with our company, which provides for benefits upon termination of employment.

### **Brief Biographies of Our Directors**

**Mr. Tarun Chauhan**, aged 33 years, is the Promoter and Director of our Company. He is commerce graduate and has 10 Years of experience in the field of agriculture along with bio sciences sector. He is responsible for day to day affairs of our Company and monitors the agriculture operations & logistics supply chain management division. He has been on the Board of Directors of our Company since October, 2011

**Mrs. Madhu Anand**, aged 60 years, is the Promoter and Non -Executive Director of our Company. She has 10 years of experience in agriculture and food processing sector. She is predominantly responsible for agriculture operation & logistics supply chain management division. She has been on the Board of Directors of our Company since October, 2011.

**Ms. Sakshi Saxena**, aged 25 years, is an Independent Director of our Company. She holds bachelor degree in law and also a qualified Company Secretary. She has experience in the field of corporate laws and finance. As an Independent Director of our Company with corporate insightfulness, she contributes professional competency to our Company. She has been on the Board of our Company since October, 2011.

**Mr. Sushil Rao Kumar**, aged 26 years, is an Independent Director of our Company. He holds bachelor degree in Commerce. He has experience in the field of Accounts and finance. As an Independent Director of our Company with corporate insightfulness, he contributes professional competency to our Company. He has been on the Board of our Company since November, 2013.

### **Borrowing Powers of our Board of Directors**

Pursuant to a special resolution passed at Extra Ordinary General Meeting of our Company held on 10th January, 2013 consent of the members of our Company was accorded to the Board of Directors of our Company pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing from time to time any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) may exceed in the aggregate, the paid-up capital of our Company and its free reserves, provided however, the total amount so borrowed in excess of the aggregate of the paid-up capital of our Company and its free reserves shall not at any time exceed Rs. 25 Crores.

### **Remuneration to our Directors**

Mr. Tarun Chauhan has been appointed as Whole-time Director with effect from April 02, 2012 for a period of 5 years pursuant to resolution of the shareholders of our Company dated April 02, 2014.

Payment of remuneration to our Whole Time Director for his services is set out hereunder:

<b>Name</b>	<b>Mr. Tarun Chauhan</b>
<b>Designation</b>	Whole-time Director
<b>Remuneration</b>	<b>a) Remuneration</b>  Rs. 25,000/- p.m. (Rupees Twenty Thousand Only) with such annual increments / increases as may be decided by Board of Directors from time to time.  <b>b) Perquisites</b> <ul style="list-style-type: none"><li>• Free use of the Company's car for official purpose along with driver.</li></ul>

	<ul style="list-style-type: none"> <li>• Telephone, Telefax and other communication facilities at Company's cost for Official purpose.</li> <li>• Subject to any statutory ceiling/s, the appointee may be given any other allowances, perquisites, benefits and facilities as the Board of Directors may decide from time to time.</li> </ul> <p><b>c) Valuation of perquisites</b></p> <p>Perquisites/allowances shall be valued as per the Income Tax rules, wherever applicable, and in the absence of any such rules, shall be valued at actual cost.</p>
<b>Remuneration paid in FY 31st March, 2014</b>	<b>Rs. 3,00,000/- p.a.</b>

There are no service contracts executed between our Company and any of our Directors providing for benefits upon termination of employment.

#### **Remuneration payable to our Non-Executive Directors**

At present, no sitting fees being paid to the non-executive Directors.

#### **Shareholding of our Directors**

As per the Articles of Association of our Company, a Director is not required to hold any shares in our Company to qualify him for the office of Director of our Company. However, as on the date of this Draft Letter of Offer, the following directors hold shares, details of which are as under:

<b>Sr. No.</b>	<b>Particulars</b>	<b>No. of Equity Shares</b>	<b>Percentage (%) of paid-up Equity Share Capital</b>
1	Mr. Tarun Chauhan	8,600	0.05
2	Mrs. Madhu Anand	34,90,400	21.87
	<b>TOTAL</b>	<b>34,99,000</b>	<b>21.92</b>

Shares as stated above are held by the Directors in their personal capacity either as sole or first holder.

#### **Interest of Directors**

All the Directors of our Company may be deemed to be interested to the extent of sitting fees and/or other remuneration, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses, if any, payable to them under the Articles of Association, and/or to the extent of remuneration paid to them for services rendered as an officer or employee of our Company. Some of our Directors may be deemed to be interested to the extent of consideration received/paid or any loan or advances provided to any Body Corporate including companies, firms and trusts, in which they are interested as Directors, members, partners or trustees.

Our Directors may also be regarded as interested to the extent of the Equity Shares, if any, held by them or that may be subscribed by and allotted to the companies, firms, and trusts, if any, in which they are interested as Directors, members, promoter, and /or trustees pursuant to this Issue. Our Directors may also be deemed to be interested to the extent of dividend, if any, payable to them and other distributions in respect of the said Equity Shares, if any.

None of our Directors has been appointed on our Board pursuant to any arrangement with our major shareholders, customers, suppliers or others.

Except as stated in the chapters “Our Management” and ‘Statement of Details of Related Party Transactions’ beginning on page 87 and 116 respectively of this Draft Letter of Offer and described herein to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

Our Directors are not interested in the appointment of or acting as Underwriters, Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

### **Interest as to Property**

We have not entered into any contracts, agreements or arrangements with respect to our Company’s property during the two years preceding the date of this Draft Letter of Offer in which our directors are directly or indirectly interested. No payments have been made to them in respect of any contracts, agreements or arrangements.

### **Changes in the Board of Directors in the Last Three Years**

The changes in the Directors during last three years are as follows:

<b>Name</b>	<b>Date of Change</b>	<b>Reason</b>
Mrs. Madhu Anand	01/10/2011	Appointment
Mr. Tarun Chauhan	01/10/2011	Appointment
Mr. Arun Kumar Gupta	01/10/2011	Appointment
Ms. Sakshi Saxena	01/10/2011	Appointment
Mr. Vijay Jindal	03/10/2011	Resignation
Ms. Subha Jhindal	11/10/2011	Resignation
Mr. Rakesh C Agarwal	11/10/2011	Resignation
Mr. Tarun Chauhan	02/04/2012	Change in Designation from Director to Whole-time Director
Mr. Arun Kumar Gupta	04/10/2013	Resignation
Mr. Sushil Rao Kumar	05/11/2013	Appointment

### **Corporate Governance**

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. We have complied with the requirements of the applicable regulations, including the Listing Agreement executed with the Stock Exchange and the SEBI Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board’s supervisory role from the executive management team and constitution of the Board Committees, as required under law.

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 (1) executive non-independent director, one (1) non-executive non-independent director and two (2) independent non-executive directors. The constitution of our Board is in compliance with the requirements of Clause 52 of the Listing Agreement.

## Board Structure

Name	Nature of Directorship
Mr. Tarun Chauhan	Whole-time Director
Mrs. Madhu Anand	Non-executive and Non-Independent Director
Ms. Sakshi Saxena	Non-executive and Independent Director
Mr. Sushil Rao Kumar	Non-executive and Independent Director

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

- 1.) Audit Committee
- 2.) Shareholder's/Investor's Grievance Committee

### Audit Committee

Our Company has constituted an Audit Committee ("Audit Committee"), as per the provisions of Section 292A of the Companies Act, 1956 and Clause 52 of the Listing Agreement, vide Resolution passed in the meeting of the Board of Directors held on December 29, 2012. Which has been reconstituted, vide Resolution passed in the meeting of the Board of Directors held on November 05, 2013

The terms of reference of Audit Committee complies with the requirements of Clause 52 of the Listing Agreement, entered into with the Stock Exchange in due course. The committee presently comprises following three Directors namely:

Sr. No.	Name of Director	Status	Nature of Directorship
1	Ms. Sakshi Saxena	Chairman	Independent
2	Mr. Sushil Rao Kumar	Member	Independent
3	Mrs. Madhu Anand	Member	Non-executive and Non-Independent Director

### The terms of reference of the Audit Committee are broadly defined as under:

- 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.) Overseeing 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 Section 134 (3) (c) of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report.
- 9.) Reviewing, with the management, the half yearly financial statements before submission to the Board for approval, including such review as may be required for compliance with provision of the listing agreement entered into with the Stock Exchanges;
  - 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 and background, etc. of the candidate;
  - 19.) Carrying out any other function as mentioned in the terms of reference of the Audit Committee;
  - 20.) Terms of reference, power, quorum and other matters in relation to the Audit Committee will be as per Clause 52 of Listing Agreement

**The Audit Committee shall mandatorily review the following information:**

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions (as defined by the audit committee), submitted by

- management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. The appointment, removal and terms of remuneration of the Chief internal auditor.

#### **Shareholder's / Investor's Grievance Committee**

Our Company has constituted a Shareholder's/ Investor's Grievance Committee to redress the complaints of the Shareholders. The Shareholder's/Investor's Grievance Committee was constituted and reconstituted vide Resolution passed at the meeting of the Board of Directors held on December 29, 2012 and on November 11, 2013 respectively . The committee currently comprises of the following three (3) Directors:

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Status</b>	<b>Nature of Directorship</b>
1	Mr. Sushil Rao Kumar	Chairman	Independent
2	Ms. Sakshi Saxena	Member	Independent
3	Mr. Tarun Chauhan	Member	Whole-time Director

#### **The terms of reference of the Shareholder's/Investor's Grievance Committee shall be as follows:**

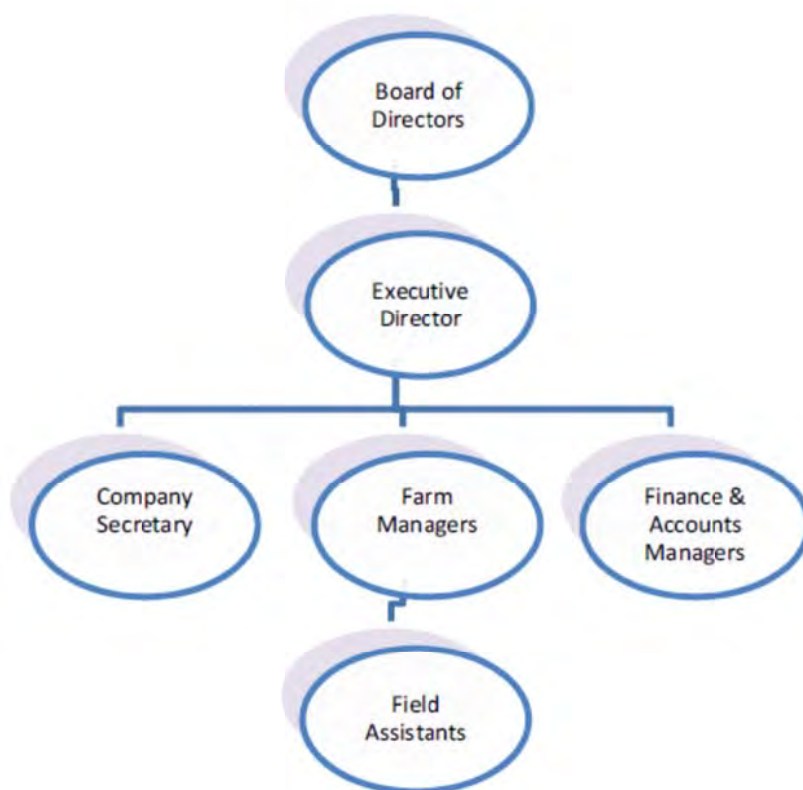
- a. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- b. Redressal of shareholder and investor complaints in relation to transfer of shares, allotment of shares, non-receipt of refund orders, rights entitlement, non-receipt of annual report, dividend payments, etc.
- c. Monitoring transfers, transmissions, rematerialisation, splitting and consolidation of shares or other securities issued by our Company, including review of cases for refusal of transfer / transmission of shares;
- d. Issue of duplicate / split / consolidated share certificates;
- e. Allotment and listing of shares;
- f. Review of cases for refusal of transfer / transmission of shares and debentures;
- g. reference to statutory and regulatory authorities regarding investor grievances;
- h. Ensure proper and timely attendance and redressal of investor queries and grievances;
- i. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

#### **Policy on Disclosures and Internal Procedure for Prevention of Insider Trading**

Our Company undertakes to comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992.

Ms. Aditi Gupta, Company Secretary and Compliance Officer is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

## ORGANISATION CHART OF OUR COMPANY



### Key Managerial Personnel

The Company is managed by its Board of Directors, assisted by qualified professionals.

The following key personnel assist the management of the Company:

Name, Designation, Age and Qualification	Date of Appointment and Experience in the Company	Functional responsibilities	Compensation paid in Previous years (Rs. In Lakhs)	Previous Employment
<b>Tarun Chauhan</b> Whole-time Director <b>Age:</b> 33 Years <b>Qualification:</b> Bachelor of Commerce	01/10/2011  2 Years and 8 month	General planning And Management of day to day affairs	Rs. 3,00,000/- p.a.	Agriculturist
<b>Surjit Gupta</b> Manager Accounts and Finance <b>Age:</b> 26 years	01/06/2011  3 years	Accounting, Finance control and management of cash flow	Rs. 1,28,000/- p.a.	V. V. Kale & Associates

<b>Qualification:</b> Bachelor of Commerce				
<b>Vijay Kumar</b> Sales & Marketing Manager <b>Age:</b> 41 years <b>Qualification:</b> Bachelor of Commerce	April 01, 2012  2 Years and 2 Months	Marketing and liaising with customers	Rs. 96,000/- p.a.	Marketing Professional
<b>Ram Singh</b> Farm Manager <b>Age:</b> 36 years <b>Qualification:</b> HSC	April 01, 2011  3 Years and 2 Months	Supervision of Farms	Rs. 90,000/- p.a.	Agriculturist
<b>Aditi Gupta</b> Secreterial and Legal <b>Age:</b> 28 Years <b>Qualification:</b> Company Secretary	April 16, 2014  1 month	Ensuring compliance with the provisions of the Companies Act and handling other secretarial work	Nil	N.A.

- All the Key Managerial Personnel mentioned above are on the payroll of our Company as the permanent employees
- There is no arrangement or understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above Key Managerial Personnel have been recruited
- None of the Key Managerial Personnel are related to each other, or related to our Promoters/Directors.
- Our key managerial personnel have not entered into any other contractual arrangements with our Company.

#### Interest of the Key Managerial Personnel

The Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of remuneration or benefits to which they are entitle to as per their terms of appointment and the reimbursement of expenses incurred by them during the ordinary course of business and to the extent of their shareholding which is as follows:

Sr. No.	Name of the KMP	No. of Shares
1	Tarun Chauhan	8,600

#### Bonus or Profit Sharing Plan for the Key Managerial Personnel

The Company has not formulated any specific bonus plan or profit sharing plan for its Key Managerial Personnel.

#### Loans to Key Managerial Personnel

None of the Key Managerial Personnel have taken loan from the Company.

**Changes in Key Managerial Personnel of the Company during the last Three (3) Years**

There have been no changes in the Key Managerial Employees in our Company during the last three (3) years except as stated below:

<b>Name</b>	<b>Date of Appointment</b>	<b>Date of cessation</b>	<b>Reason</b>
Tarun Chauhan	01.10.2011	-	Appointment
Vijay Kumar	01.04.2012	-	Appointment
Avinash Kumar Singh	01.01.2013	-	Appointment
Avinash Kumar Singh	-	31.01.2014	Resignation
Aditi Guta	16.04.2014	-	Appointment

**ESOP/ESPS Scheme to Employees**

Our Company does not have any Employee Stock Option Scheme/ Employee Stock Purchase Scheme for its employees as on the date of filing of this Draft Letter of Offer.

**Payment or Benefit to the Officers**

Except for the payment of normal remuneration for the services rendered in their capacity as employees of the Company, no other amount or benefit has been paid or given within the two preceding years or intended to be paid or given to any of Key Managerial Personnel.


## OUR PROMOTERS

The following individuals are the Promoters of our Company:

1. Mrs. Madhu Anand
2. Mr. Tarun Chauhan

### DETAILS OF OUR PROMOTERS ARE AS UNDER:

#### Mrs. Madhu Anand

	<p>Mrs. Madhu Anand, aged 60 years, is the Promoter and Non -Executive Director of our Company. She has 10 years of experience in agriculture and food processing sector. She predominantly responsible of agriculture operation &amp; logistics supply chain management division of company. She has been on the Board of Directors of our Company since October, 2011.</p>
---	--

#### Identification

<b>Name</b>	Mrs. Madhu Anand
<b>Address</b>	T-48, New Moti Nagar, Karol Bagh, New Delhi, 110005, Delhi, India
<b>Permanent Account Number</b>	AXTPA8813F
<b>Passport No.</b>	N.A.
<b>Voter ID</b>	DL\07\068\309788
<b>Driving License</b>	N.A.
<b>Bank Account Details</b>	AXIS BANK - 911010040363374

#### Mr. Tarun Chauhan

	<p>Mr. Tarun Chauhan, aged 33 years, is the Promoter and Whole Time Director of our Company. He is commerce graduate and has 10 Years of experience in the field of agriculture along with bio sciences sector. He is responsible for day to day affairs of our Company and monitors the agriculture operations &amp; logistics supply chain management division. He has been on the Board of Directors of our Company since October, 2011</p>
---	--

#### Identification

<b>Name</b>	Mr. Tarun Chauhan
<b>Address</b>	314, Dhakka Village, Kingsway Camp, New Delhi, 110009, Delhi, India
<b>Permanent Account Number</b>	AGXPC3049G
<b>Passport No.</b>	F9501043
<b>Voter ID</b>	JRL1227651
<b>Driving License</b>	N.A.
<b>Bank Account Details</b>	BANK OF BARODA - 21310100013579

For a complete profile of each of our Promoters, i.e. their age, personal address, educational qualification, experience, positions/post held in the past and other directorships of our Promoters, please refer to the chapter titled "Our Management" beginning on page 87 of this Draft Letter of Offer.

## **Declaration and Confirmations**

We hereby confirm that the Permanent Account Number, Bank Account Number and Passport Number of the Promoters have been submitted to the SME Platform of BSE Limited, where the securities are proposed to be listed, at the time of filing of this Draft Letter of Offer with them.

Our Promoters and the members of Promoter Group have confirmed that they have not been identified as willful defaulters by the RBI or any other government authority. There are no violations of the securities laws committed by our Promoters, relatives of our Promoters and Promoter Group in the past or currently pending against them. Neither (i) the Promoters and the members of the Promoter Group; nor (ii) the entities with which the Promoters, directors or persons in control of our Company are or were associated as a Promoter, Director or person in control, are debarred or prohibited from accessing the capital market for any reason by the SEBI or any other authority.

## **Changes in Our Promoter**

Our Company was originally incorporated by Vijay Kumar Jindal, Shubha, Rajinder Kumar, Jyoti Prakash Madaan, Arti Bhatia, Raakesh Bhatia and Karun Jain with intent to venture into agricultural operations. In the year 2011 Mrs. Madhu Anand & Mr. Tarun Chauhan acquired majority stake in the Company and usurped control over the company. For further details on shareholding of our Promoters, kindly refer to Chapter titled “Capital Structure” on page 33 of this Draft Letter of Offer.

## **Common pursuits of our Promoters**

Our Promoters do not have any common pursuits and not engaged in the business similar to those carried out by our Company.

## **INTEREST OF THE PROMOTERS**

### **Interest in the promotion of our Company**

Our Promoters may be deemed to be interested in the promotion of the Issuer to the extent of the Equity Shares held by themselves as well as their relative and also to the extent of any dividend payable to them and other distributions in respect of the aforesaid Equity Shares. Further, our Promoters may also be interested to the extent of Equity Shares held by or that may be subscribed by and allotted to companies and firms in which either of them are interested as a director, member or partner. In addition, our Promoters, being Director may be deemed to be interested to the extent of fees, if any, payable for attending meetings of the Board or a committee thereof as well as to the extent of remuneration and reimbursement of expenses, if any, payable under our Articles of Association and to the extent of remuneration, if any, paid for services rendered as an officer or employee of our Company as stated in chapter titled “*Our Management*” on page 87 of this Draft Letter of Offer.

### **Interest in the property of our Company**

Our Promoters do not have any interest in any property acquired by or proposed to be acquired by our Company since incorporation.

### **Interest as Member of our Company**

As on the date of this Draft Letter of Offer, our Promoters together hold 34,99,000 Equity Shares of our Company and is therefore interested to the extent of their shareholding and the dividend declared, if any, by our Company.

Except to the extent of shareholding of the Promoters in our Company and benefits as provided in the Para titled ‘Remuneration to our Directors’ on page 89, our Promoters does not hold any other interest in our Company.

Also see “Our Management” on page 87 of Draft Letter of Offer.

#### **Interest in transaction involving acquisition of land**

Our Promoters is not currently interested in any transaction with our Company involving acquisition of land.

#### **Other Ventures of the Company**

Except as disclosed in the chapter titled ‘Our Promoter Group and Group Entities’ beginning on page 101 of this Draft Letter of Offer, there are no other ventures of our Promoters in which they have business interest/other interest.

#### **Payment or benefit to our Promoters during the last two years**

No payment has been made or benefit given to our Promoters in the two years preceding the date of the Draft Letter of Offer except as mentioned / referred to in this section and in the chapters titled ‘Our Management’ and ‘Capital Structure’, and Section titled ‘Financial Information’ and on page 87, 33 and 103 respectively of this Draft Letter of Offer. Further as on the date of the Draft Letter of Offer, there is no bonus or profit sharing plan for our Promoters.

#### **Related Party Transactions**

Except as disclosed titled Para titled “*Statement of Details of Related Party Transactions*” in the section “*Financial Statements*” beginning on page 116 of this Draft Letter of Offer, our Company has not entered into any related party transactions with our Promoters.

#### **Companies / Firms with which Promoters have disassociated in the last three years**

Except as stated below, none of our Promoters have disassociated themselves from any company or firm in the last three years preceding the date of this Draft Letter of Offer:

<b>Name of Promoter</b>	<b>Name of Entity</b>	<b>Nature of Interest</b>	<b>Manner of Disassociation</b>	<b>Date of Resignation</b>	<b>Current Status</b>
Tarun Chauhan	Mahadushi International Trade Limited	Director	Resignation	15/11/2013	NIL



## OUR PROMOTER GROUP AND GROUP ENTITIES

In terms of Regulations 2(1)(zb) of the SEBI (ICDR) Regulations, the following natural persons (being the immediate relatives of the Promoters) form part of the Promoter Group:

### 1. Individual related to our Promoters:

Relationship	Tarun Chauhan	Madhu Anand
Spouse	Ms. Babita Chauhan	Late Mr. Vidya Bhushan Anand
Father	Mr. Mahipal Singh Chauhan	Late Mr. Bajinath Kapoor
Mother	Ms. Puspa Chauhan	Late Ms. Vimla wati kapoor
Brother	Mr. Rajeev Chauhan & Mr. Ashwani Chauhan	Late Mr. Mohinder Kapoor & Late Mr. Darshan Kapoor
Sister	Ms. Meenu Chauhan	Ms. Veena Mehra & Ms. Radha Arora
Son	-	Mr. Sandeep Anand
Daughter	Ms. Yashvi Chauhan	Ms. Nidhi Kawatra

### Promoter Group Companies and Entities

As specified in clause 2 (zb) of the SEBI Regulation, the companies, HUFs, partnership firms and other entities, that form part of our Promoter Group are as follows:

#### Listed Companies within our promoter Group

There is no listed Company in our Promoter Group

#### Unlisted Companies within our Promoter Group

There is no unlisted Company in our Promoter Group

#### HUFs, Partnership firms and other entities

There are no HUFs, Partnership firms and other entities in our Promoter Group

#### Common pursuits

There are no common pursuits between our Company and our Promoter group.

#### Litigation/ Defaults

For details relating to legal proceedings see the chapter titled “Outstanding Litigation and Material Developments” beginning on page 126 of this Draft Letter of Offer.

## **DIVIDEND POLICY**

Under the Companies Act, the Company can pay dividends upon a recommendation by the Board of Directors and approval by a majority of the Shareholders at the General Meeting. The Shareholders of the Company have the right to decrease but not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of the Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of the Company also gives the discretion to the Board of Directors to declare and pay interim dividends.

There are no dividends declared by the Company since incorporation.

Our Company does not have a formal dividend policy. The declaration and payment of dividend will be recommended by the Board of Directors depending upon the financial condition, results of operations, capital requirements and surplus, contractual obligations and restrictions, the terms of the credit facilities and other financing arrangements of our Company at the time a dividend is considered, and other relevant factors and approved by the Equity Shareholders at their discretion.

Dividends are payable within 30 days of approval by the Equity Shareholders at its annual general meeting. When dividends are declared, all the Equity Shareholders whose names appear in the register of members of our Company as on the “record date” are entitled to be paid the dividend declared by our Company. Any Equity Shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by our Company.

## SECTION V: FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

#### AUDITOR'S REPORT

To,  
The Board of Directors,  
HPC Bio Sciences Limited.  
6A, 40, Hanuman Road,  
Connaught Place,  
New Delhi-110001

Dear Sirs,

We have examined the Financial Information of **HPC Biosciences Limited** (the Company) described below and annexed to this report for the purpose of inclusion in the offer document. The Financial Information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), The Securities and Exchange Board of India (SEBI) - Issue of Capital and Disclosure Requirements Regulations, 2009 ('ICDR Regulations') notified on August 26, 2009, the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI) and in terms of the engagement agreed upon by us with the Company.

The Financial Information has been approved by its Board of Directors and Audit Committee of Board of Directors.

Company proposes to make Rights Issue of 79,80,000 Equity Shares on Rights Basis in the ratio of One (1) Rights Equity Share for Every Two (2) Equity Share held by the existing equity shareholders.

The Company has been incorporated on 29th January, 2002. In terms of Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of HPC Bio Sciences Limited, we, M/s. Rama K Gupta & Co., Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI.

#### **A. Financial Information:**

We have examined:

- a. the attached Statement of Assets and Liabilities, as Restated as at year ended March 31, 2010, 2011, 2012, 2013 and 2014 (Annexure 1);
- b. the attached Statement of Profits and Losses, as Restated for the year ended March 31, 2010, 2011, 2012, 2013 and 2014 (Annexure 2);
- c. the attached Statement of Cash Flows, as Restated for the year ended March 31, 2010, 2011, 2012, 2013 and 2014 (Annexure 3);
- d. the significant accounting policies adopted by the Company and notes to the Restated Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings. (Annexure 4);

(Collectively hereinafter referred as "Restated Financial Statements")

The Restated Financial Statements have been extracted from audited Financial Statements of the Company for the year ended March 31, 2010, 2011, 2012, 2013 and 2014 which have been approved by the Board of Directors.

Based on our examination and in accordance with the requirements of the Act, ICDR Regulations, we state that:

- Restated Statement of Assets and Liabilities of the Company as at March 31, 2010, 2011, 2012, 2013 and 2014 are as set out in Annexure 1, which are after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Statement of Profits and Losses of the Company for the year ended March 31, 2010, 2011, 2012, 2013 and 2014 are as set out in Annexure 2, which have been arrived at after making such material adjustments and regroupings to the audited financial statements as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- Restated Statement of Cash Flows of the Company for the year ended March 31, 2010, 2011, 2012, 2013 and 2014 are as set out in Annexure 3 after making such material adjustments and regroupings;
- Adjustments for any material amounts in the respective financial years have been made to which they relate; and
- There are no Extra-ordinary items that need to be disclosed separately in the Restated Summary Statements or Auditor's qualification requiring adjustments.
- Adjustments in Financial Statements has been made in accordance with the correct accounting policies
- There was no change in accounting policies, which needs to be adjusted in the “Restated Financial Statements”.
- There are no revaluation reserves, which need to be disclosed separately in the “Restated Financial Statements”.
- There are no audit qualifications in the “Restated Financial Statements”.

#### **B. Other Financial Information:**

We have also examined the following Financial Information relating to the Company, which is based on the Restated Financial Statements and approved by the Board of Directors of the Company and annexed to this report, is proposed to be included in the Offer Document:

1. Statement of Details of Reserves & Surplus as at March 31, 2010, 2011, 2012, 2013 and 2014 as set out in Annexure 5 to this report.
2. Statement of Accounting Ratios for the year ended on March 31, 2010, 2011, 2012, 2013 and 2014 as set out in Annexure 6 to this report.
3. Capitalization Statement as at March 31, 2014 as set out in Annexure 7 to this report.
4. Statement of Tax Shelters for the year ended on March 31, 2010, 2011, 2012, 2013 and 2014 as set out in Annexure 8 to this report.

5. Statement of Unsecured Loans as at March 31, 2010, 2011, 2012, 2013 and 2014 as set out in Annexure 9 to this report.
6. Statement of Details of Sundry Debtors as at March 31, 2010, 2011, 2012, 2013 and 2014 as set out in Annexure 10 to this report.
7. Statement of Details of Deposits, Loans and Advances as at March 31, 2010, 2011, 2012, 2013 and 2014 as set out in Annexure 11 to this report.
8. Statement of Details of Current Liabilities and Provisions as at March 31, 2010, 2011, 2012, 2013 and 2014 as set out in Annexure 12 to this report.
9. Statement of Details of Contingent Liabilities for the year ended March 31, 2010, 2011, 2012, 2013 and 2014 as set out in Annexure 13 to this report.
10. Statement of Details of Related Party Transactions of the Company for the year ended on March 31, 2010, 2011, 2012, 2013 and 2014 as set out in Annexure 14 to this report.

In our opinion, the "Restated Financial Statements" and "Other Financial Information" mentioned above contained in Annexure 1 to 14 of this report have been prepared in accordance with Part II of Schedule II to the Act, the SEBI Guidelines and the Guidance Note on the reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI).

Consequently the financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.

This report should not in any way be construed as a reissuance or redating of the previous audit report, nor should this be construed as a new opinion on any of the financial statements referred to herein.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

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

It is to be noted that Statutory Audit for the financial year 2009-10 has been done by G P Keshri & Associates and for the financial year 2001-12 & 2012-13 has been done by Sandeep Rajeev & Associates & financial year 2013-14 has been signed by B D Gupta & Co., Chartered Accountants

**Rama K Gupta & Co.**  
**Chartered Accountants**  
**FRN No: 005005C**

**CA Ramakant Gupta**  
**Partner**  
**M No.: 073853**

**Place: Gwalior**  
**Date: 28-05-2014**

**ANNEXURE-01**

**STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**

(Rupees in Lakhs)

<b>Particulars</b>	<b>31.03.14</b>	<b>31.03.13</b>	<b>31.03.12</b>	<b>31.03.11</b>	<b>31.03.10</b>
<b>Equity &amp; Liabilities</b>					
<b>Shareholders' Funds</b>					
Share Capital	1596.00	1596.00	175.00	5.00	5.00
Reserve & Surplus	1296.00	1172.42	304.68	(0.10)	(0.05)
<b>Total (A)</b>	<b>2892.00</b>	<b>2768.42</b>	<b>479.68</b>	<b>4.90</b>	<b>4.95</b>
<b>Non-Current Liabilities</b>					
Share Application Money	-	-	-	-	-
Long Term Borrowings	-	-	-	3.30	3.30
Deferred Tax Liabilities (Net)	-	-	-	-	-
Long Term Provisions	-	-	-	-	-
<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.30</b>	<b>3.30</b>
<b>Current Liabilities</b>					
Short Term Borrowings	37.79	9.82	-	-	-
Trade Payables	-	-	-	-	-
Other Current Liabilities	9.15	4.16	0.05	0.05	0.05
Short Term Provisions	0.59	0.22	-	-	-
<b>Total (C)</b>	<b>47.53</b>	<b>14.2</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>
<b>Total (D=A+B+C)</b>	<b>2939.53</b>	<b>2782.64</b>	<b>479.73</b>	<b>8.25</b>	<b>8.30</b>
<b>Assets</b>					
Fixed Assets	953.44	1056.83	110.00	-	-
Non-Current Investments	278.50	248.50	-	3.30	3.30
Long Term Loans & Advances	368.75	368.75	243.00	4.00	4.00
Other Non-Current Assets	35.08	24.50	3.30	0.03	0.06
<b>Total (E)</b>	<b>1635.77</b>	<b>1698.58</b>	<b>356.30</b>	<b>7.33</b>	<b>7.36</b>
<b>Current Assets</b>					
Current Investments		-	-	-	-
Inventories	82.12	103.93	77.72	-	-
Trade Receivables	-	109.18	34.78	-	-
Cash & Bank Balances	44.80	70.10	10.93	0.92	0.94
Short Term Loans & Advances	1176.84	800.85	-	-	-
Other Current Assets	-	-	-	-	-
<b>Total (F)</b>	<b>1303.76</b>	<b>1084.06</b>	<b>123.43</b>	<b>0.92</b>	<b>0.94</b>
<b>Total (G=E+F)</b>	<b>2939.53</b>	<b>2782.64</b>	<b>479.73</b>	<b>8.25</b>	<b>8.30</b>

**ANNEXURE-02**

**STATEMENT OF PROFIT AND LOSS, AS RESTATED**

**(Rupees in Lakhs)**

<b>Particulars</b>	<b>31.03.14</b>	<b>31.03.13</b>	<b>31.03.12</b>	<b>31.03.11</b>	<b>31.03.10</b>
<b>Income:</b>					
Income from Agriculture Operations	346.17	476.24	289.83	-	-
Other Income	6.44	0.71	-	0.07	0.32
Increase / (Decrease) in Stock in Trade	-21.81	26.2	77.71	-	-
<b>Total</b>	<b>330.8</b>	<b>503.15</b>	<b>367.54</b>	<b>0.07</b>	<b>0.32</b>
<b>Expenditure:</b>					
Plantation and Cultivation Expenses	14.84	13.77	13.13	-	-
Employees Cost	20.38	26.71	24.09	-	-
Other Administrative & Selling Expenses	34.12	31.9	12.64	0.12	0.34
<b>Total</b>	<b>69.34</b>	<b>72.38</b>	<b>49.86</b>	<b>0.12</b>	<b>0.34</b>
<b>Profit before Depreciation, Interest &amp; Tax</b>	<b>261.46</b>	<b>430.77</b>	<b>317.68</b>	<b>(0.05)</b>	<b>(0.02)</b>
Depreciation	135.89	132.81	12.90	-	-
<b>Profit before Interest &amp; Tax</b>	<b>125.57</b>	<b>297.96</b>	<b>304.78</b>	<b>(0.05)</b>	<b>(0.02)</b>
Interest & Finance charges	-	-	-	-	-
<b>Profit before Taxes</b>	<b>125.57</b>	<b>297.96</b>	<b>304.78</b>	<b>(0.05)</b>	<b>(0.02)</b>
Provision for Taxes	1.99	0.22	-	-	-
<b>Net Profit After Tax &amp; Before Extraordinary Items</b>	<b>123.58</b>	<b>297.74</b>	<b>304.78</b>	<b>(0.05)</b>	<b>(0.02)</b>
Extra Ordinary Items (Net of Tax)	-	-	-	-	-
<b>Net Profit</b>	<b>123.58</b>	<b>297.74</b>	<b>304.78</b>	<b>(0.05)</b>	<b>(0.02)</b>

**ANNEXURE-03**

**STATEMENT OF CASH FLOW, AS RESTATED**

**(Rupees in Lakhs)**

<b>Particulars</b>	<b>31.03.14</b>	<b>31.03.13</b>	<b>31.03.12</b>	<b>31.03.11</b>	<b>31.03.10</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net profit before tax	125.58	297.96	304.78	(0.05)	(0.02)
<b>Adjustment for:</b>					
Add: Depreciation	135.89	132.81	12.90	-	-
Add: Preliminary Expenses	10.12	6.13	0.03	0.03	0.03
Less: Interest Received	(6.44)	(0.72)	-	-	-
<b>Operating Profit before Working capital changes</b>	<b>265.15</b>	<b>436.18</b>	<b>317.71</b>	<b>(0.02)</b>	<b>0.01</b>
<b>Adjustments for:</b>					
Decrease (Increase) in Trade & Other Receivables	109.18	(74.40)	(34.78)	-	-
Decrease (Increase) in Inventories	21.8	(26.21)	(77.71)	-	-
Decrease (Increase) in Loans & Advances	(376.00)	(926.60)	(239.00)	-	-
Decrease /(increase) in other Assets		-	(3.30)	-	-
Increase (Decrease) in Current Liabilities	3.52	4.11	-	-	-
Net Changes in Working Capital	(241.50)	(1023.10)	(354.79)	-	-
<b>Cash Generated from Operations</b>	<b>23.65</b>	<b>(586.92)</b>	<b>(37.08)</b>	<b>(0.02)</b>	<b>0.01</b>
Taxes	0.16	-	-	-	-
<b>Net Cash Flow from Operating Activities (A)</b>	<b>23.49</b>	<b>(586.92)</b>	<b>(37.08)</b>	<b>(0.02)</b>	<b>0.01</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Sale / (Purchase) of Fixed Assets	(32.50)	(1079.64)	(122.91)	-	-
Interest Received	6.44	0.72	-	-	-
Sale / (Purchase) of Investments	(30.00)	(248.50)	3.30	-	-
Decrease (Increase) in Non-Current Assets	(20.70)	(27.32)	-	-	-
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(76.76)</b>	<b>(1354.74)</b>	<b>(119.61)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Issue of share capital and Proceeds from Share Application Money	-	1991.00	170.00	-	-
Increase / (Repayment) of Secured/unsecured loans	27.97	9.82	(3.30)	-	-
Preliminary Expenses incurred			-	-	-
<b>Net Cash Flow from Financing Activities (C)</b>	<b>27.97</b>	<b>2000.82</b>	<b>166.70</b>	<b>-</b>	<b>-</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(25.30)</b>	<b>59.16</b>	<b>10.01</b>	<b>(0.02)</b>	<b>0.01</b>
Cash and cash equivalents at the beginning of the year / Period	70.10	10.93	0.92	0.94	0.93
Cash and cash equivalents at the end of the year/ Period	44.80	70.09	10.93	0.92	0.94



## **ANNEXURE-04**

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR PREPARATION OF RESTATED FINANCIAL STATEMENT**

#### **A. SIGNIFICANT ACCOUNTING POLICIES:**

##### **1. Basis of Preparation of Financial Statements**

The Restated Financial Statements have been prepared under Historical Cost conventions and on accrual basis in accordance with the Generally Accepted Accounting Principles ('GAAP') applicable in India, Companies (Accounting Standard) Rules, 2006 notified by Ministry of Company Affairs and Accounting Standards issued by the Institute of Chartered Accountants of India as applicable and relevant provisions of the Companies Act, 1956, as adopted consistently by the Company.

##### **2. Use of Estimates**

The preparation of Financial Statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made, that affects the reported amounts of assets and liabilities on the date of the Financial Statements and the reported amounts of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

##### **3. Fixed Assets**

Fixed Assets are capitalized at cost inclusive of erection expenses & other incidental expenses in connection with the acquisition of assets, net of VAT, if any, less accumulated depreciation. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

##### **4. Depreciation / Amortization**

Depreciation on fixed assets is provided on Written Down Value Method (WDV) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. In respect of additions made or asset sold / discarded during the year pro-rata Depreciation has been provided.

##### **5. Inventories**

The inventories of finished agriculture produce are valued at 90% of their net realizable value and of semi-finished agriculture produce which includes poplar & other wood trees are valued at 75 % of their net realizable value.

##### **6. Revenue Recognition**

Revenue from sales transactions is recognized as and when the property in goods is sold /transferred to the buyer for a definite consideration.

Other Income has been recognized on the basis of Accounting Standard – 9 (Revenue Recognition) notified by the Companies (Accounting Standards) Rules, 2006.

## **7. Preliminary and Pre-operative expenses:**

Preliminary and pre-operative expenses are amortized over a period of five years in equal instalments in accordance with matching concept however the same is contrary to AS-26.

## **8. Investment**

Investments that are readily realizable and intended to be held for not more than a year are classified as “Current Investments”. All other Investments are classified as Long Term Investments. Current Investments are carried at lower of cost or Market / Fair Value determined on an individual investment basis. Long Term investments are valued at cost. Provision for diminution in the value of long-term investment is made only if such decline is other than temporary in nature.

## **9. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

## **10. Taxation**

Tax expenses for the year comprise of current tax and deferred tax. Current tax is measured after taking into consideration the deductions and exemptions admissible under the provision of Income Tax Act, 1961.

Deferred Tax assets or liabilities are recognized for further tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates and in accordance with Accounting Standard 22 on “Accounting for Taxes on Income”, issued by ICAI. At each Balance Sheet date the Company reassesses unrecognized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

No Tax whether current or deferred has been charged on exempted incomes.

## **11. Leases**

### **Finance Lease**

Leases which effectively transfer to the Company all risks and benefits incidental to ownership of the leased item are classified as Finance Lease. Lease rentals are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return.

### **Operating Lease**

Lease where the lesser effectively retains substantially all risks and benefits of the asset are classified as Operating lease. Operating lease payments are recognized as an expense in the Profit & Loss account on a Straight Line Basis over the Lease term.

## **12. Impairment of Assets**

As on Balance Sheet date, the Company reviews the carrying amount of Fixed Assets to determine whether there are any indications that those assets have suffered “Impairment Loss”. Impairment loss, if any, is

provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

### **13. Foreign Exchange Transactions**

- i. Transactions in Foreign currency are recorded at the rate of exchange prevailing on the date of the respective transactions.
- ii. Yearend balance of monetary assets and liabilities are translated at the yearend rates. Exchange differences arising on restatement or settlement are charged to Profit and Loss Account.

### **14. Earnings per Share**

In determining the Earnings Per share, the company considers the net profit after tax which includes any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

The number of shares used in computing Diluted earnings per share comprises the weighted average number of shares considered for computing Basic Earnings per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilutive shares.

In the event of issue of bonus shares, or share split the number of equity shares outstanding is increased without an increase in the resources. The number of Equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

### **15. Contingent Liabilities & Provisions**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent Liability is disclosed for

- a. Possible obligation which will be confirmed only by future events not wholly within the control of the Company or
- b. Present obligations arising from the past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- c. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

### **B. CHANGES IN ACCOUNTING POLICIES IN THE YEARS/PERIODS COVERED IN THE RESTATED FINANCIALS**

There is no change in significant accounting policies during the reporting period except, as and when Accounting Standards issued by the Institute of Chartered Accountants of India / Companies (Accounting Standard) Rules, 2006 were made applicable on the relevant dates.

## C. NOTES ON RESTATED FINANCIAL STATEMENTS

### 1. NOTES ON RESTATEMENTS MADE IN THE RESTATED FINANCIALS

#### MATERIAL ADJUSTMENTS [AS PER SEBI (ICDR) REGULATIONS, 2009]

The reconciliation of Profit after tax as per audited results and the Profit after tax as per Restated Accounts is presented below. This summarizes the results of restatements made in the audited accounts for the respective years and its impact on the profit & losses of the company.

(Rupees in Lakhs)					
Particulars	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
Profit after tax before appropriation (as per Audited accounts)	123.58	297.74	304.78	(0.05)	(0.02)
Adjustments					
Profit after Tax as per Restated Profit & Loss Account	123.58	297.74	304.78	(0.05)	(0.02)

### 2. Other Notes

#### 1. General

The Company was incorporated during the year 2008 and restated financial statements has been prepared for the fiscal year ended March 31, 2010, 2011, 2012, 2013 and 2014.

#### 2. Segment Reporting

Based on the guidelines of Accounting Standards on segment reporting(AS-17) issued by The Institute of Chartered Accountants of India, the Company was engaged in one business segment, viz., Agriculture Operations in the context of accounting standards 17 on Segment Reporting issued by ICAI . The company is not operating in any of the geographical segment.

#### 3. Earnings per Share

The details of Earnings per Share as per AS-20 are provided in Annexure 6.

#### 4. Related Party Transactions:

The details of Related Party Transactions as per Accounting Standard -18 are provided in Annexure 14.

#### 5. Particulars of Lease

The Company has not made any lease payment during the reporting period.

#### 6. Gratuity:

Provision for gratuity has not been made since five years has not been elapsed since the incorporation of Company

7. The company is not having any earning / Expenditure in Foreign Currency.

8. The company has not given any guarantee to bank or corporate and the company is no having any contingent liability.

9. The figures in the Restated Financial Statements and Other Financial Information are stated in Lacs and rounded off to two decimals and minor rounding off difference is ignored.

## ANNEXURE- 05

### STATEMENT OF RESERVES & SURPLUS, AS RESTATED

(Rupees in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
Profit / (Loss) Brought Forward	32.42	304.68	(0.10)	(0.05)	(0.03)
Add: Profit / (Loss) for the Year	123.58	297.74	304.78	(0.05)	(0.02)
Less: Capitalized for Bonus Issue	-	570.00	-	-	-
Profit / (Loss) Carried Forward (A)	156.00	32.42	304.68	(0.10)	(0.05)
Securities Premium (B)	1140.00	1140.00	-	-	-
Reserves & Surplus (A+B)	1296.00	1172.42	304.68	(0.10)	(0.05)

## ANNEXURE-06

### STATEMENT OF ACCOUNTING RATIOS

(Rupees in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
Net worth ( A )	2856.92	2743.92	479.69	4.87	4.89
Net Profit after Tax ( B )	123.58	297.74	304.78	(0.05)	(0.02)
No. of Shares outstanding at the end [F.V Rs.10] ( C )	1,59,60,000	1,59,60,000	17,50,000	50,000	50,000
Weighted Average No. of Shares [F.V Rs.10] – Pre Bonus Issue ( C )	1,02,60,000	28,74,729	8,42,486	50,000	50,000
Bonus Shares ( D )	57,00,000	57,00,000	57,00,000	57,00,000	57,00,000
Weighted average number of shares [F.V Rs.10]( E=C+D )	1,59,60,000	85,74,729	65,42,486	57,50,000	57,50,000
Earnings per Share (EPS) (B / E) (Rs.)	0.77	3.47	4.66	-	-
Return on Net worth (B / A)	4.33%	10.85%	63.53%	(1.03)%	(0.2)%
Net Assets Value per Share (A / E)	17.90	32.00	7.33	0.08	0.08

#### Definitions of key ratios:

- Earnings per share (Rs.):** Net Profit attributable to equity shareholders / weighted average number of equity shares. Earnings per share calculations are done in accordance with Accounting Standard 20 “Earnings per Share” as issued by The Institute of Chartered Accountants of India. As per AS-20, the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported. In case of a bonus issue after the Balance Sheet date but before the date on which the Financial Statements are approved by the Board of Directors’, the per share calculations for those Financial statements and any prior period Financial Statements presented are based on the new no. of shares. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.
- Return on Net Worth (%):** Net Profit after tax / Net worth as at the end of the year / period
- Net Asset Value (Rs.):** Net Worth at the end of the year / weighted average number of equity shares.

4. Net Profit, as appearing in the Statement of restated profits and losses, and Net Worth as appearing in the restated statement of Assets & Liabilities has been considered for the purpose of computing the above ratios.

#### ANNEXURE-07

#### CAPITALIZATION STATEMENT

(Rupees in Lakhs)

Particulars	Pre-issue as at 31.03.2014	Post Issue *
<b>Borrowing</b>		
Short - Term Debt (Including unsecured Loans)	37.79	[●]
Long - Term Debt	-	[●]
<b>Total Debt</b>	<b>37.79</b>	
<b>Shareholders' Funds</b>		
Share Capital		
- Equity	1596.00	[●]
Less: Calls - in - arrears		[●]
- Preference		[●]
Reserves & Surplus	1296.00	[●]
Less: Miscellaneous Expenditure not written off	35.08	[●]
<b>Total Shareholders' Funds</b>	<b>2856.92</b>	[●]
<b>Long - Term Debt / Shareholders Fund</b>	<b>-</b>	[●]
<b>Short - Term Debt / Shareholders Fund</b>	<b>0.013</b>	[●]

\* The Post Issue Capitalization will be determined only after the completion of the allotment of equity shares.

#### ANNEXURE- 08

#### STATEMENT OF TAX SHELTERS

(Rupees in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
Profit before tax as per Restated P/L	125.57	297.96	304.78	(0.05)	(0.02)
Applicable Corporate Tax Rate	32.45%	32.45%	32.45%	30.90%	30.90%
Tax at Notional Rate (A)	40.75	96.69	98.90	-	-
<b>Adjustments</b>					
Exempt Incomes	119.13	297.24	304.78	-	-
Difference been depreciation as per Companies Act and Income Tax Act		-	-	-	-
<b>Other Adjustments</b>		-	-	-	-
Interest Income	6.44	0.72	-	-	-
<b>Net Adjustments</b>	<b>125.57</b>	<b>297.96</b>	<b>304.78</b>	<b>-</b>	<b>-</b>
Tax Expenses / (Savings) thereon (B)	38.76	(96.47)	(98.90)		
Total Tax Payable (C=A+B)	1.99	0.22	-	-	-
Tax Payable as per Minimum Alternate Tax u/s 115 JB of Income Tax Act, 1961 (D)	-	-	-	-	-
Net Tax (Higher of C & D)	1.99	0.22	-	-	-

**ANNEXURE – 09**

**STATEMENT OF UNSECURED LOANS**

(Rupees in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
Inter Corporate Loans	37.79	9.82	-	3.30	3.30
<b>Total</b>	<b>37.79</b>	<b>9.82</b>	<b>-</b>	<b>3.30</b>	<b>3.30</b>

**Terms of Unsecured Loans: Interest Free, Repayable on Demand**

**ANNEXURE-10**

**STATEMENT OF SUNDRY DEBTORS**

(Rupees in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
<b>(A) Unsecured, Considered good outstanding for a period less than six months</b>					
Amount due from Promoter/Group Companies and Directors	-	-	-	-	-
Others	-	109.18	34.78	-	-
<b>(B) Unsecured, Considered good outstanding for a period more than six months</b>					
Amount due from Promoter / Group Companies and Directors	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>109.18</b>	<b>34.78</b>	<b>-</b>	<b>-</b>

**ANNEXURE-11**

**STATEMENT OF DEPOSITS, LOANS & ADVANCES**

(Rupees in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
<b>Advances recoverable in cash or kind</b>					
Due from Promoter / Group Companies / Director	-	-	4.00	4.00	4.00
Others	1176.85	800.85			-
<b>Advances for Capital Assets</b>					
To Promoter / Group Companies / Director			-	-	-
Other	353.00	353.00	239.00	-	-
<b>Deposits</b>					
Due from Promoter / Group Companies / Director					-
Others	15.75	15.75			-
<b>Total</b>	<b>1545.60</b>	<b>1169.60</b>	<b>243.00</b>	<b>4.00</b>	<b>4.00</b>

## ANNEXURE-12

### STATEMENT OF CURRENT LIABILITIES & PROVISIONS

(Rupees in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
<b>Current Liabilities</b>					
<b>Sundry Creditors for Goods</b>					
Amount due to Promoter /Group Company / Directors	-	-	-	-	-
Others	-	-	-	-	-
<b>Other Outstanding liabilities:</b>					
Amount due to Promoter /Group Company / Directors	-	-	0.05	0.05	0.05
Others	-	-	-	-	-
<b>Sub Total (A)</b>	-	-	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>
<b>Provisions</b>					
Provisions	-	-	-	-	-
<b>Sub Total (B)</b>	-	-	-	-	-
<b>Total (A+B)</b>	-	-	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>

## ANNEXURE-13

### STATEMENT OF DETAILS OF CONTINGENT LIABILITIES

(Rupees in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
Contingent Liabilities	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

## ANNEXURE-14

### STATEMENT OF DETAILS OF RELATED PARTY TRANSACTIONS

(Rupees in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
<b>Transactions with Related Parties (Rs. in Lakhs)</b>					
<b>REVENUE ITEMS</b>					
Rent Paid	-	-	-	-	-
Group Companies	-	-	-	-	-
Payment of Remuneration	-	-	-	-	-
Promoters and Directors:	3.00	-	-	-	-
<b>NON REVENUE ITEMS:</b>					
Parties where control exists:	-	-	-	-	-
Capital Contribution:	-	-	-	-	-
Promoters and Directors:	-	-	166.70	-	-
Other Parties:	-	-	-	-	-
<b>Loan taken:</b>					



Group Companies	-	-	-	-	-
<b>Loan Repaid:</b>					
Group Companies	-	-	-	-	-
<b>Loan given:</b>					
Group Companies	-	-	-	-	-
<b>Loan Received back:</b>					
Group Companies	-	-	-	-	-
<b>Assets Purchased:</b>					
Director	-	-	-	-	-

## **MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*You should read the following discussion and analysis of our financial condition and results of operations together with our restated financial statements, including the notes thereto, and other financial data beginning on page 103 of this Draft Letter of Offer. You should also read the Section titled “Risk Factors” and Chapter titled “Forward-Looking Statements” beginning on page 10 and 09 respectively of this Draft Letter of Offer, which discuss a number of factors and contingencies, that could impact our financial condition and results of operations.*

*The following discussion is based on our restated financial statements as of the fiscal years March 31, 2014, 2013, 2012, 2011 and 2010. Our audited financial statements are prepared in accordance with Indian GAAP, the accounting standards prescribed by the ICAI and the relevant provisions of the Companies Act and restated in accordance with the relevant provisions of the SEBI Regulations and the Companies Act. Our fiscal year ends on March 31 of each year. Unless otherwise stated, “fiscal year” or “fiscal” refers to the twelve month period ending March 31 of that year.*

### **OVERVIEW OF OUR BUSINESS**

Our Company “HPC Biosciences Limited” was incorporated in the year 2002 in New Delhi. Our Promoters, Mr. Tarun Chauhan and Mrs. Madhu Anand have 10 years of experience in the agriculture, food processing and bio science sector.

Our Company undertook to commence the agricultural operations by acquisition of Land on lease situated at village Anandpur, near Pant Nagar, District Udham Singh Nagar, Uttarakhand. The total extent of the land acquired was approximately 400.66 acres.

Currently, Our Company is engaged in carrying out the following activities on the said land:

1. Our Company is primarily engaged in the agricultural operations viz. cultivation, processing and distribution of agriculture commodities like wheat, paddy, sugar cane, fruits, vegetables and flowers.
2. Our Company has recently entered into the operations of wood plantations, wherein plantation of Bamboos, Kadam, Poplar, Eucalyptus etc. are carried out.
3. Our Company has also initiated activities of cultivating organic fruits and vegetables in our farms.

There is a growing concern about the food safety, health and environment resulting in increase in demand of organic food. Considering the health benefits of organically produced food, and knowledge of the damage done to the environment by conventional, intensive farming methods and tremendous growth in market of organic food over

Our Company came out with its maiden Initial Public Offer in the year 2013 to finance the objects of the Company viz. Development of Green House Cultivation, Development of Farm land for transition to Organic Farming, Strengthen the Supply Chain Management, Procurement of farm tools and equipments etc.

### **Business model of our Company**

- Our Company has adopted the Share Cropping Model of farming, wherein farming on the aforesaid land is done by the farmers. Our farm managers with the assistance of the croppers / farmers / field assistant decide the Crops to be grown.

- The contracted farmers and workers are being assigned with the crops to be grown and demarcated area. We ensure that farmers at our farm use good quality of seed and fertilizers. Our farm manger supervises every process of our agricultural operations.
- After harvesting, cropper gets the pre-determined share of crops as mutually decided by way of oral agreement. This model of share cropping encourages the cropper to work harder and employ better techniques.
- The sharing ratio of crops ranges between 20% to 30 % to croppers and remaining proportion is retained by our Company. We engage ourselves in to supervision of croppers to constantly monitor the quantity and quality of crops.
- The Quality of Product has been our driving force which enables us to develop long standing relationship with our customers.

### **Our Strength**

- Leveraging the experience of our Promoters
- Experienced management team and a motivated and efficient work force
- Availability of land
- Share Cropping Model

For further details on our Business, please see “Business Overview” on page 72 of this Draft Letter of Offer

### ***SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR***

In the opinion of the Board of Directors of our Company, there have not arisen, since the date of the last financial statements disclosed in the Draft Letter of Offer, any circumstance that materially or adversely affect or are likely to affect the profitability of our Company or the value of its assets or its ability to pay its material liabilities within the next twelve months.

### ***FACTORS AFFECTING OUR FUTURE RESULTS OF OPERATIONS***

*Our results of operations could potentially be affected by the following factors amongst others:*

- Changes in government policies
- Material changes in the duty or tax structure
- Competition from existing and new entrants
- Monsoon conditions and seasonality
- Consumers’ adaptability of our products.
- Quality of seed, fertilizers which we use.
- Efficient Logistics and Supply chain management

## Overview of our Results of Operation

As a result of the various factors discussed above that affect our income and expenditure, our results of operations may vary from period to period. The following table sets forth certain information with respect to our results of operations for the Fiscals 2014, 2013, 2012, 2011 and 2010 as derived from our restated financial statements:

(Rupees in Lakhs)

Particulars	31.03.14	% of Total Income	31.03.13	% of Total Income	31.03.12	% of Total Income	31.03.11	% of Total Income	31.03.10	% of Total Income
<b>Income:</b>										
Income from Agriculture Operations	346.17	104.65	476.24	94.65	289.83	78.86	-		-	
Other Income	6.44	1.95	0.71	0.14	-	-	0.07	100.00	0.32	100.00
Increase / (Decrease) in Stock in Trade	(21.81)	(6.59)	26.20	5.21	77.71	21.14	-		-	
<b>Total</b>	<b>330.80</b>	100.00	<b>503.15</b>	100.00	<b>367.54</b>	100.00	<b>0.07</b>	100.00	<b>0.32</b>	100.00
<b>Expenditure:</b>										
Plantation and Cultivation Expenses	14.84	4.49	13.77	2.74	13.13	3.57	-	-	-	-
Employees Cost	20.38	6.16	26.71	5.31	24.09	6.55	-	-	-	-
Other Administrative & Selling Expenses	34.12	10.31	31.90	6.34	12.64	3.44	0.12	171.43	0.34	106.25
<b>Total</b>	<b>69.34</b>	20.96	<b>72.38</b>	14.39	<b>49.86</b>	13.57	<b>0.12</b>	171.43	<b>0.34</b>	106.25
<b>Profit before Depreciation, Interest &amp; Tax</b>	<b>261.46</b>	79.04	<b>430.77</b>	85.61	<b>317.68</b>	86.43	<b>(0.05)</b>	(71.43)	<b>(0.02)</b>	(6.25)
Depreciation	135.89	41.08	132.81	26.40	12.90	3.51	-		-	
<b>Profit before Interest &amp; Tax</b>	<b>125.57</b>	37.96	<b>297.96</b>	59.22	<b>304.78</b>	82.92	<b>(0.05)</b>	(71.43)	<b>(0.02)</b>	(6.25)
Interest & Finance charges	-		-		-		-		-	
<b>Profit before Taxes</b>	<b>125.57</b>	37.96	<b>297.96</b>	59.22	<b>304.78</b>	82.92	<b>(0.05)</b>	(71.43)	<b>(0.02)</b>	(6.25)
Provision for Taxes	1.99	0.60	0.22	0.04	-		-		-	
<b>Net Profit After Tax &amp; Before Extraordinary Items</b>	<b>123.58</b>	37.36	<b>297.74</b>	59.18	<b>304.78</b>	82.92	<b>(0.05)</b>	(71.43)	<b>(0.02)</b>	(6.25)
Extra Ordinary Items (Net of Tax)	-		-		-		-		-	
<b>Net Profit</b>	<b>123.58</b>	37.36	<b>297.74</b>	59.18	<b>304.78</b>	82.92	<b>(0.05)</b>	(71.43)	<b>(0.02)</b>	(6.25)

### *Description of Income Items*

#### **Income from Agriculture operations**

Our income from operations consists of revenue from sale of Agricultural Products produced through plantations & Cultivation on agricultural land.

#### **Other Income**

Our Other income is interest income.

### *Description of Expenditure Items*

#### **Plantation and Cultivation Expenses**

Our operating expenses include plantation and cultivation expenses like compost and seeds expenses, etc.

#### **Employee Costs**

Our employee costs primarily consist of salaries and bonuses paid to our employees.

#### **Other Administrative and Selling Expenses**

Our other administrative and selling expenses include rent, travelling & conveyance, bank charges, stationery and printing, telephone expenses, Business promotions Expenses, water expenses, audit fees, remuneration to directors, etc

#### **Depreciation Expenses**

Depreciation and Amortization Expenses primarily consist of depreciation/amortisation on the fixed assets of our Company which include Computer, Organic Virgin Land Structure, Agricultural Equipment and Furniture & Fixtures.

### *Detailed break up of other income*

(Rupees in Lakhs)

Particulars	Category – Recurring / Non - Recurring	As at				
		March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Interest Income	Non-Recurring	6.44	0.72	-	-	-
Consultancy Income	Non-Recurring	-	-	-	0.07	0.32
<b>Total</b>		<b>6.44</b>	<b>0.72</b>	<b>-</b>	<b>0.07</b>	<b>0.32</b>

## **Comparison of Financial Year Ended 31st March, 2014 with Financial Year Ended 31st March, 2013**

### ***Incomes***

#### **Income from Agriculture operations**

Our turnover for the financial year ended 31st March, 2014 was Rs. 346.17 Lakhs as against the total of Rs.476.24 Lakhs for the fiscal 2013 which is a decrease of 27.31% and it was due to decrease in sale of agricultural products.

#### **Other Income**

Our other income constituted 1.95% of our total income for Fiscal 2014, which was an incline of 807.04 % from Rs 0.71 lacs in Fiscal 2013 to Rs 6.44 Lakhs in Fiscal 2014. The increase was on account of increase in interest income.

### ***Expenditure***

#### **Plantation and Cultivation Expenses**

Our plantation and cultivation expenses constituted 4.49% of our total income in Fiscal 2014. It was increased by 7.77 % to Rs. 14.84 Lakhs in Fiscal 2014 from Rs.13.77 Lakhs in Fiscal 2013 due to increase in expenses on compost and seeds in Fiscal 2014.

#### **Employee Costs**

Our employee costs were 6.16 % of our total income in Fiscal 2014. There was a decrease of 23.70% from Rs. 26.71 Lakhs in Fiscal 2013 to Rs. 20.38 Lakhs in Fiscal 2014.

#### **Other Administrative and Selling Expenses**

Our administrative and selling expenses constituted 10.31% of the total income. These expenses increased by 6.96% from Rs. 31.90 Lakhs in Fiscal 2013 to Rs. 34.12 Lakhs in the Fiscal 2014.

#### **Depreciation Expenses**

Our depreciation expenses constituted 41.08 % of the total income. There was an increase of 2.32% from Rs. 132.81 Lakhs in the Fiscal 2013 to Rs. 135.89 Lakhs in the Fiscal 2014.

#### **Net Profit before tax**

Principally due to reasons described above, our net profit before tax decreased by 57.86% from Rs. 297.96 Lakhs in Fiscal year 2013 to Rs.125.57 Lakhs in Fiscal 2014.

#### **Net Profit after tax**

Principally due to reasons described above, our net profit after tax decreased by 58.49% from Rs. 297.74 Lakhs in Fiscal year 2013 to Rs.123.58 Lakhs in Fiscal 2014.

## **Comparison of Financial Year Ended 31st March, 2013 with Financial Year Ended 31st March, 2012**

### ***Incomes***

#### **Income from Agriculture operations**

Our turnover for the financial year ended 31st March, 2013 was Rs. 476.24 Lakhs as against the total of Rs.289.83 Lakhs for the fiscal 2012 which is an increase of 64.32% and it was due to increase in sale of agricultural products.

#### **Other Income**

Our other income constituted 0.14% of our total income i.e. Rs. 0.71 Lakhs for Fiscal 2013. However, no comparison is possible as there was no source of other income in the Fiscal 2012. The other income was on account of interest received.

### ***Expenditure***

#### **Plantation and Cultivation Expenses**

Our plantation and cultivation expenses constituted 2.74% of our total income in Fiscal 2013. It was increased by 4.87 % to Rs. 13.77 Lakhs in Fiscal 2013 from Rs.13.13 Lakhs in Fiscal 2012 due to increase in purchase of compost and seeds in the Fiscal 2013.

#### **Employee Costs**

Our employee costs were 5.31 % of our total income in Fiscal 2013. There was an increase of 10.88% from Rs. 24.09 Lakhs in Fiscal 2012 to Rs. 26.71 Lakhs in Fiscal 2013.

#### **Other Administrative and Selling Expenses**

Our administrative and selling expenses constituted 6.34% of the total income. These expenses increased by 152.37% from Rs. 12.64 Lakhs in Fiscal 2012 to Rs. 31.90 Lakhs in the Fiscal 2013.

#### **Depreciation Expenses**

Our depreciation expenses constituted 26.40 % of the total income. There was an increase of 929.53% from Rs. 12.90 Lakhs in the Fiscal 2012 to Rs. 132.81 Lakhs in the Fiscal 2013.

#### **Net Profit before tax**

Principally due to reasons described above, our net profit before tax decreased by 2.24% from Rs. 304.78 Lakhs in Fiscal year 2012 to Rs.297.96 Lakhs in Fiscal 2013.

#### **Net Profit after tax**

Principally due to reasons described above, our net profit after tax decreased by 2.31% from Rs. 304.78 Lakhs in Fiscal year 2012 to Rs.297.74 Lakhs in Fiscal 2013.

**Comparison of Financial Year Ended 31st March, 2012 with Financial Year Ended 31st March, 2011**

Since, we have commenced our agriculture operations since fiscal 2011-12, hence fiscal 2012 is our first full year of operations hence our income and expenditure, our results of operations of fiscal 2012 are not comparable with previous years.

***Other Information required as per SEBI Regulations***

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

There are no unusual or infrequent events or transactions that have significantly affected operations of the Company.

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

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations. Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

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

Apart from the Risks disclosed under the section titled "Risk Factors" no known trends or uncertainties are envisaged or are expected to have a material adverse impact on sales, revenue or income from continuing operations to Company's knowledge.

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

According to our knowledge, there are no future relationship between cost and income that would be expected to have a material adverse impact on our operations and revenues. However increase in the cost of the products in which the Company deals, will affect the profitability of the Company. Further, the Company may not be able to pass on the increase in prices of the product to the customers in full and this can be offset through cost reduction.

**5. The extent to which material increases in revenue or income from operations are due to increased volume, introduction of new products or services or increased prices.**

Increases in revenues are by and large linked to increases in volume of business activity carried out by the Company.

**6. Total turnover of each major industry segment in which the Company operates**

The Company operates in single segment i.e. Agriculture Activities.

**7. Status of any publicly announced new products or business segments**

Please refer to the chapter titled "*Business Overview*" beginning on page 72 of this Draft Letter of Offer.



**8. The extent to which the business is seasonal.**

Our business operations relating to agricultural segment are heavily dependent on weather conditions being extreme climatic conditions or disruptive monsoons which might materially and affect our agricultural crops and our cultivated products resulting into adverse effects on our incomes and results of operations.

**9. Any significant dependence on a single or few suppliers or customers**

There is no dependence on a single or few suppliers or customers.

**10. Competitive Conditions**

The Indian agriculture market is largely fragmented comprising of organized and unorganized sectors. Every district may have its own clutch of unorganized agriculturists. The rates vary depending upon the demand supply pattern prevailing in the market. Geographies also play a vital role in deciding the rates. The produce is marketable in the mandies, open market as well as to organized sectors.

## **SECTION VI: LEGAL AND OTHER INFORMATION**

### **OUTSTANDING LITIGATION, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES**

Except as stated herein, there is no outstanding or pending litigation, suit, economic offence, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Schedule XIII of Companies Act, 1956) or litigation for tax liabilities against our Company, our Directors, our Promoters and there are no defaults to banks/financial institutions, non-payment of or overdue statutory dues, or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchange against our Company, our Promoters and our Directors.

Further, except as stated herein, there are no past cases in which penalties have been imposed on our Company, our Promoters, our Directors, and there is no outstanding litigation against any other Company whose outcome could have a material adverse effect on the position of our Company. Further, there are no cases of litigations, defaults, etc in respect of Companies/firms/ventures with which the Promoters were associated in the past but are no longer associated, in respect of which the name(s) of the Promoters continues to be associated.

Further, apart from those stated below, there are no show cause notices/claims served on our Company, our Promoters or our Directors from any statutory authority/revenue authority that would have a material adverse effect on our business.

### **PART I: CONTINGENT LIABILITIES OF OUR COMPANY - NIL**

### **PART II – LITIGATIONS RELATING TO OUR COMPANY**

#### **A. Cases filed against our Company**

- 1. Litigation involving Civil Laws**  
Nil
- 2. Litigation involving Criminal Laws**  
Nil
- 3. Litigation involving Securities and Economic Laws**  
Nil
- 4. Litigation involving Statutory Laws**  
Nil
- 5. Litigation involving Labour Laws**  
Nil
- 6. Litigation involving Taxation**  
Nil

**B. Cases filed by our Company**

1. **Litigation involving Civil Laws**  
Nil
2. **Litigation involving Criminal Laws**  
Nil
3. **Litigation involving Securities and Economic Laws**  
Nil
4. **Litigation involving Statutory Laws**  
Nil
5. **Litigation involving Labour Laws**  
Nil
6. **Litigation involving Taxation**  
Nil

**C. Past Penalties**

Nil

**PART III – LITIGATIONS RELATING TO OUR PROMOTERS**

**A. Cases filed against our Promoters**

1. **Litigation involving Civil/Statutory Laws**  
Nil
2. **Litigation involving Criminal Laws**  
Nil
3. **Litigation involving Securities and Economic Laws**  
Nil
4. **Litigation involving Taxation Laws**  
Nil

**B. Cases filed by our Promoters**

1. **Litigation involving Civil/Statutory Laws**  
Nil
2. **Litigation involving Criminal Laws**  
Nil
3. **Litigation involving Securities and Economics Law**  
Nil
4. **Litigation involving Tax Liabilities**  
Nil

**C. Past Penalties**

Nil

**PART IV – LITIGATIONS RELATING TO OUR DIRECTORS**

**A. Cases filed against our Directors**

**1. Litigation involving Civil/Statutory Laws**

Nil

**2. Litigation involving Criminal Laws**

Nil

**3. Litigation involving Securities and Economic Laws**

Nil

**4. Litigation involving Tax Liabilities**

Nil

**B. Cases filed by our Directors**

**5. Litigation involving Civil/Statutory Laws**

Nil

**6. Litigation involving Criminal Laws**

Nil

**7. Litigation involving Securities and Economic Laws**

Nil

**8. Litigation involving Tax Liabilities**

Nil

**C. Past Penalties**

Nil

**PART V – AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS AND OTHER CREDITORS**

There are no outstanding dues above Rs. 100,000 to small scale undertaking(s) or any other creditors by our Company, for more than 30 days.

**Material Developments**

In the opinion of the Board of our Company, there has not arisen, since the date of the last financial statements included in this Draft Letter of Offer, any circumstance that materially and adversely affects or is likely to affect our business or profitability or the value of our assets or our ability to pay our liabilities within the next 12 months. Except as disclosed elsewhere in this Draft Letter of Offer, there is no subsequent development after the date of the Auditor's Report which we believe is expected to have a material impact on reserves, profits, earning per share and book value of our business.

We certify that except as stated herein above:

- a. there are no pending proceedings for offences for non-payment of statutory dues by the promoters of our Company.
- b. there are no cases of litigation pending against our Company or against any other Company whose outcome could have a materially adverse effect on the financial position of our Company.
- c. there are no pending litigation against our promoters/ directors in their personal capacities and also involving violation of statutory regulations or criminal offences.
- d. there are no pending proceedings initiated for economic offences against our Directors, Promoters, Companies and firms promoted by our promoters.
- e. there are no outstanding litigation, defaults etc. pertaining to matters likely to affect the operations and finances of our Company including disputed tax liability or prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956.
- f. our Company, its promoters and other Companies with which promoters are associated have neither been suspended by SEBI nor any disciplinary action has been taken by SEBI.
- g. as per the audited Balance sheet as March 31, 2014 there are no SSI units to whom, our Company owns any sum which is outstanding for more than 30 days.

## GOVERNMENT AND OTHER APPROVALS

Except for certain pending approvals mentioned under this heading, our Company has received the necessary material consents, licenses, permission and approvals from the Government and various Government agencies required for our present business and carrying on our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Draft Letter of Offer.

### A. Approvals in relation to the Issue

1. The Board of Directors has, pursuant to a resolution passed at its meeting held on April 29, 2014, authorized this Issue under Section 62 of the Companies Act, 2013.
2. Our Company has obtained in principal approval dated [●] from the BSE for the use of its name in the Offer Documents.

### B. Approvals relating to our business and operations

Sr. No.	Authorisation Granted	Issuing Authority	Registration No. / Reference No. / License No.	Applicable Act/ Regulation	Date of Issue	Valid upto
1.	Certificate of Incorporation in the name of 'HPC Biosciences Limited'	Registrar of Companies, National Capital Territory of Delhi & Haryana	L24119DL2002PL C114026	Companies Act, 1956	January 29, 2002	Valid until Cancellation


### C. Taxation related registrations

Sr. No.	Authorization granted	Issuing Authority	Registration No. / Reference No. / License No.	Date of Issue	Validity
1.	Permanent Account Number	Income Tax Department, Government of India	AABCH6762Q	January 29, 2002	Valid until Cancellation
2.	Tax Deduction Account Number	Income Tax Department, Government of India	DELH08685F	January 01, 2013	Valid until Cancellation

### D. Approvals applied for but not yet received/Renewals made in the usual course of business: NIL

### E. Material licenses / approvals for which our Company is yet to apply / Statutory Approvals/Licenses - required for the proposed expansion: NIL

### F. Intellectual Property

We had filed an application for registration of our Company logo  which has been objected by the Trade Marks Registry under Section 11 of the Trade Mark Act, 1999. If our Company is unable to obtain registration of trademark, it may not be able to successfully enforce or protect our intellectual property rights and obtain statutory protections available under the Trademarks Act, 1999, as otherwise available for registered trademarks. This could have a material adverse effect on our business, which in turn could adversely affect our results of operations.

## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

Pursuant to a resolution passed by our Board of Directors under Section 62(1)(a) of the Companies Act, 2013 on April 29, 2014, it has been decided to make the rights offer to the Existing Equity Shareholders of our Company.

Our Company has received in-principle approval for listing of the Rights Equity Shares from the BSE by letter dated [●].

### **Prohibition by SEBI, RBI or Government Authorities**

1. Our Company, our Promoters and Promoter Group, Directors or person(s) in control of our Promoters have not been prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI;
2. None of our Promoters and Promoter Group, Directors or persons in control of our Company was or also is a promoter, director or person in control of any other company which has been restrained, prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI;
3. Our Company, our Directors, our Promoters and Promoter Group and the relatives (as per the Companies Act, 2013) of our Directors, our Promoters, have not been declared as willful defaulters by RBI or any other governmental authority;
4. None of the Directors of our Company are associated with the securities markets in any manner.

### **Eligibility for the Issue**

Our Company is an existing listed company registered under the Companies Act, 1956, whose Equity Shares are listed and traded on the SME platform of BSE Limited. Our Company is eligible for this Issue in terms of Regulation 4(2) of the SEBI (ICDR) Regulation, 2009.

We further confirm that we shall be complying with all the other requirements as laid down for such an Issue under Chapter XB of the SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

### **Disclaimer Clause of SEBI**

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

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGER, CHOICE CAPITAL ADVISORS PRIVATE LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, CHOICE CAPITAL ADVISORS PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [..], WHICH READS AS FOLLOWS:**

**WE, THE LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING RIGHTS ISSUE, STATE AND CONFIRM AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
  - a. THE LETTER OF OFFER FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
  - b. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - c. THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOTED FOR COMPLIANCE.**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT**



**BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER – NOT APPLICABLE.**

- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE LETTER OF OFFER – NOT APPLICABLE.**
- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE.**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE.**
- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.**
- 11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:**

- a. AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
  - b. AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
  14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
  15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
  16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR– NOT APPLICABLE.
  17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.

**ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE**

1. WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.
3. WE CONFIRM THAT THE ABRIDGED LETTER OF OFFER CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. – NOTED FOR COMPLAINEE.

4. WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.
5. WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE LETTER OF OFFER. – NOT APPLICABLE
6. WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 110[106P] AND 111[106V] OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE. - MARKET MAKING NOT APPLICABLE BEING RIGHTS ISSUE AND UNDERWRITING NOTED FOR COMPLIANCE.
7. WE CONFIRM THAT THE ISSUER HAS REDRESSED AT LEAST NINETY FIVE PER CENT OF THE COMPLAINTS RECEIVED FROM THE INVESTORS TILL THE END OF THE QUARTER IMMEDIATELY PRECEDING THE MONTH OF THE FILING OF THE DRAFT LETTER OF OFFER WITH THE STOCK EXCHANGE.

The filing of this Draft Letter of Offer does not, however, absolve our Company from any liabilities under Section 34 or Section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory or other clearance as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up, at any point of time, with the Lead Manager any irregularities or lapses in this Draft Letter of Offer.

#### **Disclaimer Statement from our Company and the Lead Manager**

Investor may note that our Company, our Directors and the Lead Manager, accept no responsibility for statements made otherwise than in the Draft Letter of Offer or in any advertisements or any other material issued by or at the Instance of our Company, Anyone placing reliance on any other source of information would be doing so at his or her own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the MOU entered into between the Lead Manager and our Company dated May 07, 2014, the Underwriting Agreement dated [.] entered into between the Underwriters and our Company.

Our Company and the Lead Manager shall make all the information available to the Existing Equity Shareholders and no selective or additional information would be available for a selection of the Existing Equity Shareholders in any manner whatsoever including at presentations, in research or sales report etc. after filing of this Draft Letter of Offer.

The Lead Manager and its affiliates may engage in transactions with, and perform services for, our Company and our Group Entities or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company and our Group Entities or affiliates, for which they have received, and may in the future receive, compensation.

#### **Caution**

Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company and the Lead Manager and its directors, officers, agents, affiliates and representatives that they are

eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares and that they shall not issue, sell, pledge or transfer their Rights Entitlement or Rights Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares. Our Company, the Lead Manager and its directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares.

#### **Disclaimer with respect to jurisdiction**

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in New Delhi, India only.

#### **Selling Restrictions**

The distribution of this Draft Letter of Offer and the issue of our Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue of Rights Equity Shares to its Existing Equity Shareholders and will dispatch the Letter of Offer / Abridged Letter of Offer and Composite Application Form (“CAF”) to the shareholders who have an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.

Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the same in or into the US or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company’s affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

#### **United States Restrictions**

**NEITHER THE RIGHTS ENTITLEMENTS NOR THE RIGHTS SECURITIES THAT MAY BE PURCHASED PURSUANT HERETO HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED ( “SECURITIES ACT” ), OR ANY U.S. STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (THE UNITED STATES” OR THE “U.S.” ), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS SECURITIES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO**

CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY SECURITIES OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID RIGHTS SECURITIES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, THE DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME. NEITHER OUR COMPANY NOR ANY PERSON ACTING ON BEHALF OF OUR COMPANY WILL ACCEPT SUBSCRIPTIONS OR RENUNCIATIONS FROM ANY PERSON, OR THE AGENT OF ANY PERSON, WHO APPEARS TO BE, OR WHO THE COMPANY OR ANY PERSON ACTING ON BEHALF OF OUR COMPANY HAS REASON TO BELIEVE IS, A RESIDENT OF THE UNITED STATES AND TO WHOM AN OFFER, IF MADE, WOULD RESULT IN REQUIRING REGISTRATION OF THE DRAFT LETTER OF OFFER WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. IN ADDITION, UNTIL 40 DAYS AFTER THE FIRST DATE UPON WHICH THE RIGHTS ENTITLEMENTS OR THE RIGHTS SECURITIES WERE BONA FIDE OFFERED TO THE PUBLIC, AN OFFER OF SUCH SECURITIES WITHIN THE UNITED STATES BY A DEALER MAY VIOLATE THE REQUIREMENTS OF THE SECURITIES ACT.

#### **Designated Stock Exchange**

The Designated Stock Exchange for the purposes of this Issue will be the BSE.

#### **Disclaimer Clause of the BSE**

BSE Limited ("the Exchange") has given in principle approval vide its letter dated [●] for listing of Rights Equity Shares arising from this issue. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner;

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer; or
- ii. warrant that this company's securities will be listed or will continue to be listed on the Exchange; or
- iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this company;

and it should not for any reason be deemed or construed that this Draft Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange 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**

The Draft Letter of Offer is being filed with BSE SME Platform, 25<sup>th</sup> Floor, P.J. Tower, Dalal Street, Fort, Mumbai – 400 001

A copy of this Draft Letter of Offer shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Regulation 106(M)(3) of SEBI (ICDR) Regulations. However, a copy of the Letter of Offer shall be filed with SEBI at the SEBI Northern Regional Office, 5th Floor, Bank of Baroda Bldg, 16 Sansad Marg, New Delhi- 110001.

A copy of the Letter of the Offer, required to be filed under SEBI (ICDR) Regulations, 2009 would be filed with SME Platform of BSE where the Equity Shares of our Company are listed.

### **Listing**

The existing Equity Shares of our Company are listed on the SME platform of BSE Limited. We have received in-principle approval for listing of the Rights Equity Shares from the BSE by letter dated [●]. We will make applications to the Stock Exchange for final listing and trading approvals in respect of the Rights Equity Shares being offered in terms of this Draft Letter of Offer.

### **Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”*

### **Dematerialised Dealing**

Our Company has entered into the Tripartite Agreement dated April 01, 2014 and March 28, 2014 with CDSL and NSDL respectively and its Equity Shares bear the ISIN No. INE507001017.

### **Consents**

Consents in writing of the Directors, Company Secretary and Compliance Officer, Lead Manager to the Issue, Legal Advisors, Registrar to the Issue, Bankers to the Company, Statutory Auditors, Peer Review Auditor and Banker to the Issue and experts to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.

In accordance with the Companies Act and the SEBI (ICDR) Regulations, M/s Rama K Gupta & Co., Chartered Accountants, the Peer Review Auditors of the Company have agreed to provide their written consent to the inclusion of their report dated May 28, 2014 on restated financial statements and M/s. B.D Gupta & Co, Chartered Accountants, the Statutory Auditors of the Company have agreed to provide their written consent to the inclusion of their report on statement of funds deployed dated June 02, 2014 and statement of tax benefits dated May 28, 2014 relating to the possible tax benefits, as applicable, which may be available to the Company and its shareholders, included in this Draft Letter of Offer in the form and context in which they appear therein and such consent and reports will not be withdrawn.

### **Expert Opinion, if any**

Except for (a) Auditors' Report on the restated financial statement and the Statement of Tax Benefits on page 103 and 54 of this Draft Letter of Offer; and (b) Legal Due Diligence Reports dated May 7, 2014, our Company has not obtained any other expert opinion.

### **Expenses of the Issue**

The expenses of this Issue include, among others, Fees of Lead Manager, bankers to the Issue, legal advisor, registrar to the Issue, out of pocket expenses, Expenses relating to advertising, printing, distribution, marketing and stationery expenses, Regulatory fees, filing fees, listing fees, depository fees, auditor fees and

miscellaneous expenses are estimated at [●] Lakhs (approximately [●]% of the total Issue size), of this our Company has not incurred any expenditure on the project till May 31, 2014. The same has been certified by our Statutory Auditors, M/s B D Gupta & Co., Chartered Accountants vide their certificate dated June 02, 2014.

#### **Details of Fees Payable**

##### **Fees payable to the Lead Manager**

The total fees payable to the Lead Manager will be as per the Issue Agreement dated May 07, 2014 signed between our Company and the Lead Manager, a copy of which is available for inspection at our Registered Office.

##### **Fees payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Agreement signed between our Company and the Registrar to the Issue dated May 07, 2014, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

##### **Previous public or rights issues by our Company during the Last Five Years**

Our Company came out with its maiden public Issue in the year 2013 and issued 45,60,000 Equity Shares of the face value Rs. 10 each at a price of Rs. 35 per share aggregating to Rs. 1596.00 Lacs. The details of the IPO are given below:-

1	Closing Date	March 05, 2013
2	Date of Allotment	March 14, 2013
3	Date of Listing	March 19, 2013

##### **Promise vis-vis Performance**

Our Company came out with its maiden public Issue in the year 2013 and issued 45,60,000 Equity Shares of the face value Rs. 10 each at a price of Rs. 35 per share aggregating to Rs. 1596.00 Lacs.

<b>(Rupees in Lakhs)</b>			
<b>Particulars</b>	<b>Proposed Objects</b>	<b>Actual Utilisation as on March 31, 2013</b>	<b>Actual Utilisation as on March 31, 2013</b>
Development of Green House Cultivation	327.00	-	300.00
Development of Farm land for transition to Organic Farming	790.00	928.50	928.50
Strengthen Supply Chain Management	250.00	-	50.00
Procurement of farm tools & Equipments	38.00	-	32.50
General Corporate purposes	100.00	-	35.75
Issue Expenses	70.00	30.62	30.62
Unutilized portion	-	636.88	218.63
<b>Total</b>	<b>1575.00</b>	<b>1596.00</b>	<b>1596.00</b>

**Previous issue of shares otherwise than for cash**

Except as disclosed in the chapter “Capital Structure” beginning on page 33 of this Draft Letter of Offer, our Company has not issued any Equity Shares for consideration otherwise than cash.

**Commission or brokerage on previous issues**

No sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

**Companies under the same management**

There are no listed companies under the same management within the meaning of Section 370(1)(b) of the Companies Act that made any capital issue viz. initial public offering, rights issue or composite issue during the last three years.

**Outstanding debentures, bond issues, redeemable preference shares and other instruments issued by our Company**

As on the date of filing this Draft Letter of Offer, our Company does not have any outstanding debentures, bonds or redeemable preference shares.

**Stock Market Data**

For details of stock market data of our Company please refer to the Chapter titled “Stock Market Data for Equity Shares of our Company” on page 178 of this Draft Letter of Offer.

**Investor Grievances and Redressal System**

Our Company has adequate arrangements for redressal of Investor complaints. Well-arranged correspondence system has been developed for letters of routine nature. Our share transfer agent handles the share transfer and dematerialization for our Company. Letters are filed category wise after having attended to. Redressal norm for response time for all correspondence including shareholders complaints is within 15 days. Additionally, we have been registered with the SEBI Complaints Redress System, (“SCORES”), as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011.

The Company has constituted a Shareholders and Investor grievances Committee which looks into the redressal of the Investor complaints and complaints received from the stock exchanges. The said committee deals with redressal of matters relating to transfer/transmission of shares, non-receipt of balance sheet, non-receipt of dividend declared etc.

**Status of Complaints**

- Number of complaints outstanding as on May 31, 2014: Nil
- Time normally taken by our Company for disposal of various types of Investor grievances: 7 days

**Allotment Advices / Refund Orders**

Our Company will issue and dispatch allotment advice / share certificates/ demat credit and/or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the date of closure of the Issue.



Investors residing at the centers where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise eligible to get refunds through direct credit and RTGS. In case of any failure in processing of refunds through NECS, the Refund Bank shall make refunds by the issue of refund warrants/demand drafts in connection with the relevant amount liable to be refunded.

In case of those Applicants who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, an advice regarding their credit of the Rights Equity Shares shall be given separately. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter intimating them about the mode of credit of refund within 15 days of closure of the Issue.

In case of those Applicants who have opted to receive their Rights Entitlement in physical form, our Company will issue letter of allotment, the corresponding share certificates will be kept ready within two months from the date of allotment thereof or such extended time as may be approved by the Company Law Board under Section 56 (4) (b) of the Companies Act, 2013 or other applicable provisions if any. Investors are requested to preserve such letter of allotment, which would be exchanges later for the share certificates.

Refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole / first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

#### **Investor Grievances arising out of this Issue**

Our Company's Investor grievances arising out of the Issue will be handled by Ms. Aditi Gupta, Company Secretary and Compliance Officer and Mas Services Limited, who are the Registrars to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, Mas Services Limited, situated at T – 34, 2nd Floor, Okhla Industrial Area, Phase – II, New Delhi – 110020 giving full details such as folio no., name and address, contact telephone / cell numbers, e-mail id of the first Investor, number and type of shares applied for, CAF serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

All Investor complaints pertaining to the Issue would be redressed in accordance with SEBI Circular No. CIR/OIAE/2/2011 dated June 3, 2011, through the SEBI Complaints Redress System (SCORES) mechanism.

The average time taken by the Registrar for attending to routine grievances will be 15 days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the Investor grievances in a time bound manner.

**Investors may contact the Company Secretary and Compliance Officer and/or the Registrar to the Issue, in case of any Pre - Issue/ post - Issue related problems such as non-receipt of allotment advice/share certificates/ demat credit/refund orders, the following address:**

**Ms. Aditi Gupta**  
**Company Secretary & Compliance Officer**  
**HPC Biosciences Limited**  
6A, 40, Hanuman Road,  
Connaught Place, 126  
New Delhi-110001  
**Tel:** +91-11-3296 5576,

**Fax:** +91-11-3296 5576  
**E-Mail:** hpcbiosci@yahoo.com  
**Website:** www.hpcbiosciences.com

The contact details of the Registrar to the Issue are as follows:

**Mas Services Limited**

T – 34, 2<sup>nd</sup> Floor,  
Okhla Industrial Area, Phase – II,  
New Delhi – 110020  
**Tel:** +91-11-2638 7281/82/83  
**Fax:** +91-11-2638 7384  
**E-Mail:** info@masserv.com  
**Website:** www.masseerv.com  
**Contact Person:** Mr. Sharwan Mangla

**Changes in the Auditors during last three years and reasons thereof**

M/s B. D Gupta & Associates, Chartered Accountants have been appointed as the Statutory Auditors of the Company at the Annual General Meeting of the Company held on September 25, 2013 in place of the retiring auditors M/s Sandeep Rajeev & Associates.

Further, M/s Sandeep Rajeev & Associates, Chartered Accountants was appointed as the Statutory Auditors of the Company at the Annual General Meeting of the Company held on September 30, 2010 in place of the retiring auditors M/s G. P. Keshri & Associates. Apart from this there has been no change in the auditors of the Company for the last five years.

**Capitalisation of reserves or profits during the last five years**

Our Company has not capitalized its reserves in the last five years, except as stated in the chapter titled “Capital Structure” beginning on page 33 of this Draft Letter of Offer.

**Revaluation of assets during the last five years**

The Company has not revalued its assets during the last five (5) years.

## **SECTION VII: ISSUE RELATED INFORMATION**

### **TERMS OF THE ISSUE**

The Equity Shares proposed to be issued on rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the CAF, the Memorandum and Articles of Association of our Company, the provisions of the Companies Act, 1956 and the Notified Provisions of the Companies Act, 2013, FEMA, SEBI Regulations, guidelines, notifications and regulations for issue of capital and for listing of securities issued by the Government of India and/or any other statutory and/or regulatory authorities from time to time, the terms of listing agreements entered into by our Company with the Stock Exchange, and, the terms and conditions as stipulated in the Allotment advice or letters of Allotment or share certificate and rules as may be applicable and introduced from time to time.

*Please note that, in terms of SEBI circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, QIB applicants, Non-Institutional applicants and other Applicants whose Application amount exceeds Rs. 2 lakhs can participate in the Issue only through the ASBA process. The Retail Individual Applicants can participate in the Issue either through the ASBA process or the non ASBA process. ASBA Applicants should note that the ASBA process involves Application procedures that may be different from the procedure applicable to non ASBA process*

ASBA Investors should note that the ASBA process involves Application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For more information, see the Section titled “Issue Related Information” on page 143.

#### **Authority for the Issue**

Pursuant to a resolution passed by our Board of Directors under Section 62(1)(a) of the Companies Act, 2013 on April 29, 2013, it has been decided to make the rights offer in the ration of 1 (One) Rights Equity Share for every 2 (Two) Equity Shares held by the Existing Equity Shareholders.

#### **Basis for the Issue**

The Rights Equity Shares are being offered for subscription for cash to those existing Equity Shareholders, whose names appear, (i) as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form, and, (ii) on the register of members of our Company in respect of the Equity Shares held in physical form, at the close of business hours on the Record Date, i.e. [●]. The basis of allotment for the Rights Equity Shares shall be fixed in consultation with the Designated Stock Exchange.

#### **Ranking of Equity Shares**

The Equity Shares shall be subject to the Memorandum and Articles of Association of our Company. The Equity Shares allotted in this Issue, shall be pari passu with the existing Equity Shares in all respects including payment of dividend.

#### **Mode of Payment of Dividend**

We shall pay dividends (in the event of declaration of such dividends) to our equity shareholders as per the provisions of the Companies Act and our Articles of Association.

**The distribution of this Draft Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Our Company is making the issue of the Equity Shares on a rights basis to the Existing Equity Shareholders and the Letter of Offer, the Abridged Letter of Offer and the CAFs will be dispatched only to those Existing Equity Shareholders who have a registered address in India or who have provided an Indian address. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Draft Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Right Entitlements, it will not be, in the United States and/or in other restricted jurisdictions.**

## **PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THE ISSUE**

### **Face Value**

Each Equity Share shall have the face value of Rs. 10 each.

### **Issue Price**

Each Equity Share is being offered at a price of Rs. [●].

### **Rights Entitlement Ratio**

The Equity Shares are being offered on a rights basis to the existing equity shareholders of our Company in the ratio of 1 (One) Equity Shares for every 2 (Two) Equity Shares fully paid-up held as on the Record Date.

As your name appears as a beneficial owner in respect of Equity Shares held in the electronic form or appear in the register of members as an equity shareholder of our Company as on the Record Date, you are entitled to the number of Equity Shares as set out in Part A of the CAF enclosed with Draft Letter of Offer.

An Existing Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on Plain Paper. For further details, see the section titled “Issue Related Information” on page 143 of this Draft Letter of Offer.

### **Terms of payment**

The entire amount of Rs. [●] per Equity Share is payable on application. Where an applicant has applied for additional Equity Shares and is allotted lesser number of Equity Shares than applied for, the excess Application Money paid shall be refunded. The monies would be refunded within 15 days from the Issue Closing Date. If the subscription amount is not refunded within 15 days from the Issue Closing date, we shall be liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provision of the Companies Act, 2013 and SEBI (ICDR) Regulations.

### **Fractional Entitlements**

The Equity Shares are being offered on a rights basis to the existing Equity Shareholders in the ratio of 1 (One) Equity Share for every 2 (two) Equity Shares fully paid-up held as on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Equity Shareholders is less than 2 (Two) Equity Shares or is not in a multiple of 2 (Two), the fractional entitlement of such Existing Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, Equity Shareholders whose fractional Entitlements are being ignored as above would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares over and above their Rights Entitlement, if any.

Those Equity Shareholders holding less than 2 (Two) Equity Shares and therefore entitled to 'zero' Rights Equity Shares under this Issue shall be dispatched a CAF with 'zero' entitlement. Such Equity Shareholders are entitled to apply for additional Rights Equity Shares, and will be given preference in the allotment of one additional Rights Equity Share each, if such Existing Equity Shareholders have applied for additional Rights Equity Shares. However, they cannot renounce the same in favour of any third parties. CAF with zero entitlement will be non-negotiable/ non-renounceable.

### **Compliance with the SEBI Regulations**

Our Company shall comply with all applicable disclosures and accounting norms, as specified by SEBI from time to time.

### **Rights of the Equity Shareholders**

Subject to applicable laws, the Existing Equity Shareholders of our Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association.

### **Market lot**

The Equity Shares of our Company are tradable only in dematerialized form. At present, the market lot for Equity Shares in dematerialized mode is 300 (Three Hundred) Equity Share. In case of holding of Equity Shares in physical form, our Company would issue to the Allottees (1) one certificate for the Rights Equity Shares allotted to each folio, ("Consolidated Certificate"). However, our Company would issue split certificates on receipt of written requests along with such Consolidated Certificate from Existing Equity Shareholders.

### **Restriction on transfer and transmission of shares and on their consolidating / splitting**

There are no restrictions on transfer and transmission and on their consolidation / splitting of shares issued pursuant to the Issue.

### **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association of our Company.

In case of joint holders, the CAF would be required to be signed by all the joint holders to be considered as valid for allotment of Rights Equity Shares. In case such Existing Equity Shareholders who are joint holders wish to renounce their Rights Entitlement, all such Existing Equity Shareholders who are joint holders would be required to sign Part B of the CAF. In absence of signatures of all joint holders, the CAF would be liable for rejection.

## Nomination

In terms of Section 72 of the Companies Act, 2013, nomination facility is available in case of Equity Shares. An applicant can nominate, by filing the relevant details in the CAF in the space provided for this purpose.

A sole Existing Equity Shareholder or first Existing Equity Shareholder, along with other joint Existing Equity Shareholder, may nominate any one person(s) who, in the event of the death of sole holder or all joint holders, as the case may be, shall become entitled to the Equity Shares.

A person, being a nominee, entitled to the Equity Shares by reason of the death of the original Existing Equity Shareholder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the Existing Equity Shareholder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of death of the said holder, during the minority of the nominee. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or such other person at such addresses as may be notified by our Company. The applicant can make nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Existing Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares to be allotted in this Issue under the same folio. However, new nominations, if any, by the Existing Equity Shareholder(s) shall operate in suppression of the previous nomination, if any.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant of the Applicant would prevail. Any Applicant desirous of changing the existing nomination is requested to inform their respective Depository Participant.

## Notices

All notices to the Existing Equity Shareholders required to be given by our Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation, (including the place where our Registered Office is situated) and/ or will be sent by ordinary post or registered post or speed post to the registered addresses of the Existing Equity Shareholders in India as updated with the Depositories/registered with the Registrar and Share Transfer Agent from time to time.

## Listing and trading of Rights Equity Shares proposed to be issued

Our Company's existing Equity Shares are listed and traded on the SME Platform of BSE. We have received in-principle approval for listing of the Rights Equity Shares from the BSE by letter dated [●].

We will apply to BSE for final approvals for the listing and trading of the Rights Equity Shares being offered in terms of this Draft Letter of Offer. All steps for the completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares to be allotted pursuant to the Issue shall be taken as per the regulatory requirement. The Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading in the demat segment only on BSE under the existing ISIN for Equity Shares.

## Issue Period

<b>Issue Opening Date</b>	[●]
<b>Last Date for receiving request for split form</b>	[●]
<b>Issue Closing Date</b>	[●]

### **Minimum Subscription**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten the details of which have been disclosed on page 32 of this Draft Letter of Offer.

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

### **New Financial Instruments**

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

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/ authorities in New Delhi, India only.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered or sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

### **Option to receive Equity Shares in Dematerialized Form**

In this Issue, the allottees who have opted for the Rights Equity Shares in dematerialized form will receive the Rights Equity Shares in the form of an electronic credit to their beneficiary account with a Depository Participant. The CAF shall contain a space for indicating the number of Rights Equity Shares applied for in demat and physical form or both. Investors will have to give the relevant particulars for this purpose appropriately in the CAF. Applications, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate applications for Rights Equity Shares in physical and / or dematerialized form should be made. If such applications are made, the application for physical Rights Equity Shares will be liable to be rejected. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and balance, if any, may be allotted in physical shares.

## ISSUE PROCEDURE

### Procedure for Application

The CAF for Equity Shares would be printed for all Equity Shareholders. The CAF along with the Abridged Letter of Offer shall be dispatched through registered post or speed post at least three days before the Issue Opening Date. The letter of offer shall be provided by the issuer/lead manager to any existing shareholder who has made a request in this regard. In case the original CAF is not received by the Equity Shareholder or is misplaced by the Equity Shareholder, the Equity Shareholder may request the Registrars to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

Please note that neither the Company nor the Registrar shall be responsible for delay in the receipt of the CAF / duplicate CAF attributable to postal delays or if the CAF / duplicate CAF are misplaced in transits.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, QIB Applicants, Non-Institutional Investors and other Applicants whose application amount exceeds Rs. 200,000 can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) investors whose application amount is more than Rs. 2,00,000, can participate in the Issue either through ASBA Process or the Non-ASBA process.

**Please note that by virtue of the Circular No. 14 dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies (“OCBs”), have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to OCBs) Regulations, 2003. Any Equity Shareholder being an OCB is required to obtain prior approval from RBI for applying to the Issue.** The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not and were not at any time subject to any adverse notice from the RBI, are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000, under the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Existing Equity Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such RBI approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

### PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (“ASBA”) PROCESS

This section is for the information of Equity Shareholders proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and ensure that the CAF is correctly filled up.

The list of banks which have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, non-retail investors i.e. Qualified Institutional Buyers and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, shall participate in the Issue only through the ASBA process. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or



(iii) investors whose application amount is not more than Rs. 200,000 can participate in the Issue either through the ASBA process or the non ASBA process.

#### **Equity Shareholders who are eligible to apply under the ASBA Process**

The option of applying for Equity Shares in the Issue through the ASBA Process is only available to Equity Shareholders of our Company as on the Record Date and who:

- hold the Equity Shares in dematerialized form as on the Record Date and have applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialized form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncees; and
- apply through a bank account maintained with one of the SCSBs.

#### **CAF**

The Registrar will dispatch the CAF to all Existing Equity Shareholders as per their Rights Entitlement as on the Record Date. Those Equity Shareholders who wish to apply through the ASBA process and have complied with the parameters mentioned above will have to select this mechanism in Part A of the CAF and provide necessary details.

Existing Equity Shareholders applying through the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF. Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

Please note that not more than five applications (including CAF and plain paper) can be submitted per bank account in the Issue. ASBA Investors are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on the application as stated in the CAF will be blocked by the SCSBs.

#### **Acceptance of the Issue**

ASBA Investors may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

#### **Mode of Payment**

An ASBA Investors agrees to block the entire amount payable on Application Money with the submission of the CAF, by authorizing the SCSB to block such amount, equivalent to the amount payable on the application in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account details which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on Application mentioned in the CAF until it receives instructions from the Registrar of the Issue. Upon receipt of intimation from the Registrar to the Issue, the SCSBs shall transfer such amount as per the Registrar to the Issue's instruction from the bank account maintained with the SCSB, as mentioned by the Existing Equity Shareholders in the CAF. This amount will be transferred into the separate bank account maintained by our Company as per the provisions

of the Companies Act, 2013. The balance amount remaining after the finalisation of the basis of allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The ASBA Investor would be required to block the entire amount payable on Application at the time of the submission of the CAF. The SCSB may reject the application at the time of acceptance of CAF if the bank Account with the SCSB, details of which have been provided by the Existing Equity Shareholder in the CAF, does not have sufficient funds equivalent to the amount payable on Application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

#### **Option available to the ASBA Investors**

A summary of options available to the ASBA Investors is presented below. An ASBA Investor may exercise any of the following options with regard to the Equity Shares offered, using the respective CAFs received from Registrar:

<b>Option Available</b>	<b>Action Required</b>
Accept whole or part of your Rights Entitlement without renouncing the balance	Fill in and sign Part A of the CAF (All joint holders must sign)
Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to acceptance of entitlement and Block IV relating to additional Equity Shares. (All joint holders must sign)

**An ASBA Investor will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.**

#### **Additional Equity Shares**

An ASBA Applicant is eligible to apply for additional Equity Shares over and above the number of Equity Shares that it is entitled to, provided that it is eligible to apply for Equity shares under applicable law and has applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under "Issue Related Information" on page 143 of this Draft Letter of Offer.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Securities in Part A of the CAF.

#### **Renunciation under the ASBA Process**

Renouncees are not eligible to participate in the Issue through the ASBA Process.

#### **Application on Plain Paper**

An Existing Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. The Equity Shareholder shall submit the plain paper application to the SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

The envelop should be superscribed 'HPC Biosciences Limited – Rights Issue - R' in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of 'HPC Biosciences Limited – Rights Issue - NR' in case on non-resident shareholder applying on a repatriable basis and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company / Depositories, must reach the Designated Branch of the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of the Issuer, being HPC Biosciences Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number / DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount to be blocked at the rate of Rs. [...] per Rights Equity Share;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Applicant and for each Applicant in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- Signature of the Rights Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company or the Depositories.
- Authorizing such SCSB to block an amount equivalent to the amount payable on the application in such bank account maintained with the same SCSB;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investor, details of NRE/FCNR/NRO account such as the account number, name address and branch of the SCSB with which the account is maintained
- A representation that the Equity Shareholder is not a "U.S. Person" (as defined in Regulation S under the Securities Act); and
- Additionally, Non Resident applicants shall include the representation in writing that:

"I/We understand that the Rights Entitlement have not been, and will not be, registered under the United States Securities Act of 1933, as amended, ("**US Securities Act**"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof or to, or for the account or benefit of, "**U.S. Persons**" (as defined in Regulation S under the US Securities Act), except in a transaction exempt from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Equity Shares referred to in this application are being offered in India but not in the United States of America. None of our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States and to whom an offer, if made, would result in requiring registration of this application with the United States Securities and Exchange Commission.

I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.”

#### **Option to receive Equity Shares in Dematerialized Form**

**EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN ONLY BE ALLOTTED IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE BEING HELD ON THE RECORD DATE.**

#### **General instructions for Equity Shareholders applying under the ASBA Process**

- Please read the instructions printed on the respective CAF carefully.
- Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer/Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.
- The CAF / plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/ collecting branch (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue. **The onus of due completion and submission of such ASBA applications shall solely be that of the applicant.**
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, all applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. **CAFs/ / plain paper applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no allotment and credit of Rights Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.**
- All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment or payment by cheque / demand draft / pay order is not acceptable. In case payment is affected in contravention of this, the Application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company or the Depositories.
- In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company or the Depositories. Further, in case of joint Applicants who are Renouncees, the number of Applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant’s name and all communication will be addressed to the first applicant.

- All communication in connection with Application for the Equity Shares, including any change in address of the Existing Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.
- Only the person or persons to whom the Equity Shares have been offered and not renounce (s) shall be eligible to participate under the ASBA Process.
- Only person outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.
- Only the Existing Equity Shareholders holding shares in demat form, and who comply with all the parameters for being an ASBA Investor, are eligible to participate through ASBA process.
- Existing Equity Shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.
- Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, QIB Applicants, Non-Institutional Investors (including all companies and bodies corporate) and other Applicants whose application amount exceeds Rs. 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIB Applicants and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed Rs. 2,00,000.
- Notwithstanding anything contained hereinabove, all Renouncees shall apply in the Issue through the non-ASBA process only.

**Do's:**

- Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.
- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated.
- Ensure that the CAFs are submitted with the Designated Branch of the SCSBs whose details of bank account have been provided in the CAF.
- Ensure that you have mentioned the correct bank account number in the CAF.
- Ensure that there are sufficient funds (equal to {number of Equity Shares applied for} X {Issue Price}) available in the ASBA Account mentioned in the CAF before submitting the CAF.
- Ensure that you have authorised the SCSB for blocking the Application Money for the Equity Shares applied for, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.

- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the IT Act.
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- Ensure that the Demographic Details are updated, true and correct, in all respects.
- Ensure that the account holder in whose bank account the funds are to be blocked has signed authorizing such funds to be blocked.

**Don'ts:**

- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- Do not pay the Application Money for the Equity Shares applied for in cash, by money order or by postal order.
- Do not send physical CAFs to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Bank; instead submit the same to a Designated Branch of the SCSB only.
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- Do not instruct your respective banks to release the funds blocked under the ASBA Process.
- Do not apply if the ASBA account has been used for five applicants.

**Grounds for Technical Rejection under the ASBA Process**

Applications under the ASBA process are liable to be rejected on the following grounds:

- Application on split form.
- Application for Allotment of Rights Entitlements or additional shares in physical form.
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Sending CAF to the Company / the Lead Manager / the Registrar to the Issue / Bankers to the Issue (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB.
- Renouncee applying under the ASBA Process.
- The application form does not bear the stamp of the SCSBs.

- Insufficient funds are available with the SCSB for blocking the Application Money for the Equity Shares applied for.
- Funds in the ASBA Account having been frozen pursuant to regulatory orders.
- Account holder not signing the CAF or declaration mentioned therein.
- Submitting the GIR number instead of the PAN.
- Submission of more than five CAFs per ASBA Account.
- Applications by investors who are not eligible ASBA Investors made through the ASBA process.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- CAFs which have evidence of being executed in/dispatched from restricted jurisdiction.
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, including by minors other than minors who have a valid beneficiary account, as per demographic details provided by Depositories.

#### **Depository account and bank details for ASBA Investors**

**IT IS MANDATORY FOR ALL THE ASBA INVESTOR TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL ASBA INVESTORS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. THE ASBA INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.**

The ASBA Investors should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, ASBA Investors should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants. By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the ASBA Investor as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF and not the bank account linked to the DP ID. ASBA Investors may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of bank account.

Note that any such delay shall be at the sole risk of the ASBA Investor and none of the Company, the SCSBs or the Lead Manager shall be liable to compensate the ASBA Investor for any losses caused to such Equity Shareholder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

## PROCEDURE FOR APPLICATION BY NON ASBA PROCESS

The CAF consists of four parts:

Part A: Form for accepting the Rights Equity Shares offered and for applying for additional Equity Shares;

Part B: Form for renunciation;

Part C: Form for application by Renouncees; and

Part D: Form for request for Split Application Forms.

The summary of options available to the Existing Equity Shareholder who applies through the Non-ASBA process is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the CAF:

Option Available	Action Required
Accept whole or part of your Rights Entitlement without renouncing the balance	Fill in and sign Part A of the CAF (All joint holders must sign)
Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to acceptance of Right Entitlement and Block IV relating to additional Equity Shares (all joint holders must sign)
Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one).	Fill in and sign Part B (all joint holders must sign) indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (All joint Renouncees must sign).
Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s).  OR  Renounce your Rights Entitlement to all the Rights Equity Shares offered to you to more than one Renouncee.	Fill in and sign Part D ( <i>all joint holders must sign</i> ) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Application Forms. Splitting will be permitted only once.  <b>On receipt of the Split Application Form take action as indicated below.</b>  For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A.  For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Rights Equity



	Shares renounced and hand it over to the Renouncee. Each of the Renouncees should fill in and sign Part C for the Equity Shares accepted by them.
Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Existing Equity Shareholders to whom the Draft Letter of Offer has been addressed. If used, this will render the application invalid.
- A request for split forms should be made for a minimum of One Rights Equity Shares or, in multiples thereof and one split form for the balance Rights Equity Shares, if any.
- A request by the Investor for the split Application form should reach our Company on or before [.]
- Only the Existing Equity Shareholders to whom the Draft Letter of Offer has been addressed shall be entitled to renounce and to apply for split application forms. Forms once split cannot be split further.
- Split form(s) will be sent to the Investor(s) by post at the Applicants' risk.

### **Acceptance of the Issue**

You may accept the Offer to participate and apply for the Rights Equity Shares offered, either in full or in part, by filling Part A of the CAFs and submit the same along with the application money payable to the collection Branches of the Bankers to the Issue as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard. Investors at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn at par on a local bank at New Delhi / demand draft payable at New Delhi to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected.

### **Additional Equity Shares**

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation, if necessary, with the Designated Stock Exchange and in the manner prescribed in the section titled "Issue Related Information" on page 143 of this Draft Letter of Offer. If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Rights Equity Shares by indicating the details of additional Equity Shares applied for in the place provided for additional Equity Shares in Part C of the CAF.

Applications for additional Equity Shares by Non-Resident Existing Equity Shareholders will be subject to the permission of the RBI /FIPB.

Where the number of additional Rights Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

### **Renunciation**

This Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not allot and/or register Rights Equity Shares in favour of the following Renouncees:

- More than 3 persons including joint holders;
- Partnership firms or their nominees, (partners of the partnership firm are eligible for allotment of Rights Equity Shares if they have applied for the same in their individual capacity as partners of such firm);
- Minors other than who have a valid beneficiary account, as per demographic details provided by Depositories;
- Hindu Undivided Families (HUFs) (karta of a HUF are eligible for allotment of Rights Equity Shares if they have applied for the same on behalf of or for the benefit of the HUF); or
- Any trusts or societies (unless registered under the Societies Registration Act, 1860 or the Indian Trusts Act, 1882 or any other law applicable to trusts and societies and subject further to the trusts or society being authorised under its constitution or bye-laws to hold equity shares of a company, as the case may be);
- Any person or entity in the United States or to, or for the account or benefit of, a “U.S. Person” (as defined in Regulation S); or
- Any person situated or subject to jurisdiction where the offering in terms of the Letter of Offer could be illegal or requires compliance with securities laws.

Any renunciation from Resident Indian Shareholder(s) to Non-resident Indian(s) or from Non-resident Indian Shareholder(s) to Resident Indian(s) or from Non-resident Indian shareholder(s) to other Non-resident Indian(s) is subject to the Renouncer(s) / Renouncee(s) obtaining the necessary approvals including the permission of the RBI under the FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003. Accordingly, the Existing Equity Shareholders of the Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Bankers to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be conclusive evidence for our Company of the Renouncees applying for Rights Equity Shares in ‘Part C’ of the CAF to receive allotment of such Rights Equity Shares. The Renouncees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. ‘Part A’ of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Rights Equity Shares in favour of any other person.

### **Procedure for Renunciation**

#### **To renounce the entire Rights Entitlement in favour of one Renouncee**

If you wish to renounce the Rights Entitlement indicated in Part ‘A’ of the CAF, in whole, please complete Part ‘B’ of the CAF. In case of joint holding, all joint holders must sign Part ‘B’ of the CAF. The person in whose favour renunciation has been made should complete and sign Part ‘C’ of the CAF. In case of joint renouncees, all joint renouncees must sign part ‘C’ of the CAF.

**To renounce in part/or renounce the whole to more than one person(s)**

If you wish to accept either the Rights Entitlement in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into the requisite number of forms.

Please indicate your requirement of Split Application Forms in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split forms i.e. [.]. On receipt of the required number of Split Application Forms from the Registrar to the Issue, the procedure as mentioned in the paragraph above shall have to be followed.

In case the signature of the Existing Equity Shareholder(s), who has renounced the Rights Equity Shares, does not agree with the specimen registered with our Company, the application is liable to be rejected.

**Renouncee(s)**

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

Further, Existing Equity Shareholders renouncing their Rights Entitlement in whole or in part will not be eligible to participate through the ASBA Process.

**Change and/or introduction of additional holders**

If you wish to apply for Rights Equity Shares jointly with any other person(s), not more than three, who is / are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed. However, this right of renunciation is subject to the express condition that our Board of Directors shall be entitled in its absolute discretion to reject the request for allotment from the Renouncee(s) without assigning any reason thereof. All such applications will be treated as applications from Renouncees and shall have to be made through the non-ASBA process only to be considered valid for allotment. Please also see chapter titled "*Terms of the Issue*" on page 143 of this Draft Letter of Offer.

**Offer to Non Resident Existing Equity Shareholders / Applicants**

Applications received from NRIs and non-residents for Allotment of Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 2000 (FEMA) in the matter of receipt and refund of application moneys, Allotment of Equity Shares, issue of letter of allotment / share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in terms of FEMA and regulation 6 of notification No. FEMA 20/2000-RB dated May 3, 2000. However, the general permission referred to in the sentence immediately above is subject to the restrictions described below under "No Offer in the United States". The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment of Equity Shares, payment of dividend etc. to the non-resident Shareholders. The equity shares purchased on a rights basis by non-residents shall be subject to the same conditions including restrictions in regard to the reparability as are applicable to the original equity shares against which equity shares are issued on a right basis.

The Letter of Offer and the CAF shall only be dispatched to Non-resident Existing Equity Shareholders with registered address in India.

### **No Offer in the United States**

The offer of Equity Shares pursuant to the Issue have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or any U.S. state securities laws and will not be offered, sold, resold or otherwise transferred within the United States or to, or for the account or benefit of, “U.S. Persons” (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred in Letter of Offer are being offered in India but not in the United States of America. The Issue to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States of America, or the territories or possessions thereof, or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, the Draft Letter of Offer should not be forwarded to or transmitted in or into the United States of America at any time except in a transaction exempt from the registration requirements of the Securities Act. Neither the Company nor any person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company or any person acting on behalf of the Company has reason to believe is, a resident of the United States of America and to whom an offer, if made, would result in requiring registration of the Letter of Offer with the United States Securities and Exchange Commission. The Company is informed that there is no objection to a United States shareholder selling its rights in India. Rights will not be transferred or sold to any U.S. Person (as defined in Regulation S under the Securities Act).

### **Availability of Duplicate CAF**

In case the original CAF is not received, or is misplaced by an applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number / DP and Client ID number and his / her full name and address to the Registrar to the Issue. Please note that the request for a duplicate CAF should reach the Registrar to the Issue at least 7 (seven) days prior to the Issue Closing Date. Please note that those who are making the Application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received / found subsequently. If the applicant violates any of these requirements, he / she shall face the risk of rejection of both the Applications. Neither the Registrar to the Issue nor the Lead Manager or our company, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

### **Application on Plain Paper**

An Existing Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with cheque / demand draft (after deducting banking and postal charges) payable at New Delhi which should be drawn in favor of ‘HPC Biosciences Limited – Rights Issue - R’ in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of ‘HPC Biosciences Limited – Rights Issue - NR’ in case on non-resident shareholder applying on a repatriable basis and send the same by registered post directly to the Registrar to the Issue so as to reach the Registrar to the Issue on or before the Issue closing Date.

The envelop should be superscribed ‘HPC Biosciences Limited – Rights Issue - R’ in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of ‘HPC Biosciences Limited – Rights Issue - NR’ in case on non-resident shareholder applying on a repatriable basis and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company / Depositories, must reach the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of the Issuer, being HPC Biosciences Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number / DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of Rs. [.] per Rights Equity Share;
- Particulars of demand draft/cheque/pay order;
- In case of Equity Shares allotted in physical form, Saving / current account number and name and address of the bank where the Existing Equity Shareholders will be depositing the refund order. In case of Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories.
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Applicant and for each Applicant in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- Signature of the Rights Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company or the Depositories;
- In case of Non Resident Shareholders, NRE/ FCNR/ NRO A/c No. Name and Address of the Bank and Branch;
- If payment is made by a draft purchased from NRE/FCNR/NRO account, as the case may be, an account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRE/FCNR/NRO account.
- A representation that the Equity Shareholder is not a “U.S. Person” (as defined in Regulation S under the Securities Act); and
- Additionally, Non Resident applicants shall include the representation in writing that:

“I/We understand that the Rights Entitlement have not been, and will not be, registered under the United States Securities Act of 1933, as amended, (“**US Securities Act**”), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof or to, or for the account or benefit of, “**U.S. Persons**” (as defined in Regulation S under the US Securities Act), except in a transaction exempt from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Equity Shares referred to in this application are being offered in India but not in the United States of America. None of our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States and to whom an offer, if made, would result in requiring registration of this application with the United States Securities and Exchange Commission.

I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.”

Please note that those who are making an application otherwise than on an original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates any of these requirements, he / she shall face the risk of rejection of both the applications and the application money received shall be refunded. However, our Company and/or any Director of our Company will, notwithstanding anything to the contrary contained herein, not be liable to pay any interest whatsoever on the Application Money so refunded.

The Existing Equity Shareholders are requested to strictly adhere to these instructions. Failure to do so could result in the application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to such Existing Equity Shareholders.

### **Last Date of Application**

The last date for submission of the duly filled in CAF is [●]. The Issue will be kept open for [●] days and our Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

If the CAF, or the plain paper together with the amount payable is not received by the Bankers to the Issue / Registrar to the Issue, as the case on or before the closure of banking hours on the aforesaid last date or such date as may be extended by our Board / committee of Directors, the offer contained in this Draft Letter of Offer shall be deemed to have been declined and our Board or any committee of our Board shall be at liberty to dispose off the Rights Equity Shares hereby offered, as provided in the paragraph titled “Basis of Allotment” on page 172 of this Draft Letter of Offer.

### **Payment options for Non-ASBA Applicants**

#### **Mode of payment for Applicants who are Resident Equity Shareholders**

- (i) Applicants who are applying through CAF and residing at places where the bank collection centres have been opened for collecting applications, are requested to submit their applications at the corresponding collection centre together with cheque/bank demand draft drawn on any bank (including a co-operative bank), for the full application amount favouring **“HPC Biosciences Limited – Rights Issue – R”** and marked ‘A/c Payee only’.
- (ii) Applicants who are applying through CAF and residing at places other than places where the bank collection centers have been opened for collecting applications, are requested to send their applications together with a demand draft of full amount favouring **“HPC Biosciences Limited – Rights Issue – R”** and marked ‘A/c Payee only’ payable at Delhi directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue or the Lead Manager will not be responsible for postal delays or loss of applications in transit, if any.
- (iii) Applicants who are applying on plain paper, are requested to send their applications on plain paper together with a demand draft of full amount for the Rights Equity Shares favouring **“HPC Biosciences Limited - Rights Issue - R”** and marked ‘A/c Payee only’ payable at Delhi directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue or the Lead Manager will not be responsible for postal delays or loss of applications in transit, if any.

## Mode of payment for Applicants who are Non-Resident Equity Shareholders

### Application with repatriation benefits

Applicants, who are Non-Resident Equity Shareholders and are applying on a repatriation basis, are required to submit the completed CAF or application on plain paper, as the case may be, along with the payment made through any of the following ways:

- (i) By Indian Rupee drafts purchased from abroad and payable at Delhi or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate).
- (ii) By Local cheque / bank drafts remitted through normal banking channels or out of funds held in Non-Resident External Account (NRE) or FCNR Account maintained with banks authorized to deal in foreign currency in India, along with documentary evidence in support of remittance.
- (iii) FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- (iv) For Existing Equity Shareholders / Applicants, applying through CAF, the CAF is to be sent at the bank collection centre specified in the CAF along with cheques/drafts in favour of **“HPC Biosciences Limited - Rights Issue - NR”** and crossed ‘A/c Payee only’ for the amount payable.
- (v) For Existing Equity Shareholders / Applicants, applying on a plain paper, the applications are to be directly sent to the Registrar to the Issue by registered post along with drafts in favour of **“HPC Biosciences Limited - Rights Issue - NR”** payable at New Delhi and crossed ‘A/c Payee only’ for the amount payable so as to reach them on or before the Issue Closing Date.
- (vi) For Existing Equity Shareholders/ Applicants applying through CAF but not residing at places where the collection centre is located, shall send the CAF to the Registrar to the Issue by registered post along with drafts of the full amount in favour of **“HPC Biosciences Limited - Rights Issue - NR”** payable at New Delhi and crossed ‘A/c Payee only’ for the amount payable so as to reach them on or before the Issue Closing Date.

A separate cheque or bank draft must accompany each application form. All payments should be made by cheque/bank demand draft/pay order drawn on any bank, (including a co-operative bank), which is situated at and is a member or a sub-member of the bankers clearing house located at the center where the CAF is accepted. Outstation cheques /money orders/postal orders will not be accepted and CAFs accompanied by such cheque/money orders/postal orders are liable to be rejected. The Registrar to the Issue will not accept any payments against applications, if such payments are made in cash. Applicants may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

Pursuant to the RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stock invest scheme has been withdrawn and accordingly, payment through Stock invest will not be accepted in the Issue.

In the case of NRIs who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any

loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the applicant's Bankers.

Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of application in transit, if any.

*Payments through Non Resident Ordinary Account (NRO account) will not be permitted.*

#### **Application without repatriation benefits**

For non-residents Existing Equity Shareholders/Applicants applying on a non-repatriation basis, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained and can be deposited at the designated collection centers opened by our Company or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at New Delhi. In such cases, the allotment of Rights Equity Shares will be on non-repatriation basis.

For Non-Resident Equity Shareholders/Applicants, applying through CAF, the CAF is to be sent at the bank collection centre specified in the CAF along with cheques/demand drafts drawn for the full amount after deducting bank and postal charges in favor of **“HPC Biosciences Limited - Rights Issue - R”** and crossed ‘A/c Payee only’ for the amount payable.

For Non-Resident Existing Equity Shareholders/Applicants, applying on a plain paper, the applications are to be directly sent to the Registrar to the Issue by registered post along with demand drafts drawn in favour of **“HPC Biosciences Limited - Rights Issue - R”** payable at New Delhi to be confirmed for so as to reach them on or before the Issue Closing Date.

For Non-Resident Existing Equity Shareholders/ Applicants applying through CAF but not residing at places where the collection centre is located, shall send the CAF to the Registrar to the Issue by registered post along with drafts of an amount in favour of **“HPC Biosciences Limited - Rights Issue - R”** payable at New Delhi for the amount payable so as to reach them on or before the Issue Closing Date.

If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

New dematerialised accounts must be opened for Existing Equity Shareholders who have had that change in status from resident Indian to NRI.

Our Company or the Lead Manager or the Registrar to the Issue will not be responsible for postal delays or loss of application in transit, if any, on this account and applications received through mail after closure of the Issue are liable to be rejected. Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager or the Registrar. Applicants are requested to strictly adhere to these instructions.

Renouncees who are NRIs/FIIs/Non-Resident should submit their respective applications either by hand delivery or by registered post / speed post with acknowledgement due to the Registrar to the Issue only along with the cheque/demand draft payable at New Delhi so that the same are received on or before the closure of the Issue.



## **General instructions for Non-ASBA Applicants**

- Please read the instructions printed on the CAF carefully.
- Applications should be made on the printed CAF, provided by our Company or on a plain paper Application and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer/ Abridged Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English.
- The CAF together with the cheque / demand draft should be sent to the Bankers to the Issue / Collecting Banks or to the Registrar to the Issue, as the case may be, and not to our Company or the Lead Manager to the Issue. Resident Application residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting Applications, will have to make payment by Demand Draft payable at New Delhi and send their CAFs to the Registrar to the Issue by Registered Post. If any portion of the CAF is / are detached or separated, such application is liable to be rejected. All CAFs along with the Demand Drafts will need to reach the Registrar on or before the Issue Closing Date to be considered valid for allotment.
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, all applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. CAFs/ / plain paper applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no allotment and credit of Rights Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.
- Investors holding Equity Shares in physical form, are advised to provide information as to their savings/current account number, the nine digit MICR number and the name of the Company, branch with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the name of the payees. Applications not containing such details are liable to be rejected. For Existing Equity Shareholders holding Equity Shares in dematerialized form, such bank details will be drawn from the demographic details of the Existing Equity Shareholder in the records of the Depository.
- All payments should be made by cheque / Demand Drafts only. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Existing Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company or the Depositories.
- In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a certified true copy of the memorandum and articles of association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference to the serial number of the CAF. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing

Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

- In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company or the Depositories. Further, in case of joint Applicants who are Renouncees, the number of Applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first applicant.
- Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by then RBI under FEMA in the matter of refund of Application Money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, dispatch of share certificates, etc. In case a Non-Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, Applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws. **The Abridged Letter of Offer and CAF shall be dispatched to non-resident Existing Equity Shareholders at their Indian address only.**
- All communications in connection with Application for the Rights Equity Shares, including any change in addresses of the Existing Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole Existing Equity Shareholder, folio numbers and CAF number.
- Split forms cannot be re-split and Only the person or persons to whom the Rights Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain split forms.
- Only person outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.
- Applicants must write their CAF number at the back of the cheque / demand draft.
- Only one mode of payment per application should be used. The payment must be by cheque /demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- A separate cheque / demand draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal/money orders will not be accepted and Application accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against Application if made in cash.
- No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank / Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- The distribution of this Draft Letter of Offer and issue of Rights Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard this Draft Letter of Offer and not to attempt to subscribe for Rights Equity Shares.

**Do's:**

- Check if you are eligible to apply i.e. you are an Existing Equity Shareholder on the Record Date.
- Read all the instructions carefully and ensure that the cheque / draft option is selected in part A of the CAF and necessary details are filled in.
- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated.
- Ensure that your Indian address is available to our Company and Registrar and Share Transfer Agent, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialize form.
- Ensure that the value of the Cheque/draft submitted by you is equal to {number of Equity Shares applied for} X {Issue Price of Equity Shares, as the case may be}) before submitting the CAF.
- Ensure that you receive an acknowledgement from the collection centers of the collecting bank for your submission of the CAF in physical form.
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the IT Act. Please ensure that the PAN for all joint holders have been mentioned on the CAF, in the absence of which the application is liable to be rejected.
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- Ensure that the Demographic Details are updated, true and correct, in all respects.

**Don'ts for Non-ASBA Investors:**

- Do not apply if you are in the United States of America or are not eligible to participate in the Issue in accordance with the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a collecting center of the Bankers to the Issue.
- Do not pay the Application Money for the Equity Shares applied for in cash, by money order or by postal order.
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- Do not submit an Application accompanies with stock invest.

### **Grounds for Technical Rejection under the Non ASBA Process**

Investors are advised to note that Applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the Application Money payable.
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar to the Issue (in the case of physical holdings).
- Age of first applicant not given (in case of Renouncees).
- PAN not mentioned for application of any value.
- In case of application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted.
- If the signature of the existing shareholder on the CAF does not match with the records available with our Company or the Depositories and in case of application by Renouncees, if the signature of the Renouncers do not match with the records available with their Depositories.
- If the applicant desires to have Rights Equity Shares in electronic form, but the CAF does not have the Investor's depository account details.
- CAF is not submitted by the Investors within the time prescribed as per the application form and the Letter of Offer.
- Applications not duly signed by the sole / joint Investors.
- Applications by OCBs unless accompanied by specific approval from RBI permitting the OCBs to participate in the Issue.
- Applications accompanied by stockinvest.
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity.
- CAFs that do not include the certification set out in the CAFs to the effect that the subscriber is not a US person, and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Securities in compliance with all applicable laws and regulations.
- CAFs which have evidence of being dispatched from the restricted jurisdiction.
- CAFs by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided.
- Multiple applications, including where an applicant submits a CAF and a plain paper Application.
- Applications by renouncees who are persons not competent to contract under the Indian Contract Act, 1872, including minors.

- Duplicate Applications, including cases where an Investor submits CAFs along with a plain paper application.

Please read the Draft Letter of Offer and the instruction contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Draft Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Draft Letter of Offer or the CAF.

#### **Option to receive Equity Shares in Dematerialize Form**

Except for ASBA Applicants, Investors shall be allotted the Rights Equity Shares in the dematerialized form at the option of the Investor. Our Company has signed a Tripartite Agreement dated April 01, 2014 between CDSL, our Company and the Registrar to the Issue and Tripartite Agreement dated March 28, 2014 between NSDL, our Company and the Registrar to the Issue, which enables our Equity Shareholders to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for the Rights Equity Shares in dematerialized form will receive the Rights Equity Shares in the form of an electronic credit to their beneficiary account with a Depository Participant. Investors will have to give the relevant particulars for this purpose appropriately in the CAF or the Plain Paper Application, as the case may be. Applications, which do not accurately contain this information, will receive the Rights Equity Shares in physical form. No separate applications for Rights Equity Shares in physical and / or dematerialized form should be made. If such applications are made, the application for physical Rights Equity Shares will be liable to be rejected. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and balance, if any, may be allotted in physical shares.

#### **INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.**

The procedure for availing the facility for Allotment of the Rights Equity Shares in the Issue in the electronic form is as under:

- Open a beneficiary account with any Depository Participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with our Company). In case of Investors having various folios with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account (s) need not adhere to this step.
- For the Existing Equity Shareholders already holding Equity Shares in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Rights Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares of our Company are not dematerialized. Nonetheless, it should be ensured that the Depository Account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of our Company.
- Responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor.

Investors should ensure that the names of the Investors and the order in which they appear in the CAF should be the same as registered with the Investor's Depository Participant.

- For applicants holding Equity Shares in physical form as on the Record Date and who have opted to receive Rights Equity Shares in dematerialized form, if incomplete / incorrect beneficiary account details are given in the CAF the Investor will get the Rights Equity Shares in physical form.
- Renouncees will also have to provide the necessary details about their beneficiary account for allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- Applicants should ensure that the names of the Applicants and the order in which they appear in the CAF should be the same as registered with the Applicant's depository participant.
- Non-transferable allotment advice/refund orders will be directly sent to the Applicant by the Registrar to this Issue.
- Rights Equity Shares pursuant to this Issue allotted to Investors opting for dematerialized form would be directly credited to the beneficiary account as given in the CAF after verification.
- Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Securities to the Investor's depository account.
- It may be noted that Rights Equity Shares in electronic form can be traded only on the Stock Exchange(s) having electronic connectivity with NSDL or CDSL.
- Dividend or other benefits with respect to the Rights Equity Shares held in dematerialized form would be paid to those Existing Equity Shareholders whose names appear in the list of beneficial owners to be given by the Depository Participant to our Company as on the date of book closure / Record Date.

#### **Procedure of refunds to Non-ASBA Applicants**

Our Company will issue and dispatch refund orders within a period of 15 days from the Issue closing Date. If such money is not repaid within the stipulated time period, our Company shall pay that money with interest at the rate of 15% per annum for the delayed period.

The payment of refund to Non-ASBA Applicants, if any, would be done through any of the following modes:

1. **NECS (National Electronic Clearing Service)** – Payment of refund would be done through NECS for Investors having an account at any centers where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for Investors having a bank account at the centers where NECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through ECS), except where the Investor, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. **NEFT (National Electronic Fund Transfer)** – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of

payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

3. **Direct Credit** – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by the Company.
4. **RTGS (Real Time Gross Settlement)** – Investors having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds Rs. 2 lakh, have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investors' bank receiving the credit would be borne by the Investor.
5. For all other Investors, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through Speed Post / Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole / first Investor and payable at par.
6. In case of any category of Investors specified by SEBI, crediting of refunds to the investors in any other electronic manner permissible under the banking laws of India for the time being in force which is permitted by SEBI from time to time.

**For shareholders opting for allotment in physical mode, bank account details as mentioned in the CAF shall be considered for electronic credit or printing of refund orders, as the case may be. Refund orders will be made by cheques, pay orders or demand drafts drawn on the Refund Bank(s) and payable at par at places where the applications were received and will be marked account payee and will be drawn in the name of Sole/First Applicant. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.**

#### **Printing of Bank Particulars on Refund Orders**

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

#### **Refund payment to Non-Resident**

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at New Delhi, refunds will be made in the Indian rupees based on the U.S. dollars equivalent which ought to be refunded.

Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were

provided in the CAF. Export of letters of allotment (if any)/ share certificates/ demat credit to non-resident Allottees will be subject to RBI approval.

### **Basis of Allotment**

Subject to the provisions contained in this Draft Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

- a) Full allotment to those Rights Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has / have applied for Rights Equity Shares renounced in their favour, in full or in part.
- b) Investors whose fractional entitlements are being ignored would be given preference in allotment of one additional Equity Share. The allotment of such Equity Shares will be at the sole discretion of our Board of Directors in consultation with the Designated Stock Exchange, as a part of the issue and will not be a preferential allotment.
- c) Allotment to the Existing Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue and have also applied for additional Rights Equity Shares. The allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such additional Rights Equity Shares will be at the sole discretion of our Board of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.
- d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full allotment under (a), (b) and (c) above. The allotment of such Rights Equity Shares will be at the sole discretion of the Board of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.

After considering the above Allotment, any additional Rights Equity Shares shall be disposed off by the Board, in such manner as they think most beneficial to our Company and the decision of the Board in this regard shall be final and binding.

### **Additional Subscription by the Promoter**

The Promoter and Promoter Group have provided an undertaking dated May 07, 2014 to our Company to apply for additional Rights Issue Equity Shares, to the extent of the unsubscribed portion of the Issue. As a result of this subscription and consequent Allotment, the Promoter and Promoter Group may acquire Rights Issue Equity Shares beyond their Rights Entitlement, which may result in an increase of their shareholding being above their current shareholding with the Rights Entitlement. Such subscription and acquisition of Equity Shares beyond Rights Entitlement by the Promoter and the Promoter Group through this Issue, if any, will not result in change of control of our management.

Under the provisions of regulation 3 read with regulation 10 of the Takeover Regulations a shareholder is exempt from the obligation of making an open offer for acquiring Rights Issue Equity Shares (including Rights Issue Equity Shares acquired beyond Rights Entitlement), upon fulfilment of conditions stated therein. Subject to compliance with the Takeover Regulations, the Promoter and Promoter Group reserve their right to subscribe for Rights Issue Equity Shares by subscribing to Rights Issue Equity Shares beyond Rights Entitlement.



We hereby certify that such subscription to any unsubscribed portion of the Issue by the Promoter and the Promoter Group, in the manner contemplated above, shall be subject to compliance with the provisions of Rule 19A (1) of the SCRR and clause 42 of the SME Listing Agreement with respect to the requirement of minimum public shareholding of 25% of the post-Issue paid-up capital of our Company.

#### **Letter of Allotment / Allotment Advice / Share Certificate / Demat Credit / Refund Order**

Our Company will issue and dispatch letters of allotment/ share certificates/ demat credit and/or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the date of closure of the Issue. If the subscription money is not refunded within 15 days from the Issue Closing Date or the date of refusal by the Stock Exchange(s), our Company becomes liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act 2013 and SEBI ICDR Regulations.

Applicants residing at centers where clearing houses are managed by the Reserve Bank of India (RBI), will get refunds through NECS only (National Electronic Clearing Service) except where Applicants are otherwise disclosed as applicable/eligible to get refunds through direct credit and RTGS.

In case of those Applicants who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of closure of Issue.

In case of those Applicants who have opted to receive their Rights Entitlement in physical form and our Company issue Letter of Allotment, the corresponding share certificates will be kept ready within two months from the date of allotment thereof or such extended time as may be approved under Section 56 of the Companies Act, 2013 or other applicable provisions, if any. Allottees are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment / refund order would be sent by registered post/speed post to the sole/first Applicant's registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Applicant. Adequate funds would be made available to the Registrar to the Issue for this purpose.

#### **Disposal of Application and Application Money**

The Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. Please note that no such acknowledgement will be issued by our Company.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. If the subscription money is not refunded within 15 days from the Issue Closing Date, our Company becomes liable to pay interest for the period of delay, after such aforesaid 15 days, in accordance with the provisions of the Companies Act 2013 and SEBI ICDR Regulations.

For further instructions, please read the CAF carefully.

#### **Underwriting**

In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this Issue has been hundred percent underwritten and that the Lead Manager to the Issue has underwritten more than 15% of the Total Issue Size.

For further details pertaining to said underwriting please refer to “General Information – Underwriting” on page 32 of this Draft Letter of Offer.

### **Impersonation**

Attention of the Applicants is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

Section 38 (1) Any person who-

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
  - (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
  - (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447 of the Companies Act, 2013.
- (2) The provisions of sub-section (1) shall be prominently reproduced in every Offer document issued by a company and in every form of application for securities.
- (3) Where a person has been convicted under this section, the Court may also order disgorgement of gain, if any, made by, and seizure and disposal of the securities in possession of, such person.
- (4) The amount received through disgorgement or disposal of securities under sub-section (3) shall be credited to the Investor Education and Protection Fund.

### **Payment by Stockinvest**

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

### **Investment by FIIs**

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

The issue of Rights Equity Shares under this Issue to a single FII should not exceed 10% of the post-issue paid up capital of our Company. In respect of an FII investing in the Rights Equity Shares on behalf of its sub-accounts the investment on behalf of such FII (including each sub-account) shall not exceed 10% of the total paid up capital of our Company or 5% of the total paid-up Equity Share capital of our Company in case such sub-account is a foreign corporate or a foreign individual. Applications will not be accepted from FIIs in restricted jurisdiction.

### **Investment by NRIs**

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a person Resident Outside India) Regulations, 2000. NRI Applicants should note that applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided, are liable to be rejected. Applications will not be accepted from NRIs in restricted jurisdiction.

### **Investment by QFIs**

In terms of circulars dated January 13, 2012, SEBI has permitted investment by QFIs in Indian equity issues, including in rights issues. A QFI can invest in the Issue through its DP with whom it has opened a demat account. No single QFI can hold more than 5% of paid up equity capital of our Company at any point of time. Further, aggregate shareholding of all QFIs shall not exceed 10% of the paid up equity capital of our Company at any point of time. Applications will not be accepted from QFIs in restricted jurisdictions.

### **Procedure for Applications by Mutual Funds**

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made.

Applications made by asset management companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

As per the current norms prescribed by SEBI, the following restrictions are applicable for investments by mutual funds.

No mutual fund scheme shall invest more than 10% of its net asset value in the Rights Equity Shares of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

### **Utilisation of Issue Proceeds**

Our Board confirms that:

- i) All monies received out of the Issue shall be transferred to a separate bank account;
- ii) Details of all monies utilized out of the Issue shall be disclosed and continue to be disclosed till any part of the issue proceeds remains unutilized under an appropriate separate head in the Company's balance sheet indicating the purpose for which such monies have been utilized;
- iii) Details of all unutilized monies out of the Issue, if any shall be disclosed under an appropriate head in the Company's balance sheet indicating the form in which such unutilized monies have been invested;
- iv) Our Company may utilize the funds collected in the Issue only after finalization of the Basis of Allotment; and
- v) Our Company shall comply with the requirements of Clause 52 of the SME Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

### **Undertaking by our Company**

Our Company undertakes the following:

1. that the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;
2. that all steps will be taken for the completion of the necessary formalities for listing and commencement of

trading at the Stock Exchange where the Equity Shares are proposed to be listed shall be taken within 7 working days of the finalization of the basis of allotment;

3. that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue;
4. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. that the allotment of Equity Shares and dispatch of refund orders / share certificate and demat credit is completed within 15 days from the Issue Closing Date;
6. that the certificates of the securities / demat credit / refund orders to the non-resident Indian shall be dispatched within the specified time;
7. that the Company agrees to that it shall pay interest @15% p.a. if the allotment is not made and / or the refund orders are not dispatched to the investors within 15 days from the Issue Closing date for the period of delay beyond 15 days.
8. that no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Letter of Offer are listed or until the Application monies are refunded on account of non-listing, under subscription etc.
9. that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to Non ASBA Applications while finalizing the basis of allotment.
10. that at any given time, there shall be only one denomination of Equity Shares.
11. that we shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Our Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms to the best of our knowledge and belief, there are no other facts or the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that we have made all reasonable inquiries to ascertain such facts.

### **Important**

- Please read the Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of the Draft Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- It is to be specifically noted that the Issue of Equity Shares is subject to the risk factors mentioned in the section titled "Risk Factor" on page 10 of this Draft Letter of Offer.
- All enquiries in connection with the Draft Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/DP and Client ID number, the CAF number and the name of the first Existing Equity Shareholder as mentioned on the CAF and superscribed "***HPC Biosciences Limited – Rights Issue - R***" in case of resident shareholders/applicants or shareholders/applicants applying on non repatriable basis or "***HPC Biosciences Limited - Rights Issue -NR***" in case of non-resident shareholders/applicants applying on repatriable basis on the envelope and postmarked in India) to the Registrar to the Issue at the following address:.

**Mas Services Limited**

T-34, 2<sup>nd</sup> Floor,

Okhla Industrial Area,Phase-II,

New Delhi-110020

Tel No.: +91-11-26387281/82/83

Fax No.: +91-11-26387384

E-mail ID: info@masserv.com

Website: www.masserv.com

Contact Person: Mr. Sharwan Mangla

SEBI Registration No: INR000000049

**The Issue will be kept open for a period of 30 (thirty) days.**

## STOCK MARKET DATA OF OUR EQUITY SHARES

The Equity Shares of our Company are listed on SME platform of BSE since March 19, 2013 under Scrip code "535217".

1. The high, low and average market prices of the Equity Shares of our Company recorded on the BSE since listing and the number of equity shares traded on the days of the high and low prices were recorded are stated below

Calendar Year	High (Rs.)	Date of High	Volume on date of high (no. of Shares)	Low (Rs.)	Date of low	Volume on date of low (no. of Shares)	Weighted Average Price (Rs.)
From 01/01/2014 to 31/05/2014	652.00	25-04-2014	1,11,600	131.00	09-01-2014	3,600	537.64
2013	157.35	17-12-2013	12,000	37.25	19-03-2013	5,20,000	50.12

(Source: BSE)

2. Monthly high and low closing prices on the BSE for the six months preceding the date of filing of this Draft Letter of Offer is as stated below:

Period	High (Rs.)	Date of High	Volume on date of high (no. of Shares)	Low (Rs.)	Date of low	Volume on date of low (no. of Shares)	Weighted Average Price (Rs.)
May 2014	598.15	02-05-2014	2,700	492.80	21-05-2014	1,26,000	557.67
April 2014	652.00	25-04-2014	1,11,600	515.50	01-04-2014	46,800	598.35
March 2014	526.05	31-03-2014	67,200	410.00	03-03-2014	4,800	493.78
February 2014	409.70	28-02-2014	7,200	175.00	05-02-2014	2,400	269.35
January 2014	166.00	24-01-2014	2,400	131.00	09-01-2014	3,600	146.64
December 2013	157.35	17-12-2013	12,000	130.20	06-12-2013	1,200	147.21

3. The closing market price of the Equity Share of our Company on the first business day after the Board approved the Issue on April 29, 2014 was Rs. 610.35 per Equity Share on the BSE.
4. Latest stock market data for the preceding four weeks from the date of filing of Draft Letter of Offer is as stated below:

Week starting from	Week ending on	High (Rs.)	Date of High	Low (Rs.)	Date of low	Week's Closing Price (Rs.)	Total Traded Quantity during the period
02-06-2014	08-06-2014	628.20	06-06-2014	569.05	04-06-2014	600.05	3,51,600
26-05-2014	01-06-2014	597.00	30-05-2014	553.95	26-05-2014	595.80	4,47,600
19-05-2014	25-05-2014	551.00	23-05-2014	492.80	21-05-2014	549.75	4,34,100
12-05-2014	18-05-2014	574.00	14-05-2014	513.80	16-05-2014	538.85	4,05,600

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

Pursuant to Schedule II of the Companies Act and the SEBI (ICDR) Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or Debentures and / or on their consolidation /splitting are detailed below. Each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized / defined terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

<b>Title of Article</b>	<b>Article's Number and Contents</b>
<b>Capital and Increase and Reduction of Capital</b>	
<b>Capital</b>	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.
<b>Increase of Capital by the company and how carried into effect</b>	3. The Company in General Meeting may be 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.
<b>Shares at the disposal of the directors</b>	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.
<b>Power also to company in general meeting to issue shares</b>	<p>6.</p> <p>In addition to and without derogating from the powers for the purpose conferred on the Board under Article 5 &amp; 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.</p>
<b>Increase of capital</b>	<p>7.</p> <p>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 be 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.</p>
<b>Further issue of shares</b>	<p>8.</p> <p>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:</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ol> <p>PROVIDED THAT the Directors may decline, without assigning any</p>



	<p>reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.</p> <p><b>d.</b> 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.</p> <p>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.</p> <p><b>a.</b> If a special resolution to that effect is passed by the Company in General Meeting, or</p> <p><b>b.</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.</p> <p>3. Nothing in sub-clause © of (1) hereof shall be deemed:</p> <p><b>a.</b> To extend the time within which the Offer should be accepted; or</p> <p><b>b.</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.</p> <p>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:</p> <p>4. To convert such debentures or loans into shares in the Company; or</p> <p>5. To subscribe for shares in the Company whether such options is conferred in these Articles or otherwise.</p> <p>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;</p> <p><b>a.</b> 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</p>
--	---

	<p>this behalf;</p> <p><b>b.</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.</p>
<b>Power also to company in general meeting to issue shares</b>	<p>8A.</p> <p>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.</p>
<b>Power of general meeting to authorize board to offer shares/options to employees</b>	<p>8B.</p> <p>Without prejudice to the generality of the powers of the General Meeting under Article 8A or in any other Article of these Articles of Association, the General Meeting may, subject to the applicable provisions of the Act, rules notified there under and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further 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) be allotted / granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or 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. The General Meeting may also approve any Scheme/Plan/Other writing, as may be set out before it, for the aforesaid purpose.</p> <p>In addition to the powers contained in this Article, the General Meeting may authorize the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme / Plan / other writing approved under the aforesaid Article.</p>
<b>Application of premium received on shares</b>	<p>8C.</p> <p>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</p>

	<p>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.</p> <p>2. The security premium account may, notwithstanding anything in clause (I) thereof be applied by the Company.</p> <ul style="list-style-type: none"> <li><b>a.</b> In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus;</li> <li><b>b.</b> In writing off the preliminary expenses of the Company;</li> <li><b>c.</b> In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company; or</li> <li><b>d.</b> In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.</li> </ul>
<b>Power to offer shares/options to acquire shares</b>	<p>8D.</p> <p>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.</p> <p>ii. In addition to the powers of the Board under Article 8D(i), the Board may also allot the Shares referred to in Article 8D(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 8D(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.</p> <p>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 8D(i) and (ii) above.</p>
<b>Redeemable preference shares</b>	<p>9.</p> <p>Subject to the provisions of Section 80 of the Act, the Company shall</p>

	have the power to issue preference shares which are or at the option of the Company, are liable to be redeemed and the resolution authorizing such issues shall prescribe the manners, terms and conditions of redemption.
<b>Provisions applicable in case of redeemable shares</b>	<p>10.</p> <p>On the issue of redeemable preference shares under the provisions of Article 9 hereof, the following provisions shall take effect.</p> <ul style="list-style-type: none"> <li>a. No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption.</li> <li>b. No such shares shall be redeemed unless they are fully paid.</li> <li>c. The premium, if any, payable on redemption shall be provided for out of the profits of the Company or out of the Company's share Premium Account, before the shares are redeemed; and</li> <li>d. Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called Capital Redemption Reserve Account, a sum equal to the nominal amount of the shares to be redeemed and the provisions of the Act relating to the reduction of the share Capital of a Company shall, except as provided under Section of the Act, apply as if the Capital Redemption Reserve Account were paid-up share Capital of the Company.</li> </ul>
<b>New Capital same as original capital</b>	<p>11.</p> <p>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.</p>
<b>Restriction of purpose buy company of its own shares</b>	<p>12.</p> <p>1. The Company shall not have the power to buy its own shares, unless the consequent reduction of Capital is effected and sanction in accordance with Article 13 and in accordance with Sections 100 to 104 or Section 402 or other applicable provisions (if any) of the Act.</p> <p>This Article is not to delegate any power which the Company would have if it were omitted.</p> <p>2. Except to the context permitted by Section 77 or other applicable provisions (if any) of the Act, the Company shall not give whether directly or indirectly and whether by means of a loan, guarantee, the provisions of security or otherwise any financial assistance for the purchase of or in connection with the purchase or subscription made or to be made by any person of or for any shares in the Company.</p> <p>3. Nothing in this Article shall affect the right of the Company to</p>

	redeem any redeemable preference shares issued under these Articles or under Section 80 or other relevant provisions (if any) of the Act.
	<p>12A.</p> <p>Notwithstanding anything contained in these Articles and in accordance with the provisions of the Sections 77A, 77AA and 77B of the Companies Act, 1956 the Company may, when and if thought fit by the Board of Directors, buy back, acquire or hold its own shares or other specified securities (as may be notified by the Central Government from time to time under section 77A of the Act) whether or not they are redeemable and on such terms and conditions and up to such limits as may be prescribed by law from time to time provided that nothing herein contained shall be deemed to affect the provisions of section 100 to 104 and 402 of the Act, in so far as and to the extent they are applicable.</p>
<b>Reduction of capital</b>	<p>13.</p> <p>The Company may, subject to the provisions of Section 78, 80 and 100 to 105 and other applicable provisions (if any) of the Act, from time to time by special resolution, reduce its Capital and any Capital redemption reserve account or any share premium account in any manner for the time being authorized by law and in particular, Capital may be paid off on the footing that it may be called up again or otherwise.</p>
<b>Consolidation and division of capital</b>	<p>14.</p> <p>The Company may in general meeting alter the conditions of its Memorandum of Association as follows:</p> <ol style="list-style-type: none"> <li>a. Consolidate and divide all or any of its share Capital into shares of large amount than its existing shares.</li> <li>b. Sub-divide its shares or any of them into shares of smaller amount so however that in the sub-division, the proportion between the amount paid and the amount, if any, unpaid on each reduced shares shall be the same as it was in the case of the share from which the reduced share is derived.</li> <li>c. Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share Capital by the amount of the shares so cancelled, a cancellation of shares in pursuance of this sub-clause, shall not be deemed to be reduction of share Capital within the meaning of the Act.</li> </ol>
<b>Sale of fractional shares</b>	<p>15.</p> <p>If and whenever as a result of issue of new shares of any consolidation or sub-division of shares any share become held by members in fractions, the Board shall, subject to the provisions of the Act and the Articles and to the directions of the Company in General Meeting, if any, sell those shares which members hold in fractions for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportions the net proceeds of the sale thereof. For the purpose of giving effect to any such sale, the Board may authorise any person the transfer and the purchaser shall not be bound to see to the application of the purchase money nor shall his</p>

	title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.
<b>Modification of rights</b>	<p>16.</p> <p>Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, be varied, modified, commuted, affected or abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class provided such agreement is ratified in writing by holders of at least three-fourths in nominal value of the issued shares of the class or is confirmed by a resolution passed by the votes of not less than three-fourths of the votes of the holders of the shares of that class at a separate general meeting of the holders of shares of that class and all the provisions contained in these Articles to its general meetings shall mutatis mutandis apply to every such meeting. This Article is not to derogate from any power, the Company would have if this Article were omitted.</p>
<b>Issue of further shares on pari passu basis</b>	<p>17.</p> <p>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 <i>pari passu</i> therewith.</p>
<b>No issue with disproportionate rights</b>	<p>18.</p> <p>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).</p>
	<p>18A.</p> <p><b>a. “Power to Company to dematerialize and rematerialize”</b></p> <p>“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”</p> <p><b>b. Dematerialization of Securities</b></p> <p>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.</p> <p><b>c. “Intimation to Depository”</b></p> <p>“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</p>

	<p>such Securities”</p> <p><b>d. “Option for Investors”</b></p> <p>“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.”</p> <p><b>e. “The Company the recognize under Depositories Act, Interest in the Securities other than that of Registered holder.”</b></p> <p>“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.”</p> <p><b>f. “Securities in Depositories and Beneficial Owners”</b></p> <p>“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.”</p> <p><b>g. “Rights of depositories and Beneficial Owners.”</b></p> <p>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.</p> <p>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.</p> <p>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.”</p> <p><b>h. Depository to furnish information</b></p> <p>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 e specified by the bye-laws and the Company in that behalf.</p>
--	---

<b>Shares and Certificates</b>	
<b>Register and index of members</b>	<p>19.</p> <p>The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Sections 150 and 151 and other applicable provisions of the Act and the Depositories Act, 1996 with details of shares held in physical and dematerialized forms in any media as may be permitted by law including in any form of electronic media.</p> <p>The Register and Index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or country.</p>
<b>Shares to be numbered progressively</b>	<p>20.</p> <p>The shares in the Capital shall be numbered progressively according to their several denominations and except in the manner herein before mentioned, no share shall be sub-divided.</p>
<b>Directors may allot shares fully paid-up</b>	<p>21.</p> <p>Subject to the provisions of the Act and of these Articles, the Board may allot and issue shares in the Capital of the Company as payment or part payment for any property sold or transferred, goods or machinery supplied or for services rendered to the company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up shares and if so issued shall be deemed to be fully paid up shares.</p>
<b>Application of premium</b>	<p>22.</p> <p>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.</p> <p>2. The share premium account may, notwithstanding sub-clause (1) hereof, be applied by the Company;</p> <ul style="list-style-type: none"> <li><b>a.</b> in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;</li> <li><b>b.</b> In writing off the preliminary expenses of the Company;</li> <li><b>c.</b> In writing off the expenses of or the commission paid or discount allowed on any issue of shares or debenture of the Company or</li> <li><b>d.</b> In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.</li> </ul>
<b>Installments of shares</b>	<p>23.</p> <p>If by the terms of issue of any shares or otherwise, the whole or any</p>



	part of the amount or issue price thereof shall be payable by installments at a fixed time, every such installments shall when due, be paid to the Company by the person who, for the time being and from time to time, is the registered holder of the shares of his legal representatives.
<b>Acceptance of shares</b>	24. Subject to the provisions of these Articles, any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these articles and every person who thus or otherwise accept any shares and whose name is on the Register of Members shall, for the purposes of these Articles, be a member, provided that no share shall be applied for or allotted to a minor, insolvent or person of unsound mind.
<b>Deposits and calls to be debt payable immediately</b>	25. The money (if any) which the Board of Directors shall, on the allotment of any shares being made by it, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by it, shall immediately on the insertion of the name of the allottee in the Register of Members as the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.
<b>Liability of members</b>	26. Every member or his heir, executors or administrators shall pay to the Company the proportion of the Capital represented by his share or shares which may, for the time being remain unpaid thereon in such amounts, at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's regulations require or fix for the payment thereof.
<b>Limitation of time for issue of certificate</b>	27. The Company shall, unless the conditions of issue otherwise provide, within three months after the allotment of any of its shares or debentures and within one month after the application for the transfer of any such shares or debentures, complete and have ready for delivery the certificates of all shares and debentures allotted or transferred.
<b>Limitation of time for issue of certificates</b>	28A. 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.
<b>Issue of new certificate in place of defaced, lost or destroyed</b>	<p>28B.</p> <p>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.</p> <p>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.</p> <p>The provisions of this Article shall mutatis mutandis apply to debentures of the Company.</p>
<b>Joint allottees of holders</b>	<p>29.</p> <p>Any two or more joint allottees or holders of shares shall, for the purpose of Article-28, be treated as a single member and the certificate for any share, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them.</p>
<b>Renewal of shares certificates</b>	<p>30.</p> <p>A certificate of share may be renewed or a duplicate issued in accordance with the provisions of the Act and the Companies (Issue or Share Certificates) Rules, 1960 and any modification thereof.</p>
<b>The first named of joint holders deemed sole holder</b>	<p>31.</p> <p>If any share stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and/or any other matter connected with the Company, except voting at meeting and the transfer of the share, be deemed the sole holder thereof, but the joint holders of a share be severally as well as jointly, liable for the payment of all installments and calls due in respect of such share and for all incidents thereof according to these Articles.</p>
<b>Company not bound to recognise any interest in share other than that of registered holder</b>	<p>32.</p> <p>1. The Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share or (except only as is by these presents, otherwise expressly provided) any right in respect of a share other than an absolute right there to, in accordance with these presents in the person from time to time registered as the holder thereof, but the Board shall be at liberty at its sole discretion to register any share in the joint names of two or more persons or survivors of them.</p>

	<p>2. Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or as by Law required) be bound to recognize any benami trust or equitable, contingent, future, partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.</p>
<b>Who may hold shares</b>	<p>33. Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or in the name of a person of unsound mind or in the name of any firm or partnership.</p>
	<p>33A. The Directors shall have the power to offer, issue and allot Equity Shares in or Debentures (whether fully/partly convertible or not into Equity Shares) of the Company with or without Equity Warrants to such of the Officers, Employees, Workers of the Company or of its Subsidiary and / or Associate Companies or Managing and Whole Time Directors of the Company (hereinafter in this Article collectively referred to as “the Employees”) as may be selected by them or by the trustees of such trust as may be set up for the benefit of the Employees in accordance with the terms and conditions of the Scheme, trust plan or proposal that may be formulated, created, instituted or set up by the Board of Directors or the Committee thereof in that behalf on such terms and conditions as the Board may in its discretion deem fit.</p>
<b>Sweat equity</b>	<p>33B. Subject to the provisions of the Act (including any statutory modification or re-enactment thereof, for the time being in force), shares of the Company may be issued at a discount or for consideration other than cash to Directors or employees who provide know-how to the Company or create an intellectual property right or other value addition.</p>
<b>Declarations by person not holding beneficial interest in any shares</b>	<p>33C. 1. Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act.</p> <p>2. A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act.</p> <p>3. Whenever there is a change in the beneficial interest in a Share</p>

	<p>referred to above, the beneficial owner shall, of so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act.</p> <p>4. Notwithstanding anything contained in the Act and Articles 35 and 36 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Register with regard to such declaration.</p>
<b>Funds of company not to be applied in purchase of shares of the company</b>	<p>33D.</p> <p>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 or for any Share in the Company in its holding Company.</p>
<b>Issue of shares without voting rights</b>	<p>33E.</p> <p>In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such share upon such terms and conditions and with such rights and privileges annexed thereto as through fit and as may be permitted by law.</p>
<b>Sections 83 and 108 of the act not to apply</b>	<p>33F.</p> <p>Notwithstanding anything to the contrary contained in the Articles,</p> <p>1. Section 83 of the Act shall not apply to the Shares held with a Depository;</p> <p>2. Section 108 of the Act shall not apply to transfer of Security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository.</p>
<b>Liability of members</b>	<p>33G.</p> <p>Every member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the Capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.</p>
	<p>33H.</p> <p>A. Except as ordered, by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize, even when having notice thereof, any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor</p>

	<p>or survivors of them.</p> <p>B. Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership.</p>
<b>Underwriting and brokerage</b>	
<b>Commission may be paid</b>	<p>34.</p> <p>The Company may, subject to the provisions of Section 76 and other applicable provisions, if any, of the Act any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or debentures, or partly in the one way and partly in the other.</p>
<b>Brokerage may be paid</b>	<p>35.</p> <p>The Company may pay a reasonable sum for brokerage on any issue of shares and debentures.</p>
<b>Commission to be included in the annual return</b>	<p>35A.</p> <p>Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.</p>
<b>Interest out of capital</b>	<p>36.</p> <p>Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share Capital as is for the time being paid up for the period, at the rate and subject to the conditions and restrictions contained in Section 208 of the Act and may charge the same to Capital as part of the cost of construction of the work or building or the provision of the plant.</p>
<b>Calls</b>	
<b>Directors may make calls</b>	<p>37.</p> <p>The Board of Directors may from time to time by a resolution passed at meeting of the Board (and not by circular resolution) make such call as it may think fit upon the members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at a fixed time and each member shall pay the amount of every call so made on him to the persons and at the times and place appointed by the Board of Directors. A call may be made payable by installments.</p>
<b>Calls on shares of the same class to be made on uniform basis</b>	<p>38.</p> <p>Where any calls for further share Capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.</p>
<b>Notice of calls</b>	<p>39.</p> <p>One month notice at least of every call payable otherwise than on</p>

	allotment shall be given by the Company specifying the time and place of payment and to whom such call shall be paid. Provided that the Board may, at its discretion, revoke the call or postpone it.
<b>Calls to date from resolution</b>	40. A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed at a meeting of the Board of Directors and may be made payable by the members on the Register of Members on a subsequent date to be fixed by the Board.
<b>Directors may extend time</b>	41. The Board of Directors may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such times as to all or any of the members, who from residence at a distance or other cause, the Board of Directors may deem fairly entitled to such extension save as a matter of grace and favour.
<b>Call to carry interest after due date</b>	42. If any member fails to pay a call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board of Directors, but nothing in this Article shall render it compulsory upon the Board of Directors to demand or recover any interest from any such member.
<b>Proof on trial in suit for money due on shares</b>	43. Subject to the provisions of the Act and these Articles, on the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears, entered on the register of members as the holder at or subsequent to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be received, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the member or his representatives sued in pursuance of these presents and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
<b>Payment in anticipation of call may carry interest</b>	44. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The members shall not be

	entitled to any voting rights in respect of the moneys so paid by him until he same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on debenture of the Company.
<b>Forfeiture, surrender and lien</b>	
<b>If call or installment not paid, notice may be given</b>	45. 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.
<b>Form of notice</b>	46. The notice shall name a day (not being earlier than the expiry of fourteen days from the date of service of the notice) and a place or places on and at which such money, including the call or installment and such interest and expenses as aforesaid is to be paid. The notice shall also state that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which the calls was made or installment was payable, will be liable to be forfeited.
<b>In default to payment shares to be forfeited</b>	47. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before all the calls or installments and interest and expenses due in respect thereof are paid, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonus declared in respect of the forfeited shares and not actually paid before forfeiture.
<b>Notice of forfeiture</b>	48. When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members provided however that the failure to give the notice of the shares having been forfeited will not in any way invalidate the forfeiture.
<b>Forfeited shares to become property of the company</b>	49. Any shares so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot otherwise dispose off the same in such manner as it thinks fit.
<b>Power to annual forfeiture</b>	50. The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof as a matter of grace and favour but not as of right upon such terms and conditions as it may think fit.
<b>Arrears to be paid notwithstanding forfeiture</b>	51. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of forfeiture until payment at such rate not exceeding

	fifteen per cent per annum as the Board may determine and the Board may enforce the payment of such moneys or any part thereof if it thinks fit, but shall not be under any obligation so to do.
<b>Effect of forfeiture</b>	52. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company, in respect of the share and all other rights, incidental to the share except only such of those rights as are by these Articles expressly saved.
<b>Proceeds how to be applied</b>	53. The net proceeds of any such sale shall be applied in or towards satisfaction of the said debts, liabilities or engagements and the residue (if any) paid to such member, his heirs, executors, administrators or assigns.
<b>Declaration of forfeiture</b>	54A. a. A duly verified declaration in writing that the declarant is a Director, the Managing Director of the Manager of the Secretary of the Company, and that share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.  b. The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof any may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.  c. The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share.  d. Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment.  e. Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.
	54B. The declaration as mentioned in Article 65(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.
<b>Title of purchaser and allottee of forfeited shares</b>	55. The Company may received the consideration, if any, given for the share on any sale, re-allotment or other disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed off and the person to whom such share is sold, re-allotted or disposed off may be registered as the holder of the share. Any such purchaser or allottee shall not (unless by express agreement



	to the contrary) be liable to pay any calls, amounts, installments, interest and expenses owing to the Company prior to such purchase or allotment, nor shall he be entitled (unless by express agreement to contrary) to any of the dividends, interest or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment. Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any; nor shall his title to the share be affected by any irregularity or invalidity in the proceedings with reference to the forfeiture, sale, re-allotment or disposal of the share.
<b>Partial payment not to preclude forfeiture</b>	56. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.
<b>The provisions of these articles as to forfeiture to apply in case of non-payment of any sum</b>	57. The provisions of these Articles as to forfeiture shall apply to the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time, whether on account of the nominal value of the Shares or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
<b>Board may accept surrender of shares</b>	58. 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.
<b>Company's lien on share/debentures</b>	59. 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.
<b>Enforcing lien by sale</b>	60. 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.
<b>Application of proceeds of sale</b>	61. The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of the said debts, liabilities or engagements and the residue, if any, shall be paid to such member, his heirs, executors, administrators or other legal representatives, as the case may be.
<b>Validity of sale in exercise of lien and after forfeiture</b>	62. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board of Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in the Register of members in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
<b>Board of directors may issue new certificates</b>	63. Where an shares under the powers in that behalf herein contained are sold by the Board of Directors after forfeiture or for enforcing a lien, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall voluntarily or on demand by the Company, have been previously surrendered to the Company by the defaulting member) stand cancelled and become null and void and of no effect and the Board of Directors may issue a new certificate or certificates for such shares distinguishing it or them in such manner as it may think fit from the certificate or certificates previously issued in respect of the said shares.
<b>Money due from the company may be set off against money due to the company</b>	64. Any money due from the Company to a member may without the consent and notwithstanding the objection of such member, be applied by the Company in or towards the payment of any money due from him to the Company for calls or otherwise.
<b>Sum payable on allotment to be deemed a call</b>	64A. For the purpose of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.
<b>Transfer and transmission of shares</b>	
<b>Register of transfer</b>	65. The Company shall keep a book to be called the Register of Transfer and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.
<b>Execution of transfer</b>	66. 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.
<b>Instrument of transfer</b>	<p>67.</p> <p>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.</p>
	<p>67A.</p> <p>(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) o the Company, shall vest in the event of his death.</p> <p>(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 debenture9s) of the Company, as the case may be, shall vest in the event of death of all the joint holders.</p> <p>(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.</p> <p>(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.</p> <p>(v) Notwithstanding anything contained in these Articles, any person who becomes a nominee by virtue of the provisions of Article 67A, upon the production of such evidence as may be required by the Board and subject as herein after provided, may elect either;</p> <p>a. to be registered himself as holder of the share(s) and/or debenture(s), as the case may be; or</p> <p>b. 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.</p> <p>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</p>

	<p>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.</p> <p>(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.</p> <p>(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.</p> <p>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.</p>
<b>No transfer to a person of unsound mind</b>	<p>68.</p> <p>No transfer shall be made to a minor or a person of unsound mind.</p>
<b>Transfer of shares</b>	<p>69.</p> <p>1. An application for the registration of a transfer of shares may be made either by the transferor or by the transferee.</p> <p>2. Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.</p> <p>3. For the purpose of clause (2) hereof notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instruments of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.</p> <p>4. Directors may refuse to register transfer</p> <p>Subject to the Provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in or Debentures of the Company. The Company</p>

	<p>shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be giving reasons for such refusal. Provided that the registration of a transfer shall not be refused person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.</p> <p>5. If the Company refuses to register the transfer of any share or transmission of right therein, the Company shall within one month from the date on which instrument of transfer or the intimation of transmission, as the case may be, was delivered to the Company, sends notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be.</p> <p>6. Nothing in these Articles shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares of the Company has been transmitted by operation of law.</p> <p>7. No fee on transfer or transmission No fee shall be charged for registration of transfer, transmission, Probate, Succession, Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.</p>
<b>Transfer to be left at office as evidence of title given</b>	<p>70. Every instruments of transfer duly executed and stamped shall be left at the office for registration accompanied by the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares.</p>
<b>When transfer to be retained</b>	<p>71. All instruments of transfer which are registered shall be retained by the Company but any instrument of transfer which the Board declines to register shall, on demand, be returned to the person depositing the same. The Board may cause to be destroyed all transfer deeds lying with the Company after such period not being less than six years as it may determine.</p>
<b>Transfer books when enclosed</b>	<p>72. The Board may after giving not less than seven days previous notice by advertisement as required by Section 154 of the Act, close the Register or Members or the Register of Debenture Holders for any period or periods not exceeding in the aggregate, 45(forty five) days in each year but not exceeding 30 days at any one time.</p>
<b>Death of one or more joint holders of shares</b>	<p>73. In the case of death of any one or more of the persons named in Register of Members as joint shareholders of any share, the survivors shall be the only persons recognized by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a joint shareholder from any liability to the Company on shares held by him jointly with any other person.</p>
<b>Title to shares of deceased holder</b>	<p>74. Subject to Article 74 the heir, executor or administrator of a deceased</p>

	shareholder shall be the only person recognized by the Company as having any title to his shares and the Company shall not be bound to recognize such heir, executor or administrator unless such heir, executor or administrator shall have first obtained letters of administration or succession certificate.
<b>Transmission of share</b>	75. Subject to the provisions of the Act and these Articles, any person becoming entitled to a share in consequence of the death, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence as the Board think sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him and approved by the Board registered as such holder, provided nevertheless that if such person shall elect to have his nominee registered, he shall testify the election by executing to his nominee an instrument of transfer of the share in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of the share.
<b>Board may refuse to transmit</b>	76. The Board shall, subject to the provisions of Article 68 hereof, have the same right to refuse on legal grounds to register a person entitled by transmission to any share or his nominee, as if he were the transferee named in any ordinary transfer presented for registration.
<b>Board may require evidence of transmission</b>	77. Every transmission of share shall be verified in such manner as the Board may require and if the Board so desires, be accompanied by such evidence as may be thought necessary and the Company may refuse to register any such transmission until the same be verified on requisite evidence produced or until or unless an indemnity be given to the Company with regard to such registration which the Board at its absolute discretion shall consider sufficient, provided nevertheless, that there shall not be any obligation on the Company or the Board to accept any indemnity.
<b>Transfer by legal representation</b>	78. A transfer of a share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of instrument of transfer.
<b>Certificate of transfer</b>	79. The Certification by the Company of any instrument of transfer of shares in or debentures of the Company, shall be taken as a representation by the Company to any person acting on the faith of the certification that there have been produced to the Company such documents as on the face of them show a prime facie title to the shares or debentures in the transferor named in the instrument of transfer, but not as a representation that the transferor has any title to the shares or debentures.
<b>The company not liable for disregard of a notice prohibiting registration of transfer</b>	80. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer or transmission of shares made or purporting to be made by any apparent

	<p>legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer any may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some books of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.</p>
<b>Nomination</b>	<p>80A.</p> <p>(i) Every shareholder or debenture holder of the Company, may at any time, nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.</p> <p>(ii) Where the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures, as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the act.</p> <p>(iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares of debentures, the nominee shall, on the death of the shareholders or debenture holder or, as the case may be on the death of the joint holders become entitled to all the rights in such shares or debentures or, as the case may be , all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.</p> <p>(iv) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in, or debentures of, the Company in the manner prescribed under the Act, in the event of his death, during the minority.</p> <p><b>OPTION OF NOMINEE</b></p> <p>(i) A nominee upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-(a) to register himself as holder of the share or debenture, as the case may be; (b) or to make such transfer of the shares and/or debentures, as the deceased shareholder or debenture holder, as the case may be, could have made.</p> <p>If the nominee elects to be registered as holder of the shares or</p>

	<p>debentures, himself, as the case may be, he shall deliver or send to the Company, notice in writing signed by him stating that he so elects and such notice shall be accompanied with death certificate of the deceased shareholder or debenture holder, as the case may be</p> <p>(ii) A nominee shall be entitled to the share dividend/interest and other advantages to which he would be entitled if he were the registered holder of the shares or debentures, provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to the meeting of the Company.</p> <p>Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the shares or debentures, until the requirements of the notice have been complied with.</p>
<b>Trust not recognised</b>	<p>80B.</p> <p>Save as herein otherwise provided, the Company shall be entitled to treat the person whose names) appears on the Register of Members/Debentures as the holder of any Shares/Debentures in the records of the Company and/or in the records of the Depository as the absolute owner thereof and accordingly shall not (except as may be ordered by a Court of competent jurisdiction or as may be required by law) be bound to recognize any benami trust or equitable, contingent, future or other claim or interest or partial interest in any such shares/debentures on the part of any other person or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto on the part of any other person whether or not it shall have express or implied notice thereof, but the Board shall be at liberty and at its sole discretion decided to register any share/debenture in the joint names of any two or more persons or the survivor or survivors of them.</p>
<b>Transfer of securities</b>	<p>80C.</p> <p>Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of depository.</p>
<b>Notice of application when to be given</b>	<p>80D.</p> <p>Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.</p>
<b>Refusal to register nominee</b>	<p>80E.</p> <p>Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.</p>
<b>Person entitled may receive</b>	<p>80F.</p>



<b>dividend without being registered as a member</b>	A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.
<b>Joint holders</b>	
<b>Board may refuse transfer to more than three persons</b>	81. Subject to the provisions of the Act, the Board may refuse to transfer a share or shares in the joint names of more than three persons.
<b>Joint holders</b>	<p>82. Where more than one person is registered as the holder of any share, the person first named in the Register of Members as one of the joint holders of a share shall be deemed the sole holder for matters connected with the Company subject to the following and other provisions contained in these articles;</p> <p>82a. Joint and several liabilities for all payments in respect of shares The joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.</p> <p>82b. Title of survivors On the death of any such joint holder, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.</p> <p>82c. Effectual receipts Any one of several persons who is registered as joint holder of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such share.</p> <p>82d. Delivery of certificate and giving of notice to first named holder Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificates relating to such share or to receive documents (which expression shall be deemed to include all documents referred to in Article 28 from the Company and document served on or sent to such person shall be deemed service on all the joint holders).</p> <p>82e. Votes of joint holders Any one or two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney than that one or such persons so present whose name stands first or higher (as the case may be) on the Register of Members in respect of such shares shall alone be entitled to vote in respect thereof but the others of the joint holders shall be entitled to be present at the meeting; provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by attorney or by</p>

	<p>proxy although the name of such joint holder present by an attorney or by proxy although the name of such joint holder present by an attorney or proxy stands first or higher (as the case may be) in the register in respect of such shares. Several executors or administrators of a deceased members in whose (deceased member's) sole name any shares stand shall for the purpose of this Article, be deemed joint holders.</p>
<b>Share warrants</b>	<p>82A.</p> <p>(i) Power to issue Share Warrants.</p> <p>The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.</p> <p>(ii) Deposit of Share Warrants.</p> <p>(a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.</p> <p>(b) Not more than one person shall be recognized as depositor of the Share warrant</p> <p>(c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.</p> <p>(iii) Privileges and Disabilities of the holders of Share Warrants.</p> <p>(a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.</p> <p>(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.</p> <p>(iv) Issue of New Share Warrants Coupons</p> <p>The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.</p>
<b>Conversion of shares into stock</b>	
<b>Shares may be converted into stock</b>	<p>83.</p> <p>The Board may, with the sanction of a General Meeting, convert any paid up share into stock and when any shares shall have been converted</p>

	<p>into stock, the several holders of such stock may henceforth, transfer their respective interests therein or any part of such interest in the same manner as and subject to the same regulations, under which fully paid up share in the Capital of the Company may be transferred or as near thereto as circumstances will admit, but the Board may, from time to time if it thinks fit, fix the minimum amount of stock transferable and direct that fractions of a rupee shall not be dealt with, power nevertheless at their discretion to waive such rules in any particular case.</p>
<b>Rights of Stock-holders</b>	<p>84.</p> <p>The stock shall confer on the holders thereof respectively the same rights, privileges and advantages as regards participation in the profits and voting at meetings of the Company and for other purposes as would have been conferred by shares of equal amount in the Capital of the Company of the same class as the shares from which such stock was converted, but so that none of such privileges or advantages except participation in the profits of the Company or in the assets of the Company on a winding up, shall be conferred by any such equivalent part of consolidated stock as would not, if existing in shares have conferred such privileges or advantages. No such conversion shall effect or prejudice any preference or other special privileges attached to the shares so converted. Save as aforesaid, all the provisions herein contained shall, so far as circumstances will admit, apply to stock as well as to shares. The Company may at any time reconvert any such stock into fully paid up shares of any denomination.</p>
<b>Meeting of members</b>	<p>85.</p> <p><b>a)</b> 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.</p> <p><b>b)</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.</p>
	<p>86.</p> <p>The Company shall in accordance with Section 159 of the Act, within 60 day 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.</p>
<b>Distinction between Annual General Meeting and Extra-ordinary General Meeting</b>	<p>87.</p> <p>The General Meeting referred to in Article 86 shall be called and styled as an Annual General Meeting and all meetings other than the Annual General Meeting shall be called Extra-ordinary General Meetings.</p>

<b>Calling of Extra-ordinary General Meeting</b>	<p>88.</p> <p>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.</p>
<b>Length of notice for calling meeting</b>	<p>89.</p> <p>(1). A General Meeting of the Company may be called giving not less than twenty one days' notice in writing.</p> <p>(2) A General Meeting may be called after giving shorter notice than the specified in sub-clause (1) hereof, if consent is accorded thereof.</p> <p>(i) in the case of an Annual General Meeting, by all the members entitled to vote thereat: and</p> <p>(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.</p> <p>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.</p>
	<p>90.</p> <p>(1) Contents and manner of services of notices and person on whom it is to be served</p> <p>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.</p> <p>(2) Notice of every meeting of the Company shall be given:</p> <p>(i) to every member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act.</p> <p>(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</p> <p>(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.</p>

	<p>(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.</p> <p>(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.</p> <p>(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.</p>
<b>Special business</b>	<p>91.</p> <p>All business to be transacted at an Annual General Meeting with the exception of businesses relation to (i) the consideration of the accounts, balance sheets and reports of the Board of Directors and Auditors, (ii) the declaration of the dividend, (iii) the appointment of Directors in place of those retiring and (iv) the appointment of and the remuneration of Auditors and all business to be transacted at any other meetings of the Company shall be deemed Special.</p>
<b>Explanatory Statement to be annexed to notice</b>	<p>92.</p> <p>Where any items of business to be transacted at any meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of meeting an explanatory statement setting out all material facts concerning each item of business including in particular the nature and extend of the interest, if any, therein, of every Director and of the Manager and specifying where any item of business consists of the according of approval to any document by the meeting, the time and place, where the document can be inspected.</p>
<b>Meeting not competent to discuss or transact any business not mentioned in notice</b>	<p>93.</p> <p>No General Meeting, Annual or Extra-ordinary, shall be competent to enter upon, discuss or transact any business which has not been specifically mentioned in the notice or notices upon which it is convened.</p>
<b>Quorum</b>	<p>94.</p> <p>Five members entitled to vote and present in person shall be a quorum for a General Meeting. When more than one of the joint holders of a share is present not more than one of them shall be counted for determining the quorum. Several executors of administrators of a deceased person in whose sole name a share stands shall, for the purpose of this Article, be deemed joint holders thereof. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India, or the Governor of a State being member of the Company shall be deemed to be personally present if he is represented in accordance with Section 187A of the Act.</p>
<b>Presence of quorum</b>	<p>95.</p>

	No business shall be transacted at any General Meeting unless the requisite quorum shall be present at the commencement of the business.
<b>If Quorum not present, meeting to be dissolved and when to be adjourned</b>	96. If within half an hour from the time appointed for holding the meeting a quorum is not present, the meeting, if called upon the requisition of members shall stand dissolved but in any other case, it shall stand adjourned to the same day in the next week, at the same time and place or if that day is a public holiday, or to such other day, time and place as the Board may determine.
	97. If at the adjourned meeting, a quorum is not present within half an hour from the time appointed for holding the meeting the members present shall be a quorum and may transact the business for which the meeting was called.
<b>Resolution passed at adjourned meeting</b>	98. Where a resolution shall, for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.
<b>Power of adjourn General Meeting</b>	99. (1) The Chairman of the General Meeting may adjourn the same from time to time and from place to place, but not business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.  (2) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.  (3) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned meeting.
<b>Chairman of General Meeting</b>	100. The Chairman of the Board shall, if willing, preside as Chairman at every General Meeting, Annual or Extra-ordinary, if there be no such Chairman or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or being present declined to take the Chair, the Directors present may choose one of their members to be Chairman and in default of their doing so, the members present shall choose one of the Directors to be Chairman and if no Director present be willing to take the Chair, members shall, on a show of hands elect one of their numbers to be Chairman, of the meeting, if a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act and these Articles and the Chairman elected on a show of hands shall exercise all the powers of the Chairman under the said provisions. If some other person is elected chairman as a result of the poll, he shall be the Chairman for the rest of the meeting.
<b>Business confined to election of Chairman while chair vacant</b>	101. No business shall be discussed at any General Meeting except the election of a Chairman while the chair is vacant.
<b>Resolution must be proposed and seconded</b>	102. No resolution submitted to a meeting, unless proposed by the Chairman

	of the meeting shall be discussed nor put to vote until the same has been proposed by a member present and entitled to vote at such meeting and seconded by another member present and entitled to vote at such meeting.
<b>Postal ballot</b>	102A. The Company may pass such resolution by postal ballot in the manner prescribed by Section 192A of the Act and such other applicable provisions of the Act and any future amendments or re-enactment thereof. Notwithstanding anything contained in the provisions of the Act, the Company shall in the case of a resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of postal ballot instead of transacting such business in a general meeting of the Company.
<b>How question to be decided at meetings</b>	103. At any General Meeting, a resolution put to the vote of the meeting, shall be, decided on a show of hands unless the poll is demanded as provided in these Articles.
<b>Declaration of Chairman to be conclusive</b>	104. A declaration by the Chairman that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority and an entry to that effect in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.
<b>Demand for poll</b>	105. (1) Before or on the declaration of the result of the voting on any resolution on a show hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on demand made in that behalf by the person or persons specified below, that is to say:  by any member or members present in person or by proxy and holding shares in the Company: <b>I.</b> which confer a power to vote on the resolution not being less than one-tenth to the total voting power in respect of the resolution or <b>II.</b> on which an aggregate sum of not less than fifty thousand has been paid up. (2) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
<b>Time of taking Poll</b>	106. Any poll duly demanded on the question of adjournment shall be taken forthwith, a poll demanded on any other question shall be taken at such time not exceeding 48 hours from the time when the demand was made, as the Chairman of the meeting may direct.
<b>Scrutineers at Poll</b>	107. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinize the votes given on the poll and to report thereon to him, the Chairman shall have power, at any time, before the result of the poll is declared to remove a scrutineer from office and to fill vacancies of the office of scrutineer arising from such removal or from any other cause of the two scrutineers so to be appointed, one

	shall always be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and is willing to be appointed.
<b>Business may proceed notwithstanding demand for Poll</b>	108. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
<b>Chairman's casting vote</b>	109. In the case of equality of votes, the Chairman shall, both on a show of hands and on a poll, have a second or casting vote in addition to the vote or votes to which he may be entitled as a member.
<b>Manner of taking poll and result thereof</b>	110. (a) Subject to the provisions of the Act the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken. (b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.
<b>Requisitionists' meeting</b>	110A. (1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:- (a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting. (b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting.  (2) The number of Members necessary for a requisition under clause (1) hereof shall be (a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or (b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all.  (3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter.



	<p>(4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:</p> <p>(a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company.</p> <p>(i) In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting.</p> <p>(ii) the case of any other requisition, not less than two weeks before the Meeting, and</p> <p>(b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.</p> <p>PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.</p> <p>(5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.</p> <p>(6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.</p>
<b>Extra-ordinary General Meeting by Board and by Requisition.</b>	<p>110B.</p> <p>(a) The Directors may whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of the Company.</p> <p>(b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share Capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.</p>
<b>Contents of requisition, and number of requisitionists required and the conduct of Meeting</b>	<p>110C.</p> <p>(1) In case of requisition the following provisions shall have effect:</p> <p>(a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.</p> <p>(b) The requisition may consist of several documents in like form each</p>

	<p>signed by one or more requisitionists.</p> <p>(c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share Capital of the Company as that date carried the right of voting in regard to that matter.</p> <p>(d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard in regard to which the conditions specified in that clauses are fulfilled.</p> <p>(e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for consideration of those matters on a day not later than forty-five days from the date of the date deposit of the requisition, the Meeting may be called:</p> <p>(i) By the requisitionists themselves; or</p> <p>(ii) by such of the requisitionists as represent either a majority in value of the paid up share Capital held by all of them or not less than one tenth of the paid-up share Capital of the Company as is referred to in sub clauses (c) of clause (I) which ever is less, PROVIDED THAT for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.</p> <p>(2) A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them:</p> <p>(a) shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but</p> <p>(b) shall not be held after the expiration of three months from the date of deposit of the requisition. PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period.</p> <p>(3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them.</p> <p>(4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly to call a Meeting shall be repaid to the requisitionists by the Company; and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.</p>
<b>Votes of members</b>	
<b>Votes may be given by proxy or attorney</b>	<p>111.</p> <p>Subject to the provisions of the Act and these Articles, votes may be given either personally or by an attorney or by proxy or in the case of a</p>

	body corporate, also by a representative duly authorised under section 187 of the Act and Article 113.
<b>Votes of members</b>	<p>112.</p> <p>Subject to the provision of the Act and these Articles, every member not disqualified by Article 116 shall be entitled to be present in person and holding any equity share Capital therein, shall have one vote and upon a poll the voting right of every such member present in person or by proxy shall be in proportion to his share of paid up equity share Capital of the Company.</p> <p>Provided, however, if any preference share holder be present at any meeting of the Company, save as provided in Clause (b) of sub-section (2) of Section 84 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.</p>
<b>Right of member to use his votes differently</b>	<p>113.</p> <p>On a poll being taken at meeting of the Company, a member entitled to more than one vote or his proxy or other person entitled to vote for him as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses.</p>
<b>Representation of Body Corporate</b>	<p>114.</p> <p>A body corporate whether a Company within meaning of the Act or not may, if it is a member or creditor of the Company including being a holder of debentures, may authorize such person by a resolution of its Board of Directors, as it thinks fit, to act as its representative at any meeting of creditors of the Company.</p>
<b>Restriction on exercise of voting right by members who have not paid calls</b>	<p>115.</p> <p>No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and/or has exercised its right of lien.</p>
<b>No voting by proxy on show of hands</b>	<p>116.</p> <p>No member not personally present shall be entitled to vote on a show of hands, unless such member is a body corporate present by a representative duly authorized, under Section 187 of the Act in which case such representative may vote on a show of hands as if he were a member of the Company. A proxy who is present at a meeting shall not be entitled to address the meeting.</p>
<b>How member non-compos mentis and minor may vote</b>	<p>117.</p> <p>If any member be a lunatic or non-compos mentis, the vote in respect of his share or shares shall be his committee or other legal guardian provided that such evidence of the authority of the person claimed to vote as shall be acceptable by the Board shall have been deposited at the office of the Company not less than forty eight hours before the time of holding a meeting.</p>
<b>Instrument of proxy</b>	<p>118.</p> <p>The instrument appointing a proxy shall be in writing and signed by the appointer or his attorney duly authorized in writing or if the appointer is a body corporate be under its seal or be signed by an office or attorney duly authorized by it.</p>
<b>Instrument of proxy to be deposited at office</b>	<p>119.</p> <p>The instrument appointing a proxy and the power of attorney or other</p>

	authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority shall be deposited at the registered office of the Company not less than forty eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. No instrument of proxy shall be valid after the expiration of twelve months from the date of its execution.
<b>When vote by proxy valid though authority revoked</b>	120. vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the share in respect of which the vote is given. Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjournment meeting at which the proxy is used.
<b>Form of proxy</b>	121. Every instrument of proxy, whether for specified meeting or otherwise shall, as nearly as circumstances will admit, be in the form set out in Schedule IX of the Act.
<b>Time for objection to vote</b>	122. No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be so tendered and every vote whether given personally or by proxy and not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.
<b>Chairman of any Meeting to be the judge of validity of any vote</b>	123. The Chairman of any meeting shall be sole judge of the validity of every vote tendered at such meeting. The Chairman present at the time of taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
<b>Votes of Members of unsound mind</b>	123A. A Member of unsound mind, or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.
<b>Member paying money in advance not be entitled to vote in respect thereof.</b>	123B. A Member paying the whole or a part of the amount remaining unpaid on any Share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable.
<b>Directors</b>	
<b>Directors</b>	124. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three nor more than twelve.
<b>Increase in number of Directors to require Government sanction</b>	125. The Company shall not increase the number of its Directors beyond the maximum fixed by these Articles.

	<p>126.</p> <p>The following shall be the first Directors of the Company:</p> <ul style="list-style-type: none"> <li>a) Vijay Kumar Jhindal</li> <li>b) Rakesh Bhatia</li> <li>c) Karun Jain</li> <li>d) J.P. Madaan</li> </ul>
<b>Power of Directors to appoint additional Directors and to fill casual vacancies</b>	<p>127.</p> <p>Subject to the provision of Sections 260, 263, 264 and 284 (6) of the Act and subject to these Articles, the Directors shall have power at any time and from time to time to appoint any other person as a Director either or fill casual vacancy or as an addition to the Board but so that the total number of Directors shall not any time exceed the maximum number fixed. Any additional Director so appointed shall hold the office upto the next Annual General Meeting.</p>
<b>Nominee directors</b>	<p>128.</p> <p>Whenever the Company enters into an agreement or contract with the Central or State Government, a local authority, bank or financial institution or any person or persons (hereinafter referred to as the appointer) for borrowing any money or for providing any guarantee or security or for underwriting shares or debentures or other securities of the Company or business takeover agreements, the Board shall have, subject to the provisions of Section 255 of the Act, the power to agree that such appointer shall have, if and to the extent provided by the terms of such agreement or contract, the right to appoint or nominate, by a notice in writing addressed to the Company, one or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement or contract and that such Directors may not be liable to retire by rotation nor be require to hold any qualification shares. The Board may also agree that any such Director or Directors may be removed from time to time by the appoint5etr entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill any vacancy which may occur as a result of any Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised an enjoyed by the other Directors of the Company including payment of remuneration and traveling expenses to such Director or Directors, as may be agreed by the Company with the appointer. The Company may provide by an agreement specific right to nominee Directors for insisting their concurrence to any of the decision of the Board an if no consent from the nominee Directors is received such a decision of Board would not be taken or if taken shall not be binding to Company, as if not validly taken.</p>
<b>Debenture directors</b>	<p>129.</p> <p>If it is provided by the trust deed securing or otherwise in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director of the Company then in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for</p>

	the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares.
<b>Qualification of Directors</b>	130. A Director need not hold any qualification shares.
<b>Remuneration of Directors</b>	131. (1) Subject to the provisions of the Act, a Managing Director or any other Director, who is in the Whole time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.  (2) Subject to the provisions of the Act, a Director who is neither in the Whole-time employment not a Managing Director may be paid remuneration.  (i) by way of monthly, quarterly or annual payment with the approval of the Central Government: or (ii) by way of commission if the Company by a special resolution authorises such payments.  (3) The fees payable to Director (including a Managing or whole-time Director, if any) for attending a meeting of the Board or Committee shall be decided by the Board of Directors from time to time, however the amount thereof shall not exceed limit provided in the Companies Act, 1956 and rules, if any, framed there under.  (4) if any Director be called upon to perform extra services or special exertion or efforts (which expression shall include work done by a Director as member of any committee formed by the Directors), the Board may arrange with such Directors for such special remuneration for such extra services or special exertions or either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided.
<b>Travelling Expenses incurred by a Director not a bonafide resident or by Director going out on Company's Business</b>	132. The Board may allow and pay to any Director who is not a bonafide resident of the place where the meetings of the Board or committee thereof are ordinarily held and who shall come to a such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation or for traveling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any travelling or other expenses, incurred in connection with business of the Company.
<b>Directors may act notwithstanding any vacancy</b>	133. The continuing Directors may act notwithstanding any vacancy in the Board, but if and so long as the number is reduced below the quorum fixed by the Act or by these Articles for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum or for summoning

	a General Meeting of the Company but for no other purpose.
<b>Disclosure of interest of Directors</b>	<p>134.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>
<b>Interested Director not to participate or vote on Board's proceedings</b>	<p>135.</p> <p>No Director of the Company shall, as Director, take any part in the discussion of or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company if he is in any way whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote his vote shall be void, provided however that Directors may vote on any contract of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming or being sureties or surety for the Company.</p>

<b>Board's sanction to be required for certain contracts in which particular Director is interested</b>	<p>136.</p> <p>A Director of the Company or his relative, a firm in which such Director or relative is partner, any other partner in such firm or a private company of which the Director is a member of Director shall not enter into any contract with the Company, except to the extent and subject to the provisions of Section 297 of the Act.</p>
<b>Special director</b>	<p>136A.</p> <p>In connection with any collaboration arrangement with any company or corporation or any firm or person for supply of technical know-how and/or machinery or technical advice the directors may authorize such company, corporation, firm or person herein-after in this clause referred to as "collaboration" to appoint from time to time any person as director of the company (hereinafter referred to as "special director") and may agree that such special director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for office of such director, so however that such special director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such collaborator under the collaboration arrangements or at any time thereafter.</p> <p>The collaborators may at any time and from time to time remove any such special director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time appoint any other person as special director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office.</p> <p>It is clarified that every collaborator entitled to appoint a director under this article may appoint one such person as a director and so that if more then one collaborator is so entitled there may be at any time as may special directors as the collaborators eligible to make the appointment.</p> <p>The collaborators may at any time and from time to time remove any such special director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time appoint any other person as special director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office.</p> <p>It is clarified that every collaborator entitled to appoint a director under this article may appoint one such person as a director and so that if more then one collaborator is so entitled there may be at any time as may special directors as the collaborators eligible to make the appointment.</p>
<b>Alternate director</b>	<p>136B.</p> <p>The Board may appoint, an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called "the Original Director") to act for him during his absence for a period of not less than three months from the State in which the meetings of the</p>



	<p>Board are ordinarily held. Every such Alternate Director shall, subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such Meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as an when the Original Director returns to the State in which the meetings of the Board are ordinarily held and if the term of office of the Original Director is determined before he returns to as aforesaid, any provisions in the Act or in these Articles for automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not the Alternate Director.</p>
<b>Limit on number of retaining Directors</b>	<p>136C.</p> <p>The provisions of Articles 146, 147, 148 and 149 are subject to the provisions of of Section 256 of the Act and number of such Directors appointed under Article 147 shall not exceed in the aggregate one third of the total number of Directors for the time being in office.</p>
<b>Directors' sitting fees</b>	<p>136D.</p> <p>The fees payable to a Director for attending each Board meeting shall be such Sum as may be fixed by the Board of Directors not exceeding such as may be Prescribed by the Central Government for each of the meetings of the Board or A committee thereof and adjournments thereto attended by him. The directors, Subject to the sanction of the Central Government (if any required) may be paid Such higher fees as the Company in General Meeting shall from time to time Determine.</p>
<b>Directors and Managing Director may contract with Company</b>	<p>136E.</p> <p>Subject to the provisions of the Act the Directors (including a Managing Director And whole time Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or Otherwise, nor shall any such contract or any contracts or arrangement entered Into by or on behalf of the Company with any Director or with any company or Partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting be liable to account to the Company for any profit realized by such contract or arrangement by reason only Of such director holding that office or of the fiduciary relation thereby Established, but it is declared that the nature of his interest shall be disclosed as Provided by Section 299 of the Act and in this respect all the provisions of Section 300 and 301 of the Act shall be duly observed and complied with.</p>
<b>Disqualification of the Director</b>	<p>136F.</p> <p>A person shall not be capable of being appointed Director of the Company if:-</p> <ol style="list-style-type: none"> <li>he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;</li> <li>he is an undischarged insolvent;</li> <li>he has applied to be adjudged an insolvent and his application is pending;</li> <li>he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not</li> </ol>

	<p>less than six months and a period of five months and a period of five years has not elapsed form the date of expiry of the sentences;</p> <p>e) he has not paid any call in respect of shares of the Company held by him whether alone or jointly with others and six months have lapsed from the last day fixed for the payment of the call; or</p> <p>f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.</p>
<b>Director may be director of companies promoted by the Company</b>	<p>136G.</p> <p>A Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or Shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable.</p>
<b>Appointment of Sole Selling Agents</b>	<p>136H.</p> <p>a) The appointment, re-appointment and extension of the sole selling agent, shall be regulated in accordance with the provisions of Section 294 of the act and any rules or Notifications issued by the competent authority in accordance with that section and the Directors and/or the Company in General Meeting may make the appointment, re-appointment or Section and such rules or notifications, if any, as may be applicable.</p> <p>b) The payment of any compensation to a sole selling agent shall be subject to the provisions of Section 294A of the Act.</p>
<b>Retirement and rotation of directors</b>	
<b>Retirement of Directors by rotation</b>	<p>137.</p> <p>1) At every Annual General Meeting, one third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, then the number to one third shall retire from office. The Debenture Directors and Nominee Directors, if any, shall not be subject to retirement under clause and shall not be taken into account in determining the retirement by rotation or the number of Directors to retire.</p> <p>2) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment but as between persons who became Directors on the same day those who are to retire shall in default of and subject to any agreement among themselves, be determined by lot.</p> <p>3) At the Annual General Meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director who shall be eligible for reappointment or some other person thereto.</p> <p>4) If the place of the retiring Director is not filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that is a public holiday, till the next succeeding day which is not a public holiday at the same time and place. If at the adjourned meeting also, the place of the</p>

	<p>retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless.</p> <ol style="list-style-type: none"> <li>I. at the meeting or at the previous meeting, a resolution for the re-appointment of such Director has been put to the vote and lost;</li> <li>II. the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;</li> <li>III. he is not qualified or is disqualified for;</li> <li>IV. a resolution, whether special or ordinary, is required for his appointment or re-appointment by virtue of any of the provisions of the Act.</li> </ol>
<b>Appointment of Director to be vote individually</b>	<p>138.</p> <ol style="list-style-type: none"> <li>1) No motion at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it.</li> <li>2) A resolution moved in contravention of clause (1) shall be void whether or not objection was taken at the time of its being so moved; provided that where a resolution so moved is passed, no provision for the automatic re-appointment shall apply.</li> </ol> <p>For the purpose of this clause, a motion for approving a person's appointment or for nominating a person for appointment shall be treated as motion for his appointment.</p>
	<p>139.</p> <ol style="list-style-type: none"> <li>1) A person who is not a retiring Director shall, subject to the provisions of the Act, be eligible for appointment to the office of Director at any General Meeting if he or some member intending to propose him has not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying candidature for the office of Director or the intention or such member to propose him as a candidate for that office as the case may be, "along with a deposit of five hundred rupees which shall be refunded to such person or as the case may be, to such member, if the person succeeds in getting elected as a Director.</li> <li>2) The Company shall inform its member of the candidature of a person for the office of Director or the intention of a member to propose such person as a candidate for that office, by serving individual notice on the members not less than seven days before the meeting.</li> <li>3) Provided that it shall not be necessary for the Company to serve individual notices upon the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the place where the Registered Office of the Company is located, of which one is published in the English language and the other in the Gujarati language.</li> <li>4) Every person proposed as a Candidate for the office of Director</li> </ol>

	shall sign and file with the Company his consent to act as a Director.
<b>Resignation of Director</b>	140. A Director may at any time give notice in writing of his intention to resign by addressing it to the Board of Directors of the Company and delivering such notice to the Secretary or leaving the same at the Registered Office of the Company and thereupon his office shall be vacated.
<b>Register of Directors and notification of changes to registrar</b>	141. The Company shall keep at its registered office, a Register of Director, Managing Director, Manager and Secretary containing the particulars as required by Section 303 of the Act and shall send to the Registrar a return in the prescribed form containing the particulars specified in the said register and shall notify to the Registrar any change among its Directors, Managing Directors, Manager and Secretary or any of the particulars contained in the register as required by Section 303 of the Act.
<b>Appointment of Technical or Executive Directors</b>	141A. a) The Board of Directors shall have the right from time to time to appoint any person or persons as Technical Director or Executive Director/s and remove any such persons from time to time without assigning any reason whatsoever. A Technical Director or Executive Director shall not be required to hold any qualification shares and shall not be entitled to vote at any meeting of the Board of Directors. b) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.
<b>Removal of directors</b>	
<b>Removal of Directors</b>	142. (1) The Company may, by ordinary resolution, remove a Director not being a Nominee Director appointed under Article 128 or a Debenture Director appointed under Article 129 and not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of this period of office.  (2) Special notice shall be required of any resolution to remove a Director under this Article or to appoint somebody instead of a Director so removed at the meeting at which he is removed.  (3) On receipt of notice of a resolution to remove a Director under this Article the Company shall forthwith send a copy thereof to the Director concerned and the Director shall be entitled to be heard on the resolution at the meeting.  (4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representation in writing to the Company (not exceeding a reasonable

	<p>length) and request its notification to members of the Company and shall unless the representations are received by it too late for it to do so.</p> <p>(a) in any notice of resolution given to the members of the Company, state the fact of the representations having been made; and</p> <p>(b) send a copy of the representation to every member of the Company to who notice of the meeting is sent (whether before or after receipt of the representations by the Company) and if a copy of the representation is not sent as aforesaid because it was received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representation shall be readout at the meeting' provided that copies of the representation need not be sent out and the representation need not be read out at the meeting if on the application either of the Company or of any other person who claims to be aggrieved, a court of competent jurisdiction is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.</p> <p>(5) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board under Article 127 hereof, be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.</p> <p>(6) If the vacancy is not filled up under the clause (5) hereof, it may be filled as a casual vacancy in accordance with the provisions, so far as they may be applicable to Article 127 hereof and all the provisions of that Article, shall apply accordingly. Provided that the Director who is removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.</p> <p>(7) Nothing in this Article shall be taken:</p> <ul style="list-style-type: none"> <li>a) as depriving a person removed there under of any compensation or damages payable to him in respect of any appointment terminating with that as Director; or</li> <li>b) as derogating from any power to remove a Director which may exist apart from this Article</li> <li>c) Eligibility for re-election.</li> </ul>
	<p>143. A retiring Director shall be eligible for re-election.</p>
<b>Proceedings of directors</b>	<p>144.</p> <p>(a) The Board of Directors may meet together for the dispatch of business, adjourn or otherwise regulate its meetings and proceedings as it may think fit.</p> <p>(b) A meeting of the Board of Directors shall be held at least once in every three months and at least four such meetings shall be held in</p>

	<p>every year.</p> <p>(c) The Chairman, if any, of the Board of Directors may at any time and the Managing Director, if any or the Secretary on the requisition of a Director shall summon a meeting of the Board.</p> <p>(d) Notice of every meeting of the Board of Directors of the Company shall be given in writing to every Director for the time being in India and at his usual address in India to every other Director.</p>
<b>Quorum</b>	<p>145.</p> <p>(a) Subject to the provisions of Section 287 of the Act, the quorum for a meeting of the Board shall be one third of the total strength of the Board (any fraction contained in the one-third being rounded off as one) or two Directors whichever is higher, provided that where at any meeting the number of interested Directors exceed or is equal to two thirds of the total strength, the number of the remaining Directors, that is to say, the number of the Directors who are not interested and are present at the meeting, being not less than two, shall be quorum during such time.</p> <p>(b) for the purpose of clause (a) –</p> <ol style="list-style-type: none"> <li>I. Total Strength means that total strength of the Board of Directors of the Company as determined in pursuance of the Act, after deducing therefrom the number of Directors, if any, whose places may be vacant at the time; and</li> <li>II. Interested Director means any Director whose presence can not by reason of Article 137 hereof or any other provision in the Act, count for the purpose of forming a quorum at a meeting of the Board at the time of discussion or vote on any matter.</li> </ol>
<b>Decision of Questions</b>	<p>146.</p> <p>Subject to the provisions of Section 316, 372, 386 of the Act, question arising at any meeting of the Board shall be decided by a majority of votes and in case of an equality of votes, the Chairman shall have a second or casting vote.</p>
<b>Board may appoint Chairman, Co-Chairman and Vice Chairman</b>	<p>147.</p> <p>The Board may elect a Chairman, a Co-Chairman and a Vice Chairman of their Meetings and of the Company and determine the period for which he is to hold office. The Chairman or in his absence the Co-Chairman or the Vice Chairman shall be entitled to take the Chair at every General Meeting, whether Annual or Extraordinary, or if there be no such Chairman or Co-Chairman or Vice Chairman of the Board of Directors, or if at any Meeting neither of these shall be present within ten minutes of the time appointed for holding such Meeting, the Directors present may choose one of their members to be the Chairman of the Meeting of their meetings and determine the period for which he is to hold office, but if no such Chairman is elected or if at any meeting the Chairman is not present within ten minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be the Chairman of the Meeting.</p>
<b>Power of Board Meeting</b>	<p>148.</p> <p>A meeting of the Board at which a quorum is present shall be</p>

	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.
	149. 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 confirm 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.
<b>Meeting of the Committee how to be Governed</b>	150. The meeting and proceedings of any such Committee of the Board consisting of two or more persons shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board, so far as the same are applicable thereto and are not superseded by any regulations made by the Board under the last preceding Article.
<b>Act of Board or Committee valid notwithstanding defective Appointment</b>	151. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or Committee or person acting as aforesaid or that they or any of them were or was disqualified or had vacated office or that the appointment or any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director and had not vacated office or his appointment had not been terminated. Provided that nothing in this Article shall be deemed to give validity to acts done by Director after his appointment has been shown to the Company to be invalid or to have terminated.
	152. (1) No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors or to all the members of the committee, than in India (not being less in number than the quorum fixed for a meeting of the Board or a Committee thereof as the case may be) and to all other Directors or members at their usual address in India or by a majority of such of them as are entitled to vote on the resolution.  (2) A resolution passed by circular without a meeting of the Board or a Committee of the Board shall, subject to the provisions of sub-clause (1) hereof and the acts, be as valid and effectual as resolution duly passed at meeting of the Board or of the Committee duly called and held.
<b>General powers of the Board</b>	153. (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

	<p>and to do all such acts and things as the Company is authorized to exercise and do.</p> <p>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.</p> <p>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.</p> <p>(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.</p>
<b>Certain powers to be exercised by the Board only at Meetings.</b>	<p>153A.</p> <p>(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;</p> <ul style="list-style-type: none"> <li>a) the power to make calls, on shareholders in respect of money unpaid on their Shares,</li> <li>b) the power to issue Debentures,</li> <li>c) the power to borrow moneys otherwise than on Debentures,</li> <li>d) the power to invest the funds of the Company, and</li> <li>e) the power to make loans</li> </ul> <p>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 extend specified below:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>
	<p>154.</p> <p>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</p>



	<p>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.</p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Remit, or give time for the repayment of, any debt due by the Director.</li> <li>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.</li> <li>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</li> <li>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.</li> </ul>
<b>Power to Borrow</b>	<p>155. 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.</p>
	<p>155A. All the provisions applicable to nomination facility available to shareholder(s) and debentureholder(s) enumerated in Article 67A of these Articles shall equally apply to depositholder(s).</p>
<b>The payment or repayment of moneys borrowed</b>	<p>155B. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all</p>

	<p>respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called Capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.</p>
<b>Bonds, Debentures, etc. To be subject to control of Directors</b>	<p>155C.</p> <p>Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and condition and in such manner and for such consideration as they shall consider to be for the benefit of the Company.</p>
<b>Condition on which money may be borrowed</b>	<p>156.</p> <p>The Board may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular by the issue of bonds, perpetual or redeemable debenture-stock or any mortgage, charge or other security on the undertaking of the whole or any part of the Company (both present and future) including its uncalled Capital for the time being. The Board shall exercise such power only by means of resolutions passed at its meetings and not by circular resolutions.</p>
<b>Terms of issue of Debentures</b>	<p>157.</p> <p>Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.</p>
<b>Debentures with voting rights not be issued.</b>	<p>157A.</p> <ul style="list-style-type: none"> <li>a) The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business.</li> <li>b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.</li> <li>c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.</li> <li>d) Certain charges (which expression includes mortgage) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditor unless registered as provided in Section 125 of the Act.</li> <li>e) A contract with the Company to take up and pay debentures of the Company may be enforced by a decree for specific performance.</li> <li>f) Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment of it debentures or debenture-stock and within one month after the application for</li> </ul>

	<p>the registration of the transfer of any such debentures or debenture-stock allotted or transferred.</p> <p><b>g)</b> The Company shall comply with the provision of Section 118 of the Act, as regards supply of copies of debenture Trust Deed and inspection thereof.</p> <p><b>h)</b> The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.</p>
<b>Execution of indemnity</b>	<p>158.</p> <p>If the Directors or any of them or any other persons shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming or being sureties or surety for the company.</p>
<b>Certain powers of the Board</b>	<p>159.</p> <p>Without prejudice to the general powers conferred by Articles 155 and the other powers conferred by these Articles and Section 191 of the Act, so as not in any way to limit or restrict those powers, but subject however to the provisions of the Act, it is hereby expressly declared that the Board shall have the following powers:</p> <ol style="list-style-type: none"> <li>1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment, and registration of the Company.</li> <li>2) Subject to Sections 292 and 297 and other applicable provisions of the Act, to purchase or otherwise acquire for the Company any property, movable or immovable, rights or privileges which the Company is authorized to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Board may believe or may be advised to be reasonably satisfactory.</li> <li>3) At its discretion and subject to the provisions of the Act, to pay for any property, rights, privileges acquired by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, mortgages or other securities of the Company and any such shares may be issued either as fully paid up or with such amount credited as fully paid up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charges upon all or any part of the property of the Company including its uncalled Capital or not so charges.</li> <li>4) To secure the fulfillment of any contracts, agreements or engagements entered into by the Company by mortgage of charge of all or any of the property of the Company and its uncalled Capital for the time being or in such manner as they may think fit.</li> <li>5) To appoint and at its discretion, remove or suspend, such managers, secretaries, officers, clerks, agents and employees for permanent, temporary or special services as it may from time to time think fit and to determine their power and duties and fix their salaries, emoluments remuneration and to require security in such instances and of such amounts as it may think fit.</li> </ol>

	<p>6) To accept from any member subject to the provisions of the Act, a surrender of his share or any part thereof on such terms and condition as shall be agreed.</p> <p>7) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purpose and to execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees.</p> <p>8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due or any claims or demands by or against the Company and to refer any difference to arbitration and observe and perform the terms of any awards made therein either according to Indian Law or according to Foreign Law and either in India or abroad and observe and perform or challenge any award made therein.</p> <p>9) To refer any claims or demands by or against the Company or any difference to arbitration and observe and perform the awards.</p> <p>10) To act on behalf of the Company in all matters relating to bankruptcy and insolvency.</p> <p>11) To make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands of the Company.</p> <p>12) To open and operate Bank Accounts, to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purposes.</p> <p>13) Subject to the provisions of the Act and these Articles from time to time to provide for the management of the affairs of the Company in or outside India in such manner as it may think fit and in particular to appoint any person to be the attorneys or agents of the Company with such person (including the power to sub-delegate) and upon such terms as may be thought fit.</p> <p>14) Subject to the provisions of Sections 291, 292, 293, 295, 370, 373 and other applicable provisions of the Act and these Articles, to invest and deal with the moneys of the Company not immediately required for the purpose thereof in or upon such security (not being shares in this Company) or without security and in such manner as it may think fit and from time to time to vary or realize such investments save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.</p> <p>15) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur, any personal liability for the benefit of the Company, such mortgages of the Company's property (present and future) as it thinks fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon.</p> <p>16) To distribute by way of bonus amongst the staff of the Company a</p>
--	--

	<p>share or shares in the profits of the Company and to give to any Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as a part of working expenses of the Company.</p> <p>17) To provide for the welfare of employees or ex-employees of the Company and the wives and families or the dependents or connections of such persons by building or contributing to the building of houses, dwellings or chawls or by grants of money, pension, gratuity, annuities, allowances, bonuses or other payments or by creating and from time to time subscribing or contributing to, provident fund and other associations institutions, funds or trusts and by providing or subscribing or contributing towards places of instruction or recreations, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit.</p> <p>18) To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or objects which shall have any moral or other claim to support or aid by the Company either by reason of locality of operation or of public and general utility or otherwise.</p> <p>19) Before recommending any dividend, to set aside, out of the profits of the Company, such sums as it may think proper for depreciation or to a depreciation fund or to an insurance fund or as a reserve fund or sinking fund or any special fund to meet contingencies to repay debentures or for debenture-stock or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the last two preceding clauses) as the Board of Directors, may in its absolute discretion think conducive to the interest of the Company and subject to Section 292 of the Act to invest the several sums so set aside or so much thereof as is required to be invested, upon such investments (other than shares of this Company) as it may think fit and from time to time deal with and vary such investments and dispose off and apply and expend all or any part the for the benefit of the Company, in such manner &amp; for such purposes as the Board of Directors in its absolute discretion think conducive to the interest of the Company notwithstanding that the matters to which the Board of Directors applies or upon which it expends the same or any part thereof may be matters to or upon which the Capital moneys of the Company might rightly be applied or expended and to divide the general reserve fund into such special funds as the Board of Directors may think fit with full power to transfer the whole or any portion of a reserve fund or division of reserve fund to another reserve fund and with full power to employ the asset constituting all or any of the above funds including the depreciation fund in the business of the Company or in the purchase or repayment of debentures or debenture-stock and that without being bound to keep the same separate from the other assets and without being bound to pay interest on ht same with power however to the Board of Directors at its discretion to pay or allow to the credit of</p>
--	---

	<p>such funds, interest at such rate as the Board of Directors may think proper.</p> <p>20) To pay and charge to the Capital account of the Company any commission or interest lawfully payable the out under the provisions of Sections 76 and 208 of the Act, and of the provision contained in these presents.</p> <p>21) From time to time make, vary and repeal by-laws for regulation of the business of the Company, its officers and servants.</p> <p>22) To redeem redeemable preference shares.</p> <p>23) Subject to Section 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter in to all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.</p> <p>24) To undertake any branch or kind of business which the company is expressly or by implication authorized to undertake at such time or times as it shall think fit and to keep in abeyance any such branch or kind of business even though it may have been actually commenced or not, so long as the Board may deem it expedient not to commence or proceed with such branch or kind of business.</p>
<b>Managing directors</b>	
<b>Board may appoint Managing Director or Whole time Director</b>	<p>160.</p> <p>Subject to the provisions of Sections 267, 268, 269, 309, 310, 311, 316, 317 and other applicable provisions, if any of the Act, the Board of Director may from time to time appoint one or more of their body to be Managing Director or Managing Directors or Whole-time Director or Whole-time Directors of the Company on a term not exceeding five years at a time for which he or they is or are to hold such office and may from time to time remove or dismiss him or them from office and appoint another or others in his or their place or places.</p>
<b>Remuneration of Managing Directors or whole time Director</b>	<p>161.</p> <p>The remuneration of a Managing Director or whole time Director shall from time to time, be fixed by the Board and may be by way of salary or commission or participation in profits or by any or all of these modes or in any other form and shall be subject to the limitations prescribed in Sections 198 and 309 of the Act.</p>
<b>Directors may confer power on Managing Director</b>	<p>162.</p> <p>Subject to the provisions of the Act and to the restrictions contained in these Articles, Board may from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable by the Board under these Articles as it may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it thinks expedient.</p>
<b>Managing Director not to exercise certain powers</b>	<p>163.</p> <p>The Managing Director or Managing Directors shall not exercise the powers to:</p> <ul style="list-style-type: none"> <li>a) make calls on shareholders in respect of money unpaid on the share of the Company.</li> <li>b) issue of debentures and</li> <li>c) except delegated by the Board under Section 292 of the Act,</li> </ul>

	invest the funds of the Company or make loans or borrow moneys.
<b>Certain persons not to be appointed as Managing Directors</b>	<p>164.</p> <p>The Company shall not appoint or employ or continue the employment of any persons as its Managing Director or Whole-time Director who:</p> <ul style="list-style-type: none"> <li>a) is an undischarged, insolvent or has at time been adjudged an insolvent;</li> <li>b) suspends or has at any time suspended, payment to his creditors or makes or has at any time made composition with them; or</li> <li>c) is or has at any time being, convicted by a Court of an offence involving moral turpitude.</li> </ul>
	<p>164A.</p> <p>Special to any contract between him and the Company, a Managing or Whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire but (subject to the provision of any contract between him and the Company), he shall be subject to the same provisions as to resignation and removal as the Directors of the Company and shall, ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.</p>
	<p>164B.</p> <p>Prohibition of simultaneous appointment of different categories of managerial personnel</p> <p>The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel namely:-</p> <ul style="list-style-type: none"> <li>a) Managing Director and</li> <li>b) Manager.</li> </ul>
<b>The secretary</b>	
	<p>165.</p> <p>The Board may, from time to time, appoint and at its discretion, remove any individual (hereinafter called the Secretary) to perform any function which by the Act are to be performed by the Secretary and to execute any other ministerial or administrative duties which may from time to time be assigned to the Secretary by the Board. The Board may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company. The appointment of Secretary shall conform to the provisions of Section 383A of the Act.</p>
<b>The Seal, its Custody and use</b>	<p>166.</p> <p>The Board of Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and shall provide for the safe custody of the Seal for time being and the Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors and except in the presence of at least one Director or such other person as the Directors may appoint for the purpose and the Directors or other persons aforesaid shall sign every instrument to which the Seal of the Company is so affixed in his presence.</p>
<b>Foreign Seal</b>	167.

	<p>The Company may, subject to the provisions of Section 50 of the Act, have for use in any territory, district or place not situate in the Union of India, an official seal which shall be a facsimile of the Common Seal of the Company with the addition on its face of the name of the territory, district or place where it is to be used.</p>
<b>Provisions applicable to Foreign Seal</b>	<p>168.</p> <p>The following provisions shall apply on the Company having a foreign seal under the preceding Article:</p> <ol style="list-style-type: none"> <li>a) The Company shall, by a document under its Common Seal, authorise any person appointed for the purpose in that territory, district or place, to affix the official seal to any deed or other document to which the Company is a party in that territory, district or place.</li> <li>b) The authority of any agent under the preceding clause shall, as between the Company and any person dealing with the agent, continue during the period if any, mentioned in the document conferring the authority or if no period is herein mentioned, until notice of the revocation or determine of the agent's authority has been given to the person dealing with him.</li> <li>c) The person affixing any such official seal shall certify on the deed or document to which such a seal is affixed, the date on which and the place at which, such seal affixed.</li> <li>d) A deed or other document to which an official seal is duly affixed shall bind the Company as if it had been sealed with the common seal of the Company.</li> </ol>
<b>Minutes</b>	<p>169.</p> <ol style="list-style-type: none"> <li>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.</li> <li>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. <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> </ol> </li> </ol>
	<p>170.</p> <p>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 172 above, shall be evidence of the proceedings recorded therein.</p>
	<p>171.</p> <p>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 173</p>



	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.
	<p>172.</p> <p>(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</p> <p>(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 (8) above on payment of Thirty paise for every one hundred words or fractional part thereof required to be copied.</p> <p>(3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.</p> <p>(4) The minutes of different meetings shall contain a fair and correct summary of proceedings thereat.</p> <p>(5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.</p> <p>(6) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:</p> <ul style="list-style-type: none"> <li>(a) the names of the Directors present at the meeting; and</li> <li>(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.</li> </ul> <p>(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:</p> <ul style="list-style-type: none"> <li>(a) is or could reasonably be regarded as defamatory of any person:</li> <li>(b) is irrelevant or immaterial to the proceedings or</li> <li>(c) is detrimental to the interests of the Company.</li> </ul> <p>The Chairman shall exercise and absolute discretion in regard to the inclusion or non-inclusion of any matters in the minutes on the grounds specified in this clause.</p>
<b>Dividends</b>	
<b>Dividends</b>	<p>173.</p> <p>The profits of the Company which it shall from time to time determine, subject to the provisions of Section 205 of the Act, to divide in respect of any year or other period, shall be applied first in paying the fixed, preferential dividend on the Capital paid up on the preference shares if any and secondly in paying a dividend declared for such year or other period on the Capital paid upon the equity shares.</p>
<b>Division of profits</b>	173A.

	<p>(a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if any so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares.</p> <p>(b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.</p>
<b>Dividend to joint holders</b>	<p>173B.</p> <p>Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.</p>
<b>Amounts paid in advance of calls not to be treated as paid up capital</b>	<p>174.</p> <p>No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of Article 176 as paid up on the share.</p>
<b>Apportionment of Dividends</b>	<p>175.</p> <p>All dividends shall be apportioned and paid proportionate to the amounts paid or credited as paid on the shares, during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.</p>
<b>Declaration of Dividends</b>	<p>176.</p> <p>The Company in General Meeting may, subject to the provisions of Section 205 of the Act, declared a dividend to be paid to the members according to their right and interests in the profits and may fix the time for payment.</p>
<b>Restriction on amount of dividend</b>	<p>177.</p> <p>No larger dividend shall be declared than is recommended by the Board, but the Company in General Meeting may declare a smaller dividend.</p>
<b>Dividend out of profits only and not to carry interest</b>	<p>178.</p> <p>(1) No dividend shall be payable except out of the profits of the Company arrived at as stated in Section 205 of the Act. What is to be deemed net profits</p> <p>(2) The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.</p>
<b>Interim dividends</b>	<p>179.</p> <p>The Board of Directors may from time to time pay the members such interim dividends as in its judgement the position of the Company justifies.</p>
<b>Debts may be deducted</b>	<p>180.</p> <p>The Board may retain any dividends payable on shares on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which lien exists.</p>
<b>Dividend and call together</b>	<p>181.</p> <p>Any General Meeting declaring an dividend may make a call on the members of such amount as the meeting fixes but so that the call on each members shall not exceed the dividend payable on him and so that the call may be made payable at the same time as the dividend and dividend may; if so arranged between the Company and the member,</p>

	be set off against the call.
<b>Effect of transfer</b>	182. Right to dividend, right shares and bonus shares shall be held in abeyance pending registration of transfer of shares in conformity with the provision of Section 206A of the Act.
<b>Retention in certain cases</b>	183. The Board may retain the dividends payable upon share in respect of which any person is under Article 76 entitled to become a member of which any person under that Article is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.
<b>No member to receive interest or dividend whilst indebted to the Company and Company's right to reimbursement thereof</b>	184. No member shall be entitled to receive payment of an interest or dividend in respect of his own share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares otherwise howsoever either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any shareholder all sums or money so due from him to the Company.
<b>Payment by post</b>	185. Any dividend payable in cash may be paid by cheque or warrant sent through the post directly to the registered address of the shareholder entitled to the payment of the dividend or in the case of joint shareholders to the registered address of that one whose name stands first on the Register of Members in respect of the joint shareholding or to such persons and to such address as the shareholders of the joint shareholders may in writing direct and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent and the Company shall not be responsible or liable for any cheque or warrant lost in transit or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant of the fraudulent recovery thereof by any other means. The Company may, if it thinks fit, call upon the shareholders when applying for dividends or bonus to produce their share certificates at the registered office or other place where the payment of dividend is to be made.
<b>Dividend to be paid within Thirty days</b>	186. The Company shall pay dividend or send the warrant in respect thereof to the shareholder entitled to the payment of the dividend within Thirty days from the date of the declaration of the dividend unless: (a) the dividend could not be paid by reason of the operation of any law or (b) a shareholder has given directions to the Company regarding the payment of dividend and these directions can not be complied with or (c) there is dispute, regarding the right to receive the dividend or (d) the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder or (e) for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
<b>Unpaid or Unclaimed Dividend</b>	187. Where the Company has declared a dividend but which has not been paid or claimed within 30 from the date of declaration to any

	<p>shareholder entitled to the payment of dividend, the Company shall, within 7 days of the date from expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called “hpc Biosciences Limited Unpaid Dividend Account” and transfer to the said account, the total amount of dividend which remains unpaid or unclaimed.</p> <p>Any money transferred to the unpaid dividend account of the Company which remain unpaid or unclaimed for a period of Seven years from the date of such transfer, shall be transferred by the Company to the Fund established under Section 205C of the Act. No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.</p>
<b>Capitalization of reserves</b>	<p>188.</p> <p>(a) Any General Meeting may, upon the recommendation of the Board resolve that any moneys, investments or other assets forming part of the undistributed profits of the Company standing to the credit of any of the profit and loss account or any Capital redemption reserve fund or in hands of the Company and available for dividend or representing premium received on the issue of shares and standing to the credit of the share premium account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as Capital and that all or any part of such capitalized fund shall not be paid in cash but shall be applied subject to the provisions contained in clause (b) hereof on behalf of such shareholders in full or towards:</p> <ol style="list-style-type: none"> <li>1) Paying either at par or at such premium as the resolution may provide any unissued shares or debentures or debenture-stock of the Company which shall be allotted, distributed and credited as fully paid up to and amongst such members in the proportions aforesaid; or</li> <li>2) Paying up any amounts for the time being remaining unpaid on any shares or debentures or debenture-stock held by such members respectively; or</li> <li>3) Paying up partly in the way specified in sub-clause (1) and partly in that specified in sub-clause (2) and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum.</li> </ol> <p>(b)</p> <ol style="list-style-type: none"> <li>1) Any moneys, investments or other assets representing premium received on the issue of shares and standing to the credit of share premium account; and</li> <li>2) If the Company shall have redeemed any redeemable preference shares, all or any part of any Capital redemption fund arising from the redemption of such shares may, by resolution of the Company be applied only in paying up in full or any shares then remaining unissued to be issued to such members of the Company as the General Meeting may resolve upto an amount equal to the nominal amount of the shares so issued.</li> </ol>

	<p>(c) Any General Meeting may resolve that any surplus moneys arising from the realization of any Capital assets of the Company or any investments representing the same or any other undistributed profits of the Company not subject to charge for income-tax be distributed amongst the members on the footing that they receive the same as capital.</p> <p>(d) For the purpose of giving effect to any such resolution, the Board may settle any difficulty which may arise in regard to the distribution of payment as aforesaid as it thinks expedient and in particular it may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any members on the footing of the value so fixed and may vest any such cash, share, debentures, debenture-stock, bonds or other obligation in trustees upon such trust for the persons entitled thereto as may seem expedient to the Board and generally may make such arrangement for acceptance, allotment and sale of such shares, debentures, debenture-stock, bonds or other obligations and fractional certificates or otherwise as it may think fit.</p> <p>(e) If and whenever any share becomes held by any member in fraction, the Board may subject to the provisions of the Act and these Articles and to the directions of the Company in General Meeting, if any, sell the shares which members hold in fractions for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion the net proceeds of the sale thereof, for the purpose of giving effect to any such sale, the Board may authorize any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or of invalidity in the proceedings with reference to the sale.</p> <p>(f) Where required; a proper contract shall be delivered to the Registrar for registration in accordance with section 75 of the Companies Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund and such appointment shall be effective.</p>
<b>Set-off of calls against dividends</b>	<p>188A.</p> <p>Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.</p>
<b>Fractional certificates</b>	<p>188B.</p> <p>(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall;</p> <p>(a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully</p>

	<p>paid Shares and</p> <p>(b) Generally do all acts and things required to give effect thereto.</p> <p>(2) The Board shall have full power:</p> <p>(a) to make such provision by the issue of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of Shares becoming distributable in fractions, also</p> <p>(b) to authorize any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalization or (as the case may require) for the payment by the Company on their behalf by the application thereof of the respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares.</p> <p>(3) Any agreement made under such authority shall be effective and binding on all such Members.</p> <p>(4) that for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new Shares and fractional certificates as they think fit.</p>
<b>Dividend in Cash</b>	<p>188C.</p> <p>No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.</p>
<b>Board to give effect</b>	<p>188D.</p> <p>The Board shall give effect to the resolution passed by the Company in pursuance of all the above Articles.</p>
<b>Accounts</b>	
<b>Books of Accounts to be kept</b>	<p>189.</p> <p>The Company shall cause to be kept proper books of account with respect to:</p> <p>(a) all sums of money received and expended by the Company and the matters in respect of which receipts and expenditure take place;</p> <p>(b) all sales and liabilities of the Company; and</p> <p>(c) the assets and liabilities of the Company.</p>
<b>Books where to be kept and inspection</b>	<p>190.</p> <p>(1) The Company shall keep at its Registered Office proper books of account as would give a true and fair view of the state of affairs of the Company or its transactions with respect to:</p> <p>(a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place</p> <p>(b) all sales and purchases of goods by the Company</p> <p>(c) the assets and liabilities of the Company and</p> <p>(d) if so required by the Central Government, such particulars relating to utilization of material or labour or to other items of cost as may be prescribed the Government Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board</p>

	<p>of Directors may decide and when the Board of Directors so decides the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.</p> <p>(2) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the provisions of clause (1) if proper books of account relating to the transaction effected at the branch are kept at that office and proper summarised returns, made upto date at intervals of not more than three months, are sent by the branch office to the Company at its Registered Office or the other place referred to in sub-clause (1). The books of accounts and other books and papers shall be open to inspection by any Director during business hours.</p>
<b>Inspection by members</b>	<p>191.</p> <p>The Board of Directors shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations accounts the and books and the documents of the Company or any of them shall be open to the inspection of the members and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred statute or authorised by the Board of Directors or by a resolution of the Company in General Meeting.</p>
<b>Statement of Accounts to be laid in General Meeting</b>	<p>192.</p> <p>The Board of Directors shall from time to time, in accordance with Sections 210, 211, 212, 215, 216 and 217 of the Act, cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheets, Profits &amp; Loss Accounts and reports as are required by these Sections.</p>
<b>Balance Sheet and Profit and Loss Account to be sent to each member</b>	<p>193.</p> <p>A copy of Balance Sheet (including the profit and loss account, the auditors report and every other documents required by law to be annexed or attached, as the case may be, to the balance sheet) which is to be laid before a Company in general meeting shall, not less than twenty-one days before the date of the meeting be sent to every member of the Company, to every trustee for the holders of any debentures issued by the Company, whether such member or trustee is or is not entitled to have notices of General Meetings of the Company and to all persons other than such members or trustees, being persons so entitled, provided that this Article shall not require a copy of the documents aforesaid to be sent:</p> <ul style="list-style-type: none"> <li>a) to a member or holder of debentures of the Company who is not entitled to have notices of General Meeting of the Company to be sent to him and whose address the Company is unaware:</li> <li>b) to more that one of the joint-holders of the any shares or debentures, some of whom are entitled to have such notices sent to them;</li> <li>c) in the case of joint holders of any shares or debentures, some of whom entitled to have such notices sent, to those who are not so entitled; or</li> </ul> <p>the Board of Directors may, in their absolute discretion, if they deem fit, instead send statement containing the salient features of such</p>

	documents in the prescribed form to every member of the Company and to every trustee for the holders of any debentures issued by the Company in accordance with the provision contained in Section 219 of the Act.
<b>Accounts to be Audited</b>	<p>194.</p> <p>(1) Once at least in every year the accounts of the Company shall be examined by one or more Auditors who shall report to the shareholders as to whether the Balance Sheet reflects a true and fair view of the state of affairs of the Company as at that date and the Profit and Loss Account discloses a true and fair view of the profit and loss incurred by the Company during the year under review.</p> <p>(2) The appointment, remuneration, rights, powers &amp; duties of the Company's Auditor shall be regulated in accordance with the provision of the Act.</p>
<b>Appointment of Auditors</b>	<p>194A.</p> <p>(1) Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Section 224 to 229 and 231 of the Act.</p> <p>(2) The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from conclusion of that Meeting until the conclusion of the next Annual General Meeting and shall within seven days of the appointment give intimation thereof to the Auditor so appointed unless he is a retiring Auditor.</p> <p>(3) At any Annual General Meeting a retiring Auditor by whatsoever authority appointed shall be reappointed unless:</p> <ol style="list-style-type: none"> <li>he is not qualified for re-appointment;</li> <li>he has given to the Company notice in writing of his unwillingness to be re-appointed;</li> <li>a resolution has been passed at that Meeting appointing some body instead of him or providing expressly that he shall not be re-appointed; or</li> <li>where notice has been given of an intended resolution to appoint some person or persons in the place of retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons as the case may be, the resolution cannot be proceeded with.</li> </ol> <p>(4) Where at any Annual General meeting no Auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.</p> <p>(5) The Company shall within seven days of the central government's power under sub-clause (4) becoming exercisable give notice of that fact to that Government.</p> <p>(6) The Directors may fill any casual vacancy in the office of Auditors, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act but where such vacancy is caused by the resignation of any Auditor, the vacancy shall only be filled by the</p>



	<p>Company in General Meeting.</p> <p>(7) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless a special notice of a resolution for appointment of that person to the office of Auditor has been given by a Member to the Company not less than fourteen days before the Meeting in accordance with Section 190 of the Act and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that retiring Auditor shall not be re-appointed.</p>
<b>Power of Board to modify Final Accounts</b>	<p>195.</p> <p>Every Balance Sheet and Profit and Loss Account of the Company when audited and adopted by the Company in General Meeting shall be conclusive.</p>
<b>Right of Members or others to copies of balance sheet and Auditors' report and statement under Section 219</b>	<p>195A.</p> <ol style="list-style-type: none"> <li>1) The Company shall comply with the requirements of Section 219 of the Act.</li> <li>2) The copies of every balance sheet including the Profit &amp; Loss Account, the Auditors' Report and every other document required to be laid before the Company in General Meeting shall be made available for inspection at the Registered Office of the Company during working hours for a period 21 days before the Annual General Meeting.</li> <li>3) A statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid, as the Company may deem fit will be sent to every Member of the Company and to every trustee of the holders of any Debentures issued by the Company not less than 21 days before the date of the Meeting.</li> </ol>
<b>Accounts when audited and approved to be conclusive except as to errors discovered within 3 months</b>	<p>195B.</p> <p>Every account when audited and approved by a General Meeting shall be conclusive except as regards any errors discovered therein within the next three months after the approval thereof. Whenever any such error is discovered within that period, the account shall be corrected, and amendments effected by the Directors in pursuance of this Article shall be placed before the Members in General Meeting for their consideration and approval and, on such approval, shall be conclusive.</p>
<b>Documents and notice</b>	
<b>Services of documents on member by Company</b>	<p>196.</p> <ol style="list-style-type: none"> <li>(1) A document or notice may be served by the Company on any member thereof either personally or by sending it by post to him to his registered address or he has no registered address in India, to the address if any, within India supplied by him to the Company for the giving of notice to him.</li> <li>(2) Where a document or notice is sent by post: <ol style="list-style-type: none"> <li>(a) Service thereof shall be deemed to be effected by properly addressing prepaying and posting a letter containing the document or the notice provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under the</li> </ol> </li> </ol>

	<p>certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member; and</p> <p>(b) Such service shall be deemed to have been effected:</p> <p>I. in case of a meeting at the expiration of forty eight hours after the letter containing the same is posted; and</p> <p>II. in any other case, at the time at which the letter would be delivered in the ordinary course of post.</p> <p>(3) A document or notice may be served by the Company on the joint holders of a share by serving it on the holder named first in the Register of Members in respect of the share.</p> <p>(4) A document or notice may be served by the Company on the persons entitled to a share in consequence of death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name or by the title of representatives of the deceased or assignees of the insolvent, by any like description, at the address if any, in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by serving the document or notice in any manner in which it might have been served if the death or insolvency had not occurred.</p> <p>(5) A certificate in writing signed by the manager, secretary or other officer or employee of the Company that the notice was properly addressed, prepaid and posted shall be conclusive evidence thereof.</p> <p>(6) The signature to any document or notice so given by the Company may be written or printed or lithographed.</p>
<b>Service of documents on Company</b>	<p>197.</p> <p>A document may be served on the Company or an officer thereof by sending it to the Company or the officer at the Registered Office of the Company by post under a certificate of posting or by registered post or by leaving it at its Registered Office.</p>
<b>“Service of documents on the Company”</b>	<p>197A.</p> <p>Where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or disks.</p>
<b>Authentication of documents and proceedings</b>	<p>198.</p> <p>Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the Company may be signed by a Director, Managing Director, Manager, Secretary or other authorised officer of the Company and need not be under the Common seal of the Company.</p>
<b>Registers and documents</b>	
<b>Registers and documents to be maintained by the Company</b>	<p>198A.</p> <p>The Company shall keep and maintain registers, books and documents required by the Act or these Articles, including the following:</p> <p>a) Register of investments made by the Company but not held in its own name, as required by Section 49(7) of the Act</p>

	<p>b) Register of mortgages and charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act.</p> <p>c) Register and index of Member and debenture holders as required by Section 150, 151 and 152 of the Act.</p> <p>d) Foreign register, if so though fit, as required by Section 157 of the Act</p> <p>e) Register of contracts, with companies and firms in which Directors are interested as required by Section 301 of the Act.</p> <p>f) Register of Directors and Secretaries etc. as required by Section 303 of the Act.</p> <p>g) Register as to holdings by Directors of Shares and/or Debentures in the Company as required by Section 307 of the Act.</p> <p>h) Register of investments made by the Company in Shares and Debentures of bodies corporate in the same group as required by Section 372(2) of the Act.</p> <p>(i) Copies of annual returns prepared under Section 159 of the Act together</p> <p>(ii) with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act.</p> <p>Register of loans, guarantees, or securities given to the other companies under the same management as required by Section 370 of the Act.</p>
<b>Inspection of Registers</b>	<p>198B.</p> <p>The registers mentioned in clauses (f) and (i) of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken there from and copies thereof may be required by any Member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company provided for in clause (c) thereof. Copies of entries in the registers mentioned in the foregoing article shall be furnished to the persons entitled to the same on such days and during such business hours as may be consistent with the provisions of the Act in that behalf as determined by the Company in General Meeting.</p>
<b>Indemnity</b>	
<b>Company may indemnify</b>	<p>199.</p> <p>Subject to the provisions of Section 201 of the Act, every Director, Manager and other officer or any person (whether officer of the Company or not) employed by the Company or as an auditor or servant of the Company shall be indemnified by the Company and it shall be the duty of the Board to pay, out of the funds of the Company, all costs, charges, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered in to or act or thing done by him as such officer or servant or in any way in the discharge of his duties including expenses and in particular and so as not to limit the generality of the foregoing provision, against all liabilities incurred by him as such Director, Manager, officer or servant in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted by the Court.</p>

	<p>200.</p> <p>Subject to the provisions of Sections 201 of the Act; no Director, Manager or other officer of the Company shall be liable for the acts, receipts or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Board for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy or insolvency or tortuous act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by an error of judgement, omission, default or oversight, on his part or for any other loss, damage or, misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own dishonesty.</p>
<b>Winding up</b>	
<b>Distribution of Assets</b>	<p>201.</p> <p>If the Company shall be wound up and the assets available for distribution among the members are such as shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the Capital paid up or which ought to have been paid up at the commencement of winding up on the shares held by them respectively and if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of winding up the excess shall be distributed amongst the members in proportion to the Capital paid up or which ought to have been paid up at the commencement of winding up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.</p>
<b>Distribution in specie or kind</b>	<p>201A.</p> <p>(a) If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit.</p> <p>(b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.</p> <p>(c) In case any Shares to be divided as aforesaid involve a liability to</p>

	calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.
<b>Right of shareholders in case of sale</b>	201B. A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction
<b>Directors and others right to indemnity</b>	201C. Subject to the provisions of Section 201 of the Act, every Director of officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expense, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.
<b>Director, officer not responsible for acts of others</b>	201D. Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or office or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.
<b>Secrecy clause</b>	
<b>Secrecy</b>	202. No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises or works of the Company

	without the permission of the Board or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Board, it would be inexpedient in the interest of the Company to disclose Secrecy undertaking.
	203. Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee agents, officer, servant, accountant or other person employed in the business of the Company shall, when required, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company with the customers and the state of accounts with individual and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties, except when required so to do by the Board or by any meeting of the shareholders, if any or by a Court of Law the person to whom matters relate and except so far as may be necessary in order to comply with any of the provision in these present contained.
<b>Knowledge implied</b>	204. Each member of the Company, present and future, is to be deemed to join the Company with full knowledge of all the contents of these presents.

## **SECTION IX: OTHER INFORMATION**

### **LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

*The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts together with the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10:00 A.M. to 5:00 P.M. from the date of this Draft Letter of Offer until the Issue Closing Date, on working days.*

#### **A. Material Contracts**

1. Memorandum of Understanding dated May 07, 2014 between our Company and the Lead Manager to the Issue.
2. Memorandum of Understanding dated May 07, 2014 between our Company and the Registrar to the Issue.
3. Tripartite Agreement dated April 01, 2014 between CDSL, our Company and the Registrar to the Issue.
4. Tripartite Agreement dated March 28, 2014 between NSDL, our Company and the Registrar to the Issue.
5. Escrow Agreement dated [●] between our Company, Lead Manager, Escrow Collection Bank and the Registrar to the Issue.
6. Underwriting Agreement dated [●] between our Company and the Lead Manager.

#### **B. Documents for Inspection**

7. Certificate of incorporation dated January 29, 2002.
8. Certified True Copies of Memorandum and Articles of Association of our Company as amended from time to time.
9. Copy of Resolution passed at the meeting of the Board of Directors held on April 29, 2014 authorizing this Issue.
10. The Report dated May 28, 2014 from Rama K Gupta & Co., Chartered Accountants, the peer reviewed Auditors of the Company on the restated financial statements for the years ended March 31, 2010, 2011, 2012, 2013 and 2014.
11. Copy of Statement of Tax Benefits dated May 28, 2014 from the M/s B. D. Gupta & Associates, Chartered Accountants, Statutory Auditors of our Company.
12. Legal Due Diligence Reports dated May 07, 2014 from Law and Legal Jurists, Legal Advisors to the Issue.

13. Consents of the Directors, Company Secretary/Compliance Officer, Statutory Auditors, Peer Reviewed Auditors, Lead Manager to the Issue, Underwriters, Registrar to the Issue, Bankers to our Company, Bankers to the Issue/ Escrow Collection Bank, Refund Banker to the Issue and the Legal Advisor to the Issue to include their names in this Draft Letter of Offer to act in their respective capacities.
14. Copy of Prospectus dated February 22, 2013 in respect of its Initial Public Offering.
15. Copy of Annual Reports of our Company for the last five financial year viz 2008-2009, 2009-2010, 2010-2011, 2011-2012 and 2012-2013.
16. Copy of members' resolution dated April 02, 2012 appointing Mr. Tarun Chauhan as the Whole time Director of our Company for a period of five years w.e.f. April 02, 2012 and approving their remuneration and terms.
17. Due Diligence Certificate dated [●] of the Lead Manager to the Issue to be submitted to SEBI along with the filing of the Letter of Offer.
18. Copy of In-principle listing approval dated [●] from the BSE.

Any of the contracts or documents mentioned in this Draft Letter of Offer as may be amended or modified at any time, if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



## **DECLARATION**

We certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 1956, Notified Provisions of the Companies Act, 2013 and the rules made thereunder. We further certify that, all the legal requirements connected with the said Issue as also the regulations, guidelines, instructions, etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with.

We hereby certify that all disclosures made in this Draft Letter of Offer are true and correct.

### **SIGNED BY ALL THE DIRECTORS**

**Sd/-**

**Mr. Tarun Chauhan**  
**Whole - Time Director**

**Sd/-**

**Mrs. Madhu Anand**  
**Non – Executive and Non - Independent Director**

**Sd/-**

**Mr. Sushil Kumar Rao**  
**Independent Director**

**Sd/-**

**Ms. Sakshi Saxena**  
**Independent Director**

### **SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER**

**Sd/-**

**Ms. Aditi Gupta**

**Date:**

**Place: New Delhi**

**THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK**



