



B.N. RATHI SECURITIES LIMITED

Our Company was incorporated as Lark Leasing Limited, under the Companies Act, 1956 vide Certificate of Incorporation dated 30th September, 1985 with Registration No. 5838 of 1985-86 in the State of Andhra Pradesh. The Certificate of Commencement of Business was issued by the Registrar of Companies, Andhra Pradesh on 14th October, 1985. The name of our Company was changed to B.N. Rathi Securities Limited and fresh Certificate of Incorporation was issued by the Registrar of Companies, Andhra Pradesh on 15th September, 1994. Our Corporate Identification Number is L65993TG1985PLC005838.

Registered Office: 6-3-652, IV Floor, Kautilya, Amrutha Estates, Somajiguda, Hyderabad, Telangana – 500 082.

Tel No: +91 40 3052 7777, Fax No: +91 40 3052 6283

Contact Person: Ms. Gadila Sabitha Reddy, Company Secretary & Compliance Officer

E-mail: investorcompliances@bnrsecurities.com, Website: www.bnrsecurities.com

Our Promoters: Mr. Hari Narayan Rathi & Mr. Chetan Rathi

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF B. N. RATHI SECURITIES LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF 25,20,000 EQUITY SHARES OF FACE VALUE OF ₹.10/- EACH (THE "EQUITY SHARES"), FOR CASH AT A PRICE OF ₹.15/- PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹.5/- PER EQUITY SHARE) AGGREGATING ₹. 378 LAKHS, TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ON RIGHTS BASIS IN THE RATIO OF ONE EQUITY SHARE FOR EVERY ONE EQUITY SHARE HELD AS ON THE RECORD DATE, i.e. [●], 2015 ("THE ISSUE").

THE ISSUE PRICE OF EACH EQUITY SHARE IS 1.5 TIMES THE FACE VALUE OF THE EQUITY SHARE.

FOR FURTHER DETAILS, PLEASE REFER TO THE SECTION TITLED "TERMS OF THE ISSUE" ON PAGE 118 OF THE DRAFT LETTER OF OFFER. THE ENTIRE ISSUE PRICE FOR THE EQUITY SHARES IS PAYABLE ON APPLICATION.

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 relation to the 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 being 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 the Draft Letter of Offer. **Investors are advised to refer to the section titled "Risk Factors" on page 8 of the Draft Letter of Offer before making an investment in this Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Draft Letter of Offer contains all information with regard to the Issuer and this Issue, which is material in the context of this Issue, that the information contained in the 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 the Draft Letter of Offer as a whole or any 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 BSE Limited, ("BSE"). The Equity Shares offered through the Letter of Offer are proposed to be listed on the BSE. We have received in-principle approval from BSE for listing the Equity Shares arising pursuant to the Issue through letter dated [●]. For the purposes of the Issue, the Designated Stock Exchange shall be BSE.

LEAD MANAGER TO THE ISSUE



Karvy Investor Services Limited
"Karvy House", 46, Avenue 4, Street No.1,
Banjara Hills, Hyderabad – 500 034,
Telangana, India
Tel No. +91 40 2342 8774 / 2331 2454
Fax No. +91 40 2337 4714 / 2331 1968
Email: cmg@karvy.com
Website: www.karvy.com
Investor Grievance Email: igmbd@karvy.com
Contact Persons: Ms. Krishna Sowjanya / Mr. M.P. Naidu
SEBI Registration Number: INM000008365
CIN: U67120TG1997PLC026253

REGISTRAR TO THE ISSUE



Venture Capital And Corporate Investments Private Limited.
12-10-167, Bharat Nagar
Hyderabad, 500 018.
Tel No: +91 40 23818475/23818476
Fax No: +91 40 23868024
Email: info@vccilindia.com
Website: www.vccilindia.com
Investor Grievance Email: info@vccilindia.com
Contact Persons: Mr. E S K Prasad / Mr. P.V. Srinivasa Rao
SEBI Registration Number: INR000001203
CIN: U65993TG1986PTC006936

ISSUE SCHEDULE

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[●]	[●]	[●]

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

The Draft Letter of Offer uses certain definitions and abbreviations, which unless the context indicates or implies otherwise, have the meanings as provided below. Reference to any legislation, act or regulation shall be to such legislation, act or regulation as amended from time to time.

The following list of defined terms is intended for the convenience of the reader only.

Company Related Terms

Term	Description
“BNRSL”, “Our Company”, or “the Issuer” “We” or “us” or “our”	B.N. Rathi Securities Limited
Articles/ Articles of Association/ AoA	Articles of Association of our Company, as amended from time to time
Auditors/ Statutory Auditors	Our statutory auditors namely, M/s. Seshachalam & Co., Chartered Accountants, Hyderabad
Board/Board of Directors	Board of Directors of our Company including a committee thereof
Company Secretary & Compliance Officer	Ms. Gadila Sabitha Reddy
Director(s)	Any or all director(s) of our Company, unless otherwise specified and as the context may require
Equity Shareholder(s)/ Shareholder(s)	A holder of the Equity Shares of our Company
Equity Share(s)	Equity Shares of our Company of face value of ₹.10 each
Eligible Equity Shareholder(s)	Equity Shareholders whose names appear on the register of members of our Company or on the list of register of beneficial owners of our Company maintained by the Depositories as at the end of business hours on the Record Date i.e. [●]
Financial Statements	Audited Standalone and Consolidated financial statements of our Company
Memorandum/ Memorandum of Association/ MoA	Memorandum of Association of our Company, as amended from time to time
Promoters	Mr. Hari Narayan Rathi & Mr. Chetan Rathi
Promoter Group	Unless the context requires otherwise, refers to such persons and entities constituting the promoter group of our Company in terms of Regulation 2(zb) of the SEBI Regulations, which are disclosed by our Company to the Stock Exchanges from time to time.
Registered Office	The registered office of our Company situated at 6-3-652, IV Floor, Kautilya, Amrutha Estates, Somajiguda, Hyderabad – 500 082.
Subsidiaries	B.N. Rathi Comtrade Private Limited and B.N. Rathi Industries Private Limited

Issue Related Terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to the Issue in accordance with the SEBI Regulations
Allottee(s)	Persons to whom Equity Shares of our Company will be issued pursuant to the Issue
Allotment /Allotted	The allotment of Equity Shares pursuant to the Issue
Allotment Date	The date on which the Allotment is made
Applicant(s)	The Eligible Equity Shareholders and/or the Renounees who are entitled to apply or have applied for the Rights Equity Shares under the Issue, as the case may be

Application	Application made by the Applicant whether submitted by way of the CAF or the SAF or in the form of a plain-paper Application, to subscribe to the Rights Equity Shares issued pursuant to the Issue at the Issue Price
Application Amount	The aggregate value of the Application indicated in the Application Form or the SAF or in the plain paper application, payable at the time of the Application
Application Form	The form in terms of which an 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	The application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the Application Amount in his/her/its specified bank account maintained with the SCSB
ASBA Account	An account maintained with an SCSB and specified in the CAF or plain paper Application, as the case may be, for blocking the amount mentioned in the CAF or plain paper Application, as the case may be.
ASBA Investor(s)	<p>Eligible Equity Shareholders proposing to subscribe to the Issue through ASBA process and who:</p> <ul style="list-style-type: none"> • are holding the Equity Shares of our Company in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/or additional Equity Shares in dematerialized form; • have not renounced their Rights Entitlements in full or in part; • are not Renounees; and • are applying through blocking of funds in a bank account maintained with the SCSBs <p>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 ₹.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 ₹.2,00,000.</p>
Bankers to the Issue	[•]
Category III foreign portfolio investor(s)	Includes all other investors who are not eligible under category I and category II foreign portfolio investors (as defined under the SEBI (FPI) Regulations) such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
Composite Application Form/CAF/ Application Form	The form used by an Investor to make an application for the Allotment of Equity Shares in the Issue, or renounce his Rights Entitlement or request for the SAFs, and used by sole Renounee to make an Application for Allotment of the Equity Shares in the Issue to the extent of renunciation of Rights Entitlement in their favour.
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that our Company would issue for the Equity Shares Allotted to one folio.
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available at http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html
Designated Branches	Such branches of the SCSBs which shall collect Application forms used by ASBA Investors and a list of which is available at http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html
Designated Stock Exchange	BSE Limited
Draft Letter of Offer	This draft letter of offer dated 21.09.2015 issued by our Company in accordance with the SEBI Regulations and filed with SEBI for its observations.

Foreign Portfolio Investor(s) / FPI(s)	A person who satisfies the eligibility criteria prescribed under Regulation 4 of the SEBI (FPI) Regulations and has been considered under chapter III of the SEBI (FPI) Regulations, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act. Provided that any foreign institutional investor or qualified foreign investor who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.
Investor(s)	Eligible Equity Shareholder(s) and Renouncee(s) applying in the issue.
Issue / Rights Issue	Issue of 25,20,000 Equity Shares for cash at Issue Price of ₹.15/- per Equity Share (including premium of ₹.5/- per Equity Share) for an amount aggregating to ₹.378.00 lakhs on a rights basis to the Equity Shareholders of our Company in the ratio of One (1) Equity Share for every One (1) fully paid-up Equity Share held by the Equity Shareholders on the Record Date.
Issue Closing Date	●
Issue Opening Date	●
Issue Price	₹.15/- per Equity Share
Issue Proceeds	The gross proceeds raised through the Issue.
Issue Size	₹.378.00 lakhs
Lead Manager / KISL/Karvy	Karvy Investor Services Limited
Letter of Offer/ LoF	The final letter of offer dated ● filed with the BSE Limited after incorporating the observations received from the SEBI on the Draft Letter of Offer
Listing Agreement	The listing agreement entered into between our Company and BSE Limited
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, see the section “ <i>Objects of the Issue</i> ” on page 32
Non Institutional Investors/ Non – Institutional Investors	All Investors, including FPIs which are foreign corporates or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for an cumulative amount more than ₹.2,00,000/-
Qualified Foreign Investors / QFIs	QFI shall mean a person who has opened a dematerialized account with a qualified depository participant as a qualified foreign investor under the SEBI (FPI) Regulations
Qualified Institutional Buyers or QIBs	Qualified Institutional Buyer means: (i) a mutual fund, venture capital fund and FVCI registered with the Board; (ii) a FPI other than Category III FPI; (iii) a public financial institution as defined in Section 2 clause (72) of the Companies Act, 2013; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii) a provident fund with minimum corpus of 200 million rupees; (ix) a pension fund with minimum corpus of twenty five crore rupees; (x) 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; (xi) insurance funds set up and managed by army, navy or air force of the Union of India; and (xii) insurance funds set up and managed by the Department of Posts, India.
Record Date	●
Refund Bank	●
Registrar to the Issue / Registrar	Venture Capital And Corporate Investments Private Limited
Renouncee(s)	Any person(s) who has/have acquired Rights Entitlements from Eligible Equity Shareholders
Retail Individual Investors	Individual Investors who have applied for Equity Shares for an amount less than or equal to ₹. 2,00,000 in the Issue (including HUFs applying through the karta)

Rights Entitlement	The number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date
SAF(s)	Split Application Form(s)
SCSB(s)	A Self Certified Syndicate Bank, registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html
Securities Act	U.S. Securities Act, 1933, as amended from time to time
Stock Exchange	BSE Limited where our Equity Shares are presently listed and traded.
Stock Exchanges / Exchanges	BSE / NSE / MCX where our Company is registered as a broker under cash / futures & options / currency derivatives segment

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
“₹.” or “Rs.” or Rupees or INR	Indian Rupee
AGM	Annual General Meeting
AS	Accounting Standards issued by the ICAI
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
Central Government / Government of India	The Central Government of India
CIN	Corporate Identification Number
Companies Act, 1956	Companies Act, 1956, as amended from time to time
Companies Act, 2013	Companies Act, 2013, to the extent applicable and as amended from time to time
Companies Act	Companies Act, 1956 and/or Companies Act, 2013, to the extent applicable
Depositories Act	Depositories Act, 1996, as amended from time to time
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
DP ID	Depository Participant Identity
DP/Depository Participant	Depository Participant as defined under the Depositories Act
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extra-Ordinary General Meeting
EPS	Earnings Per Share
FCNR Account	Foreign Currency Non-Repatriable Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time
FII	Foreign Institutional Investor (as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014), registered with the SEBI under applicable laws in India
Financial Year/fiscal year/ Fiscal/ FY	Period of 12 months ending March 31 of that particular year.
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
Government	The Central Government and/or the State Government, as applicable
HUF/HUFs	Hindu Undivided Family / Hindu Undivided Families
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
India	Republic of India
Indian GAAP	Generally accepted accounting principles followed in India
IT Act	Income Tax Act, 1961

Mutual Fund	Mutual fund registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996
NR	Non-Resident
NRE Account	Non-Resident External Account
NRI	Non-Resident Indian
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
OCB(s)	Overseas Corporate Body(ies)
P.A.	Per Annum
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
RBI	Reserve Bank of India
RoC	Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI (FPI) Regulation	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time
State Government	Government of a state of India
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time

Company Related Terms

Term/Abbreviation	Description/ Full Form
BNRSL	B.N.Rathi Securities Limited
BNRCPL	B.N.Rathi Comtrade Private Limited
BNRIPL	B.N.Rathi Industries Private Limited
CFO	Chief Financial Officer
CS	Company Secretary
FY	Financial Year
GDP	Gross Domestic Product
HNI	High Networth Individual
KMP	Key Managerial Personnel
KYC	Know Your Customer
MBA	Master of Business Administration
MCX SX	Multi Commodity Exchange
MD	Managing Director
MS	Master of Science
MICR	Magnetic Ink Character Recognition
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NOF	Net Owned Fund
RMS	Risk Management Services
RTGS	Real Time Gross Settlement
P/E Ratio	Price / Earnings Ratio
RONW	Return on Net Worth
STT	Securities Transaction Tax
WTD	Whole Time Director
w.r.t.	With respect to

Notwithstanding the foregoing, terms in sections titled “Statement of Tax Benefits”, “Financial Information” and “Outstanding Litigation and Defaults” on pages 35, 53 and 105, respectively, have the meanings given to such terms in these respective sections.

FORWARD LOOKING STATEMENTS

Certain statements in this Draft Letter of Offer are not historical facts but are “forward-looking” in nature. Forward looking statements appear throughout this Draft Letter of Offer, including, without limitation, under the heading “Risk Factors”. Forward-looking statements include statements concerning our Company's plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Company's competitive strengths and weaknesses, our Company's business strategy and the trends our Company anticipates in the industries and the political and legal environment, and geographical locations, in which our Company operates, and other information that is not historical information.

Words such as “believe”, “anticipate”, “estimate”, “seek”, “expect”, “continue”, “intend”, “predict”, “project”, “should”, “goal”, “future”, “could”, “may”, “will”, “would”, “targets”, “aims”, “is likely to”, “plan” and similar expressions, or variations of such expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

These risks, uncertainties and other factors include, among other things, those listed under “Risk Factors”, as well as those included elsewhere in this Draft Letter of Offer. Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited, to:

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

For a further discussion of factors that could cause our Company's actual results to differ, see the sections “Risk Factors” on page 8. 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. Neither our Company nor the Lead Manager or any of their respective affiliates make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Neither our Company nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI/Stock Exchanges requirements, our Company and Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges for the Equity Shares allotted pursuant to this Issue.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Certain Conventions

References in this Draft Letter of Offer to “India” are to the Republic of India.

Financial Data

Unless stated otherwise, the financial data in this Draft Letter of Offer is derived from our Company's audited consolidated financial statements. Our Company's fiscal year commences on April 1 and ends on March 31 of the following calendar year.

Our Company prepares its financial statements in accordance with the generally accepted accounting principles in India, which differ in certain respects from generally accepted accounting principles in other countries. Indian GAAP differs in certain significant respects from the IFRS. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

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. For definitions, see the section “Definitions and Abbreviations” on page 1.

Currency of Presentation

All references to “India” contained in this Draft Letter of Offer are to the Republic of India. All references to “Rupees”, “INR” or “₹.” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. In this Draft Letter of Offer, reference to the singular also refers to the plural and one gender also refers to any other gender.

Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in “Lakhs”, where the “1 Lakh” means “100 thousand”. 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.

SECTION II - RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in the Draft Letter of Offer, including the risks and uncertainties summarized below, before making an investment in our Equity Shares. The risks described below are relevant to the industry our Company is engaged in, our Company and our Equity Shares. If any one or more of the following risks as well as other risks and uncertainties discussed in the Draft Letter of Offer were to occur, our business, financial condition and results of our operation could suffer material adverse effects, and could cause the trading price of our Equity Shares and the value of investment in the Equity Shares to materially decline which could result in the loss of all or part of investment. Investors should pay particular attention to the fact that our Company is incorporated under the laws of India, and is therefore subject to a legal and regulatory environment that may differ in certain respects from that of other countries.

These risks are not the only ones that our Company faces. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify financial or other implication of any risks mentioned herein.

I. INTERNAL RISKS

1. There are certain legal proceedings involving us that, if determined against us, could have an impact on our financial condition and results of operations.

There are outstanding legal proceedings involving our Company that, if determined against us, could have an impact on our business prospects, financial condition and results of operation. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in law and rules against us by courts or tribunals, we may need to make provisions in our financial statements, which could impact our reported financial condition and results of operation. Furthermore, if significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, there could be an adverse effect on our business and profitability.

A summary of the litigations against our Company is as under:

Nature of litigation	No. of cases	Amount (₹. In lakhs)*
Claim for recovery of money	One	2.81 [@]

*Subject to Court Decision

[@]excluding interest

A summary of the litigations by our Company is as under:

Nature of litigation	No. of cases	Amount (₹. In lakhs)*
Claim for recovery of brokerage erroneously credited	One	17.96
Defamation Suit	One	-- [#]
Claim for refund of advance money paid towards purchase of property	One	20.83
Claim for recovery of outstanding balances in trading account	Four (4)	21.28

*Subject to Court Decision

[#]Not ascertainable

Summary of Income Tax Proceedings:

Nature of litigation	No. of cases	Amount (₹. In lakhs)
Dispute regarding valuation of property sold during the Assessment Year 2010-11	One	-- [#]

[#]Not ascertainable

We cannot provide any assurance that these matters will be decided in our favor. Further, there is no assurance that similar proceedings will not be initiated against us in the future. For further details of the cases mentioned above, please see "Outstanding Litigations" on page 105 of the Draft Letter of Offer.

2. 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 is entirely at the discretion of our management and as per the details mentioned in the section titled “Objects of the Issue”.

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.

3. Our operations are significantly located in the Telangana, Andhra Pradesh and Maharashtra region and failure to expand our operations may restrict our growth and adversely affect our business.

Currently, we are carrying our business mainly in the Telangana, Andhra Pradesh and Maharashtra region and hence our major revenues are generated from operations in these regions only. In the event that demand for equity trading activities in general reduces or stops by any reason including political discord or instability or change in policies of State or an act of terrorism, then our financial condition and operating results may be materially and adversely affected. Geographical and functional expansion of our business domain requires establishment of adequate network. As we seek to diversify our regional focus we may face the risk that our competitors may be better known in other markets, enjoy better relationships with customers. Our lack of exposure in geographical boundaries outside our operating regions could impact our future revenues.

4. Our Company has not made certain disclosures required under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, pursuant to which SEBI may initiate action against us.

Our Company has not made disclosure of shareholding as on record date for the dividends declared during the years 2004 to 2011 in compliance with Regulation 8(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. SEBI may initiate action for such non-compliances.

5. Exchanges have levied penalty in the past and may levy so in future as well and any such penalty may affect the profitability of our Company for that financial year.

Following penalties have been levied by exchanges in the past three years:

Type of Penalty	Amount in ₹.		
	FY 2012-13	FY 2013-14	FY 2014-15
Inspection & Others	10,000	32,500	Nil

Further exchanges may even suspend our company’s operations for any serious default by the Company in future.

6. If we are unable to retain the services of our Key Managerial Personnel, our business and our operating results could be adversely impacted.

We are dependent on our Key Managerial Personnel for setting our strategic direction and managing our businesses. The loss of our key managerial personnel may materially and adversely impact our business, results of operations and financial condition.

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

A principal component of our strategy is to continue to grow by expanding the size and geographical scope of our businesses, as well as the development of our new business streams. This growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure. Any inability on our part to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

8. We have not made any alternate arrangements for meeting the purposes mentioned in the Objects of the issue. Further we have not identified any alternate source of financing the 'Objects of the Issue'. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.

As on date, we have not made any alternate arrangements for meeting the purposes mentioned in the objects of the issue. We meet our funding requirements through our own 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 fund requirements, which in turn will negatively affect our financial condition and results of operations. Further we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds may delay the implementation schedule and could adversely affect our growth plans.

9. Major fraud, lapses of internal control or system failures could adversely impact the company's business.

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

10. We could be exposed to risks arising from employee and business associate misconduct and trading errors.

Misconduct by employees could include their binding us to transactions that exceed authorized limits or present unacceptable risks to us, hiding unauthorized or unsuccessful trading activities from us or the improper use of confidential information. These types of misconduct could result in business risks or losses to us including regulatory sanctions and serious harm to our reputation. Furthermore, while our business associates work under our overall supervision and control and that each of their clients are directly registered with us on a revenue sharing basis. Our Business Associates are typically managed by independent entrepreneurs and not by our employees. We have significantly less control over the activities of our business associates than our employees. The precautions we take to prevent and detect these activities may not be effective. For example, some of our clients place orders over the telephone. If employee or Business Associate performs misconduct or commits trading errors, our business operations and reputation could have a material adverse impact.

11. Absence of comprehensive business continuity and disaster recovery plan may lead to a temporary disruption of our operations.

We rely extensively on technology to carry on our business and have invested in customary data centre, network components, application infrastructure and back-up. However, we have not implemented a comprehensive disaster recovery plan which may lead to a temporary disruption in connectivity with the Exchanges and between our data centre and our Business Locations affecting our business and possibly leading to loss of revenue, financial losses and damage to our reputation.

12. Our clients deal in securities and any default by a client could result in substantial losses.

We require clients to deposit a minimum initial margin and then to pay the balance settlement amount by the pay- in date for the transaction undertaken by us on their behalf. If a client is unable to pay this balance amount before the pay-in date, we may be required to make the payment on behalf of the defaulting client, which may affect our profitability. In case of high market volatility or adverse movements in share price, it is possible that clients may not honour their commitment, and any inability on our part to pay the margins to the Stock Exchanges may be detrimental to our business, reputation and profitability.

13. Our risk management policies and procedures may leave us exposed to unidentified risks or unanticipated levels of risk which could lead to material losses.

Our risk management techniques and strategies may not be fully effective in mitigating our exposure to risks and may not cover risks that we fail to identify or anticipate. Some methods of risk management are based on

the use of observed historical market behavior. We apply statistical and other tools to these observations to arrive at quantifications of our risk exposures. These tools and metrics may fail to predict future risk exposures. Our losses could therefore be significantly greater than those which the historical measures indicate. Our more qualitative approach to managing those risks could prove insufficient, exposing us to material unanticipated losses. Other risk management methods depend on evaluation of information regarding markets, clients or other matters that are publicly available or otherwise accessible by us. This information may not be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. We cannot assure you that our policies and procedures will effectively and accurately record and verify this information. We seek to monitor and control our risk exposure through a variety of separate but complementary financial, credit, operational and legal reporting systems. Nonetheless, the effectiveness of our ability to manage risk exposure cannot be completely or accurately predicted or fully assured. For example, unexpectedly large or rapid movements or disruptions in one or more markets or other unforeseen developments could have a material adverse effect on our results of operations and financial condition. The consequences of these developments could include losses due to adverse changes in inventory values, decreases in the liquidity of trading positions, higher volatility in systemic risk.

14. We are subject to uncertainties associated with the securities industry and to fluctuating revenues.

As a financial services company, we are subject to uncertainties that are common in the securities industry. These include the volatility of domestic and international financial markets, bond and stock markets, extensive governmental regulation, litigation, intense competition, substantial fluctuations in the volume and price level of securities, and dependence on the solvency of various third parties. As a result, our revenues and earnings may vary significantly from quarter to quarter and from year to year. In periods of low trading volume, profitability is impaired because certain expenses remain relatively fixed.

We are much smaller and have much less capital than many competitors in the securities industry and our revenues are likely to decline in such circumstances. If we are unable to correspondingly reduce expenses, our profit margins would erode.

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

Our Company faces significant competition from other stock brokers. In particular, we compete with other Indian and foreign brokerage houses operating in the markets in which we are present. We compete on the basis of a number of factors, including execution, depth of product and service offerings, innovation, reputation and price.

Our competitors may have advantages over us, including, but not limited to:

- Substantially greater financial resources;
- Longer operating history than us in certain common businesses;
- Greater brand recognition among consumers;
- Larger customer base in and outside India; or
- More diversified operations which allow profits from certain operations to support other operations with lower profitability.

These competitive pressures may affect our business, and our growth will largely depend on our ability to respond in an effective and timely manner to these competitive pressures.

16. Downturns or disruptions in the securities markets could reduce transaction volumes, and could cause a decline in the business and impact our profitability.

Our revenues, level of operations and, consequently, our profitability are dependent on favourable capital market conditions, a conducive regulatory and political environment, investor sentiment, price levels of securities and other factors that affect the volume of stock trading in India and the level of interest in Indian business developments. In recent years, the Indian and world securities markets have fluctuated considerably and a downturn in these markets could adversely affect our operating results. When markets are highly volatile, we run the risk of bad debts and losses and also litigation. Revenues are likely to decline during sustained periods of reduced trading volumes and our profit margins may be adversely affected if we are unable to reduce our expenses at the same pace as the decline in revenues. When trading volume is low, our profitability

will be adversely affected because our revenues will be reduced and some of our operating costs are fixed. Decreases in equity prices or decreased trading activity could have an adverse effect on our business, financial condition and operating results.

17. Our business requires us to obtain and renew certain registrations, licenses and permits from government and regulatory authorities and the failure to obtain and renew them in a timely manner may adversely affect our business operations.

Our business operations 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. We will be applying for certain approvals relating to our business. 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.

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

Our future ability to pay dividends will depend on our earnings, financial condition and capital requirements. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. There can be no assurance that we will generate sufficient income to cover the operating expenses and pay dividends to the shareholders. Our ability to pay dividends will also depend on our expansion plans. We may be unable to pay dividends in the near or medium term, and the future dividend policy will depend on the capital requirements and financing arrangements for the business plans, financial condition and results of operations.

19. All our branches offices (registered office and branch offices) are being operated from leased premises. The lease deed for Vijayawada office has expired.

The premises from which we are carrying out our business (registered office as well as branch offices in Hyderabad, Vijayawada, Chennai and Coimbatore) have been obtained on a lease basis. We have obtained the lease from third parties and none of our lease deeds were registered. If any of the owners of such leased premises do not renew the agreements under which we occupy or use the premises on terms and conditions acceptable to us, or at all, we may suffer a disruption in our operations which could have a material adverse effect on our business and operations.

The lease deed for our Vijayawada office has expired on July 10, 2015. We are still in the process of renewing the lease. In case we are not able to renew the lease, we may have to shift our branch office to new premises. Searching a new office and shifting our operations to the new location may take some time which can impact our business. Further, it may also reduce the number of walk-in clients due to change of location.

20. Our professional reputation may be affected adversely and we may be liable to our clients and third parties if our services are not regarded as satisfactory.

Our Company is dependent to a large extent on our relationships with our clients and our reputation for integrity and the professional services to attract and retain the clients. As a result, if a client is not satisfied with our services, it may affect our business adversely.

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

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

lower the market price of our Equity Shares.

22. 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 our Promoter Group. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

23. Our insurance cover may be inadequate to fully protect us from all losses and may in turn adversely affect our financial condition.

We maintain such insurance coverage as we believe is customary for our Company. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We maintain premises and vehicle insurance coverage. However, we cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. Further, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our results of operations or cash flow may be affected.

24. Our inability to effectively implement our growth strategies or manage our growth could have an adverse effect on our business, results of operations and financial condition.

Our growth strategy envisages a very strong asset size and operational income growth. However, there could be a possibility that we may not grow at a comparable rate to our growth rate in the past or the required growth rate to effectively compete in the market either in terms of profit or income. Further, such growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls and more importantly adhering to quality and high standards that meet customer expectations. Any inability on our part to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

25. Our Promoter and Promoter Group shall continue to exercise significant control over our business which will allow them to determine the outcome of certain matters.

Our Promoters and Promoter Group holds 45.81% of our equity share capital. As a result, they are able to exercise significant control over the matters requiring shareholder approval, including significant corporate structuring exercises such as mergers or demergers, sale of assets, etc. Further, our promoters may take decision which may be in conflict of interest or detrimental to minority shareholders. Our Promoter and Promoter Group have also undertaken to subscribe the undersubscribed portion of the Issue, if any, subject to obtaining any approvals required under applicable law. Such subscription for Equity Shares over and above their rights entitlement, if allotted, may result in an increase in their percentage shareholding. Thus, our Promoters may have larger control over the decision making process and outcome of matters.

II. EXTERNAL RISKS

1. Global economic, political and social conditions may harm our ability to do business, increases our costs and negatively affects our stock price.

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

2. Global recession and volatile market conditions could cause our business to suffer.

The developed economies of the world viz. U.S., Europe, Japan and others are in midst of recovering from recession which is affecting the economic condition and markets of not only these economies but also the economies of the emerging markets like Brazil, Russia, India and China. General business and consumer sentiment has been adversely affected due to the global slowdown and there cannot be any assurances, whether these developed economies will see good economic growth in the near future. Consequently, this has also affected the global stock and commodity markets.

3. Tax rates applicable to Our Company may increase and may have an adverse impact on our business.

Any increase in the tax rates including surcharge and education cess applicable to us may have an adverse impact on our business and results of operations and we can provide no assurance as to the extent of the impact of such changes.

4. Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.

The Government of India has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued in the future. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally and adversely affect our business, financial condition and results of operations.

5. Future issues or sales of Equity Shares by Our Company may significantly affect the trading price of the Equity Shares.

The future issue of Equity Shares or the disposal of Equity Shares by any of our major Equity Shareholders or the perception that such issues or sales may occur may significantly affect the trading price of the Equity Shares. There is no restriction on our ability to issue Equity Shares or the relevant Equity Shareholders' ability to dispose off their Equity Shares, and there can be no assurance that we will not issue Equity Shares or that any such Equity Shareholder will not dispose off, encumber or pledge their Equity Shares.

6. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect your ability to sell, or the price at which you can sell, Equity Shares at a particular point in time.

We are subject to a daily "circuit breaker" imposed by all Stock Exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian Stock Exchanges. The percentage limit on our circuit breakers is set by the Stock Exchanges based on the historical volatility in the price and trading volume of our Equity Shares.

The Stock Exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time, and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

PROMINENT NOTES

1. This is an Issue of 25,20,000 Equity Shares at a premium of ₹.5/- per Equity Share for an amount aggregating upto ₹.378.00 lakhs on a rights basis to the existing Equity Shareholders of our Company in the ratio of One (1) Equity Share for every One (1) fully paid-up Equity Share(s) held on the Record Date (i.e., [●]) by the existing Equity Shareholders.

2. The net worth of our Company as on March 31, 2015 (Standalone) was ₹. 965.39 lakhs.

3. The net asset value per share of our Company as on March 31, 2015 (Standalone) was ₹. 38.31.

4. Our Company, in the course of business has entered into certain transactions with related parties. The details of related party transactions are as under:

Nature of Transaction	(₹. In lakhs)	
	March 31, 2015	March 31, 2014
Rent paid	9.40	8.81
Remuneration Paid	22.20	22.34
Dividend paid	14.21	10.99
Services rendered: (brokerage received)	2.05	0.14
Advance given	33.63	34.90
Advance recovered	58.63	9.73

5. There has been no financing arrangement whereby the Promoter Group, the Directors of our Company who are our Promoters and our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six (6) months immediately preceding the date of filing of the Draft Letter of Offer with SEBI.

6. The Lead Manager and our Company shall update this Draft Letter of Offer and keep our shareholders / public informed of any material changes till listing and trading permission in respect of the Equity Shares is received.

Investors may contact the Lead Manager for any complaint, clarifications and information pertaining to the Issue. Any clarification or information relating to this Issue shall be made available by the Lead Manager to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner. All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, application number, number of Equity Shares applied for, application amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form has been submitted by the ASBA Investor. For contact details please see “General Information” on page 25.

SECTION III – INTRODUCTION

THE ISSUE

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 section titled “Terms of the Issue” on page 118 of this Draft Letter of Offer.

Equity shares offered through the Issue	25,20,000 Equity Shares
Rights Entitlement	One (1) Equity Share for every One (1) Equity Share held on the Record Date
Record Date	[●], 2015
Face Value per Equity Shares	₹.10/-
Issue Price per Equity Share	₹.15
Issue Size	₹.3,78,00,000
Equity Shares outstanding prior to the Issue	25,20,000 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	50,40,000 Equity Shares
Terms of the Issue	Please refer to the section titled “Terms of the Issue” on page 118 of this Draft Letter of Offer.
Use of Issue Proceeds	Please refer to the section titled “Objects of the Issue” on page 32 of this Draft Letter of Offer.

Terms of Payment

The full amount is payable on application alongwith the CAF.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth our summary financial information derived from our audited financial statements as at and for Fiscal 2015 prepared in accordance with Indian GAAP and the Companies Act. This chapter should be read in conjunction with, and is qualified in its entirety by, the more detailed information about us and our financial statements, including the notes thereto, the "Financial Information" on page 53. Special attention is also drawn to chapter titled "Risk Factors" on page 8, which discusses a number of factors and contingencies that could impact our financial condition and results of operations.

For the financial year ended 31st March, 2015 based on the standalone audited financial statements:

BALANCE SHEET AS AT 31st MARCH, 2015 (Standalone basis)

(Amount in ₹.)			
Particulars	Note No.	As at March 31, 2015	As at March 31, 2014
I EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a)	3	2,52,00,000	2,52,00,000
(b)	4	7,13,39,033	6,14,77,240
(2) Non-Current Liabilities			
(a)	5	-	5,00,238
(b)	6	18,10,966	-
(3) Current Liabilities			
(a)	7	1,00,00,000	-
(b)	8	16,35,37,988	11,78,53,470
(c)	9	64,36,746	50,65,374
(d)	10	1,23,14,122	71,35,792
Total :		29,06,38,855	21,72,32,115
II ASSETS			
(1) Non-Current Assets			
(a)	11		
(i)	11A	18,72,065	37,60,749
(ii)	11B	45,873	4,80,236
(b)	12	1,50,00,000	1,49,99,500
(c)	13	21,57,293	6,30,248
(d)	14	3,17,33,933	1,52,39,056
(e)	15	18,00,000	-
(2) Current Assets			
(a)	16	24,34,524	18,40,058
(b)	17	1,73,69,245	1,82,00,592
(c)	18	13,23,00,534	6,83,30,047
(d)	19	8,10,52,529	8,98,66,850
(e)	20	48,72,859	38,84,779
Total :		29,06,38,855	21,72,32,115

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2015

(Amount in ₹.)

Particulars	Note No.	For the year ended 31.03.2015	For the year ended 31.03.2014
Revenue from operations (net)	21	12,02,03,917	6,92,03,661
Other income	22	1,98,24,753	1,36,59,506
I. Total Revenue		14,00,28,670	8,28,63,167
Expenses:			
Employee benefit expenses	23	1,46,67,784	1,29,33,594
Finance costs	24	38,29,538	18,59,560
Depreciation and amortization expenses	11	33,56,875	14,89,856
Other expenses	25	2,61,87,881	1,83,51,620
Sharing of brokerage		7,09,31,808	3,59,97,532
II. Total Expenses		11,89,73,886	7,06,32,162
III. Profit before tax (I-II)		2,10,54,784	1,22,31,005
IV. Tax expense:			
Current tax expense			
- for current year		76,71,864	35,97,863
- relating to prior year		34,428	-
Deferred tax		(13,76,431)	(4,33,513)
V. Profit for the year		1,47,24,923	90,66,655
VI. Earning per equity share:			
Basic and diluted	31	5.84	3.60

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015
(Amount in ₹.)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
A. Cash flow from operating activities		
Profit before tax	2,10,54,784	1,22,31,005
Adjustments:		
Depreciation and amortization	33,56,875	14,89,856
Interest expense	34,99,362	16,22,268
Loss on sale of fixed assets	-	1,02,870
Profit on sale of fixed assets	-	(2,08,748)
Dividend income	(2,55,000)	(15,54,769)
Interest income	(1,65,69,056)	(1,00,58,387)
Cash generated before working capital changes	1,10,86,965	36,24,095
Increase in trade payables	4,56,50,089	6,08,11,403
Increase in other current liabilities	11,08,186	3,76,724
Increase in long term provisions	18,10,966	-
Increase in short term provisions (gratuity)	92,726	-
Increase in trade inventories	(5,94,466)	(7,62,383)
Decrease in trade receivables	8,31,347	1,78,53,073
Increase in loans and advances	(56,85,679)	(4,10,56,184)
Cash generated from operations	5,43,00,134	4,08,46,728
Direct taxes paid	(73,92,742)	(26,90,847)
Net cash flow from operating activities (A)	4,69,07,392	3,81,55,881
B. Cash flows from investing activities		
Purchase of fixed assets, including intangible assets	(14,98,039)	(20,54,664)
Acquisition of equity shares in subsidiary companies	(500)	(48,50,000)
Proceeds from sale of fixed assets	-	4,49,950
Dividend received	2,55,000	15,54,769
Interest received	1,55,80,976	84,39,308
Net cash flow from investing activities (B)	1,43,37,437	35,39,363
C. Cash flows from financing activities		
Repayment of long term borrowings	(2,37,053)	(3,31,13,216)
Proceeds /(repayment) from working capital borrowings	1,00,00,000	(25,00,000)
Dividends paid on equity shares	(30,24,000)	25,20,000
Tax on equity dividend paid	(5,13,929)	(4,28,274)
Interest paid	(34,99,362)	(16,22,268)
Net Cash Flow From Financing activities (C)	27,25,656	4,01,83,758
D. Net increase in cash and cash equivalents (A+B+C)	6,39,70,485	15,11,486
E. Cash and cash equivalents [Refer Note 2(j)]		
at the beginning of the year	6,83,30,049	6,68,18,563
at the end of the year	13,23,00,534	6,83,30,049

For the Financial Year ended 31st March, 2015, based on the consolidated audited financial statements:

Consolidated Balance Sheet as at 31st March, 2015

(Amount in ₹.)

Particulars	Note	As at March 31, 2015	As at March 31, 2014
I. Equity and liabilities			
(1) Shareholder's Funds			
(a) Share capital	3	2,52,00,000	2,52,00,000
(b) Reserves and surplus	4	8,20,34,537	7,02,32,493
(2) Minority Interest		-	677
(3) Non-current liabilities			
(a) Long-Term Borrowings	5	-	5,00,238
(b) Long term provisions	6	18,10,966	-
(c) Other non-current liabilities	7	-	20,00,000
(4) Current Liabilities			
(a) Short-term borrowings	8	1,04,28,451	4,24,619
(b) Trade payables	9	23,76,65,829	18,20,36,987
(c) Other current liabilities	10	71,92,171	57,80,916
(d) Short-term provisions	11	1,34,79,503	71,98,785
		37,78,11,457	29,33,74,715
II. Assets			
(1) Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets	12A	29,75,902	59,71,818
(ii) Intangible assets	12B	45,873	4,80,236
(b) Deferred Tax Assets	13	25,35,182	7,25,525
(c) Long term loans and advances	14	3,86,80,485	2,19,74,678
(d) Other non-current assets	15	18,00,000	-
(2) Current assets			
(a) Inventories	16	45,32,366	69,94,605
(b) Trade receivables	17	6,10,09,380	6,34,89,859
(c) Cash and bank balances	18	16,73,94,781	9,08,55,338
(d) Short term loans and advances	19	9,30,23,974	9,82,40,527
(e) Other current assets	20	58,13,514	46,42,129
		37,78,11,457	29,33,74,715

Consolidated Statement of Profit & Loss for the year ended 31st March, 2015

(Amount in ₹.)

	Note	For the year ended March 31, 2015	For the year ended March 31, 2014
I. Revenue from operations	21	16,79,34,798	10,38,45,829
II. Other Income	22	2,25,75,351	1,40,62,504
III. Total Revenue (I+II)		19,05,10,149	11,79,08,333
IV. Expenses:			
Share of brokerage		8,55,87,919	5,39,80,979
Construction expenses	23	1,37,83,476	42,51,022
Employee benefit expenses	24	1,83,37,068	1,59,73,111
Finance costs	25	40,31,638	21,07,828
Depreciation and amortisation expenses	12	46,18,507	20,45,479
Other expenses	26	4,02,68,580	3,40,19,124
IV. Total Expenses		16,66,27,188	11,23,77,543
Less: Expenses transferred to construction work-in-progress		-	51,54,547
V. Profit before tax (III-IV)		2,38,82,961	1,06,85,337
VI. Tax expense:			
Current tax expense			
- for current year		88,37,245	36,60,856
- relating to prior year		34,428	
Deferred tax		(16,59,043)	(5,23,808)
VII. Profit from the period		1,66,70,331	75,48,289
VIII. Earning per equity share:			
Basic and diluted	31	6.62	3.00

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

(Amount in ₹.)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
A. Cash flow from operating activities		
Profit before tax	2,38,82,961	1,06,85,337
Adjustments:		
Depreciation and amortisation	46,18,507	20,45,479
Interest expense	35,40,195	16,55,257
Loss on sale of fixed assets	-	1,14,561
Profit on sale of fixed assets	-	(2,08,748)
Dividend income	(2,55,000)	(54,799)
Interest income	(1,88,73,663)	(1,18,83,223)
Cash generated before working capital changes	1,29,13,000	23,53,864
Adjustments for (increase) / decrease in operating assets:		
-Trade inventories	24,62,239	(58,95,076)
-Trade receivables	24,80,479	(1,60,32,323)
-Loans and advances	(85,33,447)	(2,82,33,445)
-Other current assets	(11,71,385)	(13,06,613)
Adjustments for increase / (decrease) in operating liabilities:		
-Trade payables	5,56,23,007	7,93,63,412
-Long term provisions	18,10,966	-
-Short term provisions	92,726	-
-Other non-current liabilities	(20,00,000)	(5,00,000)
-Other current liabilities	14,11,255	1,94,678
Cash generated from operations	6,50,88,840	2,99,44,497
Direct taxes paid	(84,51,091)	(34,12,164)
Net cash flow from operating activities (A)	5,66,37,749	2,65,32,333
B. Cash flows from investing activities		
Purchase of fixed assets, including intangible assets	(16,52,439)	(22,17,664)
Proceeds from sale of fixed assets	-	4,56,450
Interest received	1,88,73,663	1,18,83,223
Dividend received	2,55,000	54,799
Net cash flow from investing activities (B)	1,74,76,224	1,01,76,808
C. Cash flows from financing activities		
Repayment of long term borrowings	(5,00,238)	(3,31,13,217)
Proceeds /(repayment) from working capital borrowings	1,00,03,832	(35,28,458)
Dividends paid on equity shares	(3,024,000)	(25,20,000)
Tax on dividend	(5,13,929)	(4,28,274)
Interest paid	(35,40,195)	(16,55,257)
Net Cash Flow From Financing activities (C)	24,25,470	(4,12,45,206)
D. Net increase in cash and cash equivalents (A+B+C)	7,65,39,443	(45,36,065)
E. Cash and cash equivalents [Refer Note 2(k)]		
at the beginning of the year	9,08,55,338	9,53,91,403
at the end of the year	16,73,94,781	9,08,55,338

GENERAL INFORMATION

Dear Equity Shareholder(s),

Pursuant to the resolution passed by our Board at its meeting held on May 27, 2015 and the resolution of the shareholders of our Company passed at the Annual General Meeting held on July 18, 2015, our Company has been authorised to make the following Rights Issue to the Equity Shareholders of our Company with a right to renounce.

Issue of 25,20,000 Equity Shares of ₹.10/-each for cash at a premium of ₹.5/- per Equity Share aggregating to ₹. 378.00 Lakhs on a rights basis to the existing Equity Shareholders of our Company, in the ratio of One (1) Equity Share for every One (1) Equity Share held as on the Record Date i.e. [●], 2015. The Issue Price of each Equity Share is 1.5 times the face value of the Equity Share.

For further details please refer to “Terms of the Issue” on page 118 of this Draft Letter of Offer.

REGISTERED OFFICE OF OUR COMPANY

B.N. Rathi Securities Limited
6-3-652, IV Floor, Kautilya, Amrutha Estates,
Somajiguda, Hyderabad – 500 082
Telangana, India
Tel: + 91 40 3052 7777
Fax: +91 40 3052 6283
Email: investorgrievances@bnrsecurities.com
Website: www.bnrsecurities.com
Corporate Identification Number: L65993TG1985PLC005838

ADDRESS OF THE REGISTRAR OF COMPANIES

REGISTRAR OF COMPANIES, ANDHRA PRADESH & TELANGANA
2ND Floor, Corporate Bhawan,
GSI Post, Tattianaram Nagole, Bandlaguda
Hyderabad - 500 068
Phone: 040-29805427/29803827/29801927
Fax: 040-29803727
Email: roc.hyderabad@mca.gov.in

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Gadila Sabitha Reddy
6-3-652, IV Floor, Kautilya, Amrutha Estates,
Somajiguda, Hyderabad – 500 082
Tel: + 91 40 3052 7777
Fax: +91 40 3052 6283
Email: sabita@bnrsecurities.com

Investors may contact the Compliance Officer or Registrar to the Issue for any pre-Issue / post-Issue related matter such as non-receipt of letters of allotment/ share certificates/ refund orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investors.

LEAD MANAGER TO THE ISSUE

Karvy Investor Services Limited

“Karvy House”, 46, Avenue 4, Street No.1,
Banjara Hills, Hyderabad – 500 034, Telangana, India
Tel No. +91 40 2342 8774 / 2331 2454
Fax No. +91 40 2337 4714 / 2331 1968
Email: cmg@karvy.com
Website: www.karvy.com
Investor Grievance Email: igmbd@karvy.com
Contact Persons: Ms. G. Krishna Sowjanya / Mr. M.P. Naidu
SEBI Registration Number: MB/INM000008365

LEGAL ADVISORS TO THE ISSUE

Y. Suryanarayana, Advocate

H.No. 6-3-348/10, Flat No. 106, Nirmal Towers 200,
Near Sai Baba Temple, Dwarakapuri Colony,
Panjagutta, Hyderabad – 500 082.
Tel: +91 40 2335 0486
E-mail: suryacorporatelawyer@gmail.com

REGISTRAR TO THE ISSUE

Venture Capital and Corporate Investments Private Limited

12-10-167, Bharat Nagar
Hyderabad, 500018,
Tel: +91 40-2381 8475 /76
Fax: +91 40-2386 8024
E-mail: info@vccilindia.com
Website: www.vccilindia.com
Contact Person: Mr. E S K Prasad / Mr. P.V. Srinivas Rao
SEBI Registration Number: INR000001203
Corporate Identification Number: U65993TG1986PTC006936

STATUTORY AUDITORS OF OUR COMPANY

Seshachalam & Co.,

Chartered Accountants

1-11-256, Street No.1,
Wall Street Plaza, 6th Floor,
ICICI Building, Begumpet,
Hyderabad – 500 016.
Tel: +91 40 – 2784 4610
Fax: +91 40 2789 7172
Email: bharadwaj@sesco.in
Partner: T. Bharadwaj
Firm Registration No. 003714S
Peer Review Certificate No: 005894

BANKERS TO OUR COMPANY

HDFC Bank Limited

FIG – OPS Department, Lodha, I Think Techno Campus,
O-3, Level, Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai – 400 042,
Tel: +91 22 3075 2928xz
Fax: +91 22 2579 9801
Contact Person: Mr. Deepak Rane
Email Id: deepak.rane@hdfcbank.com
SEBI Reg: INBI00000063

BANKERS TO THE ISSUE

[•]

Experts

Our Company has received consent letter dated July 24, 2015 from the Statutory Auditors, M/s. Seshachalam & Co., Chartered Accountants to include their names as an “expert” under Section 2(38) read with Section 26 of the Companies Act, 2013 in this Draft Letter of Offer in relation to their report dated May 27, 2015 on the audited financial statements for the financial year ended March 31, 2015 of our Company provided under section “Financial Information” on page 53 and the Statement of Tax Benefit dated July 24, 2015 provided under section “Statement of Tax Benefits” on page 35. Further, this consent has not been withdrawn as of the date of this Draft Letter of Offer.

SELF CERTIFIED SYNDICATE BANKERS

All equity shareholders may apply in this Issue through the ASBA process. The ASBA Investors are required to fill the ASBA Form and submit the same to their Self Certified Syndicate Banks (“SCSB”) which in turn will block the amount as per the authority contained in the ASBA Form and undertake other tasks as per the specified procedure. The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on SEBI’s website http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html. Details relating to designated branches of SCSBs collecting the ASBA forms are available at the above mentioned link. On allotment, the amount would be unblocked and the account would be debited only to the extent required to pay for the Equity Shares allotted.

For more details on the ASBA process, please refer to the details given in ASBA form and also please refer to the chapter titled “Terms of the Issue” starting on page 118 of this Draft Letter of Offer.

Credit Rating

This being an Issue of equity shares, no credit rating is required.

Statement of inter se allocation of Responsibilities for the Issue

Karvy Investor Services Limited is the sole Lead Manager to this Issue, however the list of major responsibilities of Karvy Investor Services Limited inter alia, is as follows:-

Sr. No	Activity
1.	Capital structuring with the relative components and formalities, type of instruments of the Issue in conformity with the SEBI Regulations.
2.	Drafting and design of the Letter of Offer and of the advertisement or publicity material including newspaper advertisement and brochure or memorandum containing salient features of the Letter of Offer.
3.	Selection of various agencies connected with issue, such as registrars to the issue, printers, advertising agencies, etc.
4.	Liaisoning with the Stock Exchanges and SEBI, including for obtaining in-principle listing approval and completion of prescribed formalities with the Stock Exchanges and SEBI
5.	Marketing of the issue, which shall cover, inter alia, formulating marketing strategies, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) bankers to the issue, (iii) collection centres, (v) brokers to the issue, and (vi) underwriters and underwriting arrangement, (iv) distribution of publicity and issue material including application form, letter of offer and the Abridged Letter of Offer and the Letter of Offer to the extent applicable.

6.	Post-issue activities, which shall involve essential follow-up steps including follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self- Certified Syndicate Banks, etc
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Trustees

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

Monitoring Agency

Our Company is not required to appoint a monitoring agency pursuant to Regulation 16(1) of the ICDR Regulations. Our Board will monitor the use of the proceeds of this Issue as per clause 49 of the Listing Agreement.

Underwriting

Our Company has not entered into any underwriting / standby agreement.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any bank or financial institution.

Minimum Subscription

If we do not receive the minimum subscription of 90% in this Issue or if our Board fails to dispose off the unsubscribed Equity Shares in the manner as permitted under Section 62(1)(a)(iii), subject to receipt of requisite regulatory approvals, if any, after the Issue Closing Date or the subscription level falls below 90% after the Issue Closing Date on the account of cheques being returned unpaid or withdrawal of applications, we shall refund the entire subscription amount received 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 provisions of the Companies Act, 2013 and SEBI ICDR Regulations.

Our Promoters and Promoter Group have, vide undertaking dated July 28, 2015 confirmed their intention to subscribe to the full extent of their Rights Entitlement in this Issue. Our Promoters and Promoter Group 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, if any, in the Issue, subject to obtaining any approvals required under applicable law, our Promoters and Promoter Group shall apply for Equity Shares, in addition to their Rights Entitlement in the Issue, 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 and Promoter Group, may acquire Equity Shares over and above their Rights Entitlement, which may result in an increase of their shareholding above the current shareholding together with their Rights Entitlement. This subscription and acquisition of additional Equity Shares by our Promoters and 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 and Promoter Group also acknowledge and undertake that its entitlement to subscribe the unsubscribed portion over and above their Rights Entitlement 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 40A of the listing agreement.

Issue Schedule

Issue Opening Date	[●] 2015
Last Date for receiving requests for split forms	[●] 2015
Issue Closing Date*	[●] 2015

*Our Company may decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of subsection (1) of Section 38 of the Companies Act, 2013 read with Section 447 of the Companies Act, 2013 which is reproduced below:

“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or 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 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.”

Principal terms of Loans (Credit Facility) and Security provided as of 31.08.2015:

For details in connection with the principal terms of loans and assets charged as security, please see the section titled “Financial Indebtedness” on page 104 of the Draft Letter of Offer.

CAPITAL STRUCTURE

The share capital of our Company as on the date the Draft Letter of Offer is as set forth below:

Particulars	Aggregate Value Nominal Value (₹.)	Aggregate Value at Issue Price (₹.)
AUTHORISED CAPITAL		
60,00,000 Equity Shares of ₹.10/- each	6,00,00,000	--
ISSUED, SUBSCRIBED AND FULLY PAID UP CAPITAL BEFORE THE ISSUE		
25,20,000 Equity Shares of ₹.10/- each	2,52,00,000	--
PRESENT ISSUE BEING OFFERED TO THE ELIGIBLE EQUITY SHAREHOLDERS THROUGH THE DRAFT LETTER OF OFFER*		
25,20,000 Equity Shares of ₹.10/- each at a Premium of ₹.5/- i.e. at a price of ₹.15/- per share	2,52,00,000	3,78,00,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE		
50,40,000 Equity Shares of ₹.10/- each [^]	5,04,00,000	--
SHARE PREMIUM ACCOUNT		
Before the Issue		1,22,40,000
After the Issue *		2,48,40,000

[^]subject to 100% subscription of the Issue.

*This Issue is being made pursuant to a resolution passed by the Board of our Company at its meeting held on May 27, 2015 and the resolution of the shareholders of our Company passed at the Annual General Meeting of the Company held on July 18, 2015.

Prominent Notes

a) Intention and extent of participation by our Promoters in the Issue:

Our Promoters and Promoter Group have, vide undertaking dated July 28, 2015 confirmed their intention to subscribe to the full extent of their Rights Entitlement in this Issue. Our Promoters and Promoter Group 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, if any, in the Issue, subject to obtaining any approvals required under applicable law, our Promoters and Promoter Group shall apply for Equity Shares, in addition to their Rights Entitlement in the Issue, 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 and Promoter Group, may acquire Equity Shares over and above their Rights Entitlement, which may result in an increase of their shareholding above the current shareholding together with their Rights Entitlement. This subscription and acquisition of additional Equity Shares by our Promoters and 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 and Promoter Group also acknowledge and undertake that its entitlement to subscribe the unsubscribed portion over and above their Rights Entitlement 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 40A of the listing agreement.

b) Details of outstanding instruments:

Our Company does not have any outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of the Draft Letter of Offer, which would entitle the holders to acquire further Equity Shares.

c) Our shareholding pattern as on June 30, 2015 was as follows:

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of Total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals / Hindu Undivided Family	4	11,54,477	11,54,477	45.81	45.81	0	0.00
Sub Total	4	11,54,477	11,54,477	45.81	45.81	0	0.00
(2) Foreign							
Total shareholding of Promoter and Promoter Group (A)	4	11,54,477	11,54,477	45.81	45.81	0	0.00
(B) Public Shareholding							
(1) Institutions							
(2) Non-Institutions							
Bodies Corporate	65	2,10,561	2,09,011	8.36	8.36	0	0.00
Individuals							
Individual shareholders holding nominal share capital up to Rs. 1 lakh	3704	8,47,353	4,85,901	33.63	33.63	0	0.00
Individual shareholders holding nominal share capital in excess of Rs.1 lakh	10	2,99,679	2,52,829	11.89	11.89	0	0.00
Any Others (Specify)	13	7,930	7,930	0.31	0.31	0	0.00
Clearing Members	6	4,601	4,601	0.18	0.18	0	0.00
Non Resident Indians	7	3,329	3,329	0.13	0.13	0	0.00

Sub Total	3,792	13,65,523	9,55,671	54.19	54.19	0	0.00
Total Public shareholding (B)	3,792	13,65,523	9,55,671	54.19	54.19	0	0.00
Total (A)+(B)	3,796	25,20,000	21,10,148	100.00	100.00	0	0.00
(C) Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0.00	0	0.00
(1) Promoter and Promoter Group	0	0	0	0.00	0.00	0	0.00
(2) Public	0	0	0	0.00	0.00	0	0.00
Sub Total	0	0	0	0.00	0.00	0	0.00
Total (A)+(B)+(C)							

d) The details of our Promoter and the Promoter Group's shareholding in our Company as of June 30, 2015 are as follows:

Sl. No	Name of the Shareholder	Details of Shares held		Encumbered Shares		Details of Warrants		Details of Convertible Securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of shares held	As a % of total no. of equity shares outstanding as on June 30, 2015	No. of shares held	As a % of total no. of equity shares outstanding as on June 30, 2015	No. of warrants held	As a % of total number of warrants of the same class	No. of convertible securities	As a % of total number of convertible securities of the same class	
1	HARI NARAYAN RATHI	7,85,745	31.18	0	0.00	0.00	0	0.00	0	0.00
2	CHETAN RATHI	1,74,267	6.92	0	0.00	0.00	0	0.00	0	0.00
3	CHANDA DEVI RATHI	1,31,203	5.21	0	0.00	0.00	0	0.00	0	0.00
4	NISHA RATHI	63,262	2.51	0	0.00	0.00	0	0.00	0	0.00
	Total	11,54,477	45.81	0	0.00	0.00	0	0.00	0	0.00

e) The details of shareholding of persons belonging to the public category and holding more than five percent of the total number of shares of our Company, as of June 30, 2015 is NIL.

f) The details of shareholding of persons belonging to the public category and holding more than one percent of the total number of shares of our Company, as of June 30, 2015 are as follows:

Sl. No.	Name of the Shareholder	No. of Shares held	Shares as % of Total No. of Shares	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	NIRMAN STOCK BROKERS PVT LTD	72,370	2.87	0	0.00	0	0.00	2.87
2	VALLAB DASS RAMANI	51,139	2.03	0	0.00	0	0.00	0.00
3	SANDEEP STOCKS PRIVATE LIMITED	47,268	1.88	0	0.00	0	0.00	0.00
4	NEETA RATHI	46,850	1.86	0	0.00	0	0.00	0.00
5	PREETI BIYANI	38,400	1.52	0	0.00	0	0.00	0.00
6	CH RAVI KUMAR	30,000	1.19	0	0.00	0	0.00	0.00
7	VEENA GOVIND NARAYAN MUNDARA	30,000	1.19	0	0.00	0	0.00	0.00
8	BASANTI DEVI RATHI	30,000	1.19	0	0.00	0	0.00	0.00
	Total	3,46,027	13.73	0	0.00	0	0.00	0.00

- g) Our Promoters & Promoter Group have not acquired any Equity Shares in the last one year immediately preceding the date of the Draft Letter of Offer.
- h) There is no ESOP scheme set up by our Company.
- i) The ex-rights price of the Equity Shares as per Regulation 10(4) (b) of the Takeover Regulations is ₹.22.43/- per Equity Share
- j) The present Issue being a rights issue, as per Regulation 34(c) of the SEBI ICDR Regulations, the requirements of Promoters' contribution are not applicable. Further, none of the equity shares held by Promoter and Promoter Group are subject to lock-in.
- k) As on September 11, 2015, Karvy Stock Broking Limited, the holding company of Karvy Investor Services Limited, the Lead Manager is holding 896 equity shares of our Company.
- l) All the Equity Shares of our Company are fully paid-up & there are no partly paid-up Equity Shares on the date of the Draft Letter of Offer. Further, the Equity Shares when issued shall be fully paid-up.

OBJECTS OF THE ISSUE

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

1. Enhancement of Margin Money maintained with the Exchanges
2. General Corporate Purposes
3. Issue Expenses

The objects set out in our 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. Further, we confirm that the activities we have been carrying out until now are in accordance with the objects clause of our Memorandum of Association.

OUR REQUIREMENT OF FUNDS AND MEANS OF FINANCE

We are a brokerage house, providing a wide range of products & services covering equity broking, equity derivatives and investment advisory to all kinds of investors. We intend to utilize the proceeds of this Issue for financing the growth of our business towards the above mentioned activities. The details of utilization of proceeds are as per the table set forth below:

Sl.No.	Particulars	Proposed utilization of Issue proceeds (Amount in ₹. Lakhs)
1.	Enhancement of margin money maintained with the Stock Exchanges	340.00
2.	General Corporate Purposes	20.00
3.	Issue Expenses	18.00
	Total	378.00

Means of Finance:

We propose to meet all the requirement of funds entirely from the proceeds of the Issue and, therefore, no amount is required to be raised through means other than the Issue for financing the same. Accordingly, regulation 4(2)(g) of the SEBI (ICDR) Regulations, 2009 (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the proposed Issue) does not apply to the Issue.

The fund requirement, as mentioned above is based on the estimates of our management and has not been appraised by any bank or financial institution or any other independent agency. These fund requirements are based on our current business plan. The deployment of the funds towards the Objects of the Issue is at the discretion of our Board of Directors and is not subject to monitoring by any external independent agency. Further, we cannot assure that the actual costs or schedule of implementation as proposed in the “Objects of the Issue” will not vary from the estimated costs or schedule of implementation. Any such variance may be on account of one or more factors, some of which may be beyond our control. Occurrence of any such event may delay our business plans and/or may have an adverse bearing on our expected revenues and earnings.

Details of the Objects

1. Enhancement of margin money maintained with the exchanges

Part of the proceeds of this Issue will be utilized for the margins to be placed with the stock exchanges. The margin requirements with the exchanges are determined on the basis of trading volumes and market volatility and to the extent of open interest in respect of equity/ stock future.

Such margins are required for entering into contracts for equity index/ stock futures, which are released on final settlement and/or squaring up of underlying contracts. Further, equity index/ stock futures are marked-to-market on a daily basis, in which case, “mark-to-market margin” is required to be provided, representing the net amount paid or received on the basis of movement of price/ stock futures till the balance sheet date. While the initial margin and the margin deposits with the stock exchanges/ professional clearing members can be created by way of deposit of either stock or bank guarantees or fixed deposits with banks or cash, however, the marked-to-market margin is typically created by way of deposit of cash. With the

proposed expansion in the operation and the growth plan envisaged by our Company, we expect our trading volumes to increase leading to additional margin capital requirements for our Company.

Margin maintained with stock exchanges

(₹. In Lakhs)			
Type of Margin	FY 2014-15	FY 2013-14	FY 2012-13
Margin with Exchanges	750	840	505
Bank Guarantee	450	300	300
Total	1200	1140	805

Our Company meets its margin requirements through bank guarantees, cash deposits and fixed deposits maintained with the exchanges.

Consequently, we propose to deploy ₹.340.00 Lakhs out of issue proceeds towards enhancing the margins with the exchanges through either bank guarantees or fixed deposits with banks or cash. Such capital infusion will enable us to undertake more business in equities and derivatives markets.

2. General Corporate Purposes

We intend to deploy ₹.20.00 Lakhs towards general corporate purposes, including but not restricted to strengthening our marketing capabilities, enhancing our infrastructure facilities or any other purposes as approved by our Board of Directors.

3. Issue Expenses

The estimated Issue Expenses are as follows:

Sr. No.	Activity Expense	Amount (in ₹. Lakhs)	Percentage of Total estimated Issue expenditure	Percentage of Issue Size
1.	Fees of Lead Manager, Legal Advisor, Registrar to the Issue and out of pocket expenses	8.00	44.44%	2.12
2.	Expenses relating to advertising, printing, distribution, marketing and stationery expenses	8.00	44.44%	2.12
3.	Others (including but not limited to Stock Exchange fees, depository fees and SEBI filing fees and other miscellaneous expenses)	2.00	11.11%	0.53
	Total estimated Issue expenses	18.00	100%	4.77%

Schedule of Implementation

There is no fixed schedule of Implementation of the project as the funds are intended to be used primarily for enhancing the margin money maintained with the Stock Exchanges. The funds will be utilized by our Company in the routine course of our business depending on the business growth and volume under the guidance and supervision of the Audit Committee of the Board and the Board of Directors of our Company.

Deployment of Funds

The funds deployed up to August 31, 2015 pursuant to the object of this Issue as certified by the Auditors of our Company, viz. Seshachalam & Co., Chartered Accountants pursuant to their certificate dated September 01, 2015 are given below:

(₹. in Lakhs)	
Deployment of Funds	Amount
Issue Related Expenses	2.00
Total	2.00

The funds already deployed have been sourced from the internal accruals of our Company.

Deployment of Balance Funds

(₹. Lakhs)			
Deployment of Funds	Already incurred till 31.08.2015	To be incurred in the FY 2015-16	Total
Margin Money	-	340.00	340.00
General Corporate Purposes	-	20.00	20.00
Issue Expenses	2.00	16.00	18.00
Total	2.00	376.00	378.00

Interim Use of Funds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the net proceeds received by the company from the Issue. Pending utilization for the purposes described above, we intend to deposit the funds with schedule commercial banks for necessary duration.

Appraisal

The Objects of the Issue have not been appraised by any bank or financial institution or other agencies and is based on the management estimates.

Bridge Loan

Our Company has not entered into any bridge loan facility that will be repaid from the Net Proceeds.

Interest of Directors or Key Management Personnel in the Objects of the Issue

No part of the proceeds of the Issue will be paid by our Company as consideration to our Directors or key management personnel.

Monitoring of utilization of funds

A monitoring agency will not be appointed to monitor the utilisation of proceeds in relation to this Issue since the gross proceeds of the Issue are expected to be less than ₹.50,000 Lakhs. Our Board of Directors will monitor the utilisation of the Net Proceeds of the Issue and our Company shall comply with the Listing Agreements, as amended, from time to time. Our Company will disclose the utilisation of the proceeds of the Issue under a separate head along with details, for all such proceeds of the Issue that have not been utilised. Our Company will indicate investments, if any, of un-utilised proceeds of the Issue in the balance sheet of the Company for the relevant fiscal years subsequent to the listing of Equity Shares issued pursuant to the Issue.

STATEMENT OF TAX BENEFITS

Statement of possible direct tax benefits available to the Company and its shareholders under the applicable laws in India

The Board of Directors,
B.N.Rathi Securities Limited
6-3-652, IV Floor, Kautilya,
Amrutha Estates, Somajiguda,
Hyderabad, Telangana – 500 082

Dear Sirs,

Sub: Statement of possible tax benefits available to B.N. Rathi Securities Limited (“the Company”) and its shareholders

We refer to the proposed right issue of equity shares of B.N. Rathi Securities Limited (“the Company”) and enclose the statement showing the current position of tax benefits available to the Company and to its shareholders under the current Direct Tax laws presently in force in India (incorporating amendments introduced by Finance Act, 2015) for inclusion in the Draft letter of offer.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant direct 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 the business imperatives, the Company faces in the future, the Company may or may not choose to fulfill.

The benefits outlined in the enclosed statement based on the information and particulars provided by the Company are neither exhaustive nor conclusive.

This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax-advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

- (i) the Company or its shareholders will continue to obtain these benefits in future;
- (ii) the conditions prescribed for availing the benefits have been/would be met with; and
- (iii) the revenue authorities/courts will concur with the views expressed herein.

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

We hereby give our consent to include the enclosed statement regarding tax benefits available to the Company and to its shareholders in the letter for the proposed rights issue of equity shares which the Company intends to submit to the Securities and Exchange Board of India, the Registrar of Companies and the Stock Exchange(s).

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of B.N.Rathi Securities Limited and shall not, without our prior written consent, be disclosed to any other person.

For Seshachalam & Co
Chartered Accountants
Firm Registration No: 003714S

T.Bharadwaj
Partner
Membership No. 201042

Place: Hyderabad
Date: July 24, 2015

Statement of direct tax benefits available to B.N.Rathi Securities Limited (“the Company”) and its shareholders

The direct tax benefits listed below are the possible benefits available under the current tax laws 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 it faces in the future, it may not choose to fulfil.

Benefits available under the Income Tax Act, 1961 (hereinafter referred as IT Act):

1. Special tax benefits

1. Special tax benefits available to the company

There are no special tax benefits available to the Company under the provisions of the Income tax Act, 1961 (“IT Act”).

2. (ii) General tax benefits

The following benefits are available to the Company after fulfilling conditions as per the respective provisions of the relevant tax laws:

a) Exemption u/s 10(34) of the IT Act:

As per section 10(34) of the IT Act, any income by way of dividends referred to in section 115-O from a domestic company is exempt from tax in the hands of the Company. Such income is also exempt from tax while computing book profit for the purpose of determination of MAT liability.

However, in view of the provisions of section 14A of the IT Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

Also, section 94(7) of the IT Act provides that losses arising from the sale/transfer of shares or units purchased within a period of three months prior to the record date and sold/transferred within three months or nine months respectively after such date, will be disallowed to the extent dividend income on such shares or units is claimed as tax exempt.

b) Exemption u/s 10(35) of the IT Act

As per section 10(35) of the IT Act, the following incomes will be exempt in the hands of the company –

- a) Income received in respect of the units of a mutual fund specified under clause (23D) of section 10 of the IT Act; or
- b) Income received in respect of units from the administrator of the specified undertaking; or
- c) Income received in respect of units from the specified company.

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. Such income is also exempt from tax while computing book profit for the purpose of determination of MAT liability. However, in view of the provisions of section 14A of the IT Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

c) Income from buy back of shares

As per section 10(34A) of the IT Act, any income arising to the Company being a shareholder, on account of buy back of shares (not being listed on a recognized stock exchange) by a company as referred to in section 115QA of the IT Act will be exempt from tax. Such income is also exempt from tax while computing book profit for the purpose of determination of MAT liability.

d) Depreciation

The Company is entitled to claim depreciation on specified tangible and intangible assets owned and used by it for the purpose of its business as per provisions of section 32 of the IT Act.

e) Carry forward and set off of losses:

Under Section 71 of the IT Act, business loss suffered by the company during the year is allowed to be set off against income from any other head.

Under Section 72 of the IT Act, the company is entitled to carry forward business losses that cannot be set off against permitted sources of income in the relevant assessment year, for a period of 8 consecutive assessment years immediately succeeding the assessment year when the losses were incurred and set off such losses against income chargeable under the head "Profits and gains from business or profession" in such assessment year. However, only such losses which have been determined in pursuance of a return filed in accordance with Sec 139(1) of the IT Act shall be carried forward and set off under section 72 of the IT Act.

f) Carry forward and Set-off of Business loss and unabsorbed depreciation

Business loss (other than speculative loss), if any, arising during a year can be set off against the income under any other head of income, other than income under the head 'salaries', in terms of the provisions of section 71 of the IT Act. Balance business loss, if any, can be carried forward and set off against business profits for eight subsequent years in terms of the provisions of section 72 of the IT Act. Unabsorbed depreciation under section 32(2) of the IT Act can be carried forward and set off against any source of income in subsequent years subject to provisions of section 72(2) of the IT Act.

g) Capital gains

As per section 2(42A) of the IT Act, a security (other than a unit) listed in a recognised stock exchange in India or units of the Unit Trust of India or a unit of an equity oriented fund or zero coupon bonds will be considered as short term capital asset if the period of holding of such shares, units or security is twelve months or less. If the period of holding is more than twelve months, it will be considered as long term capital asset as per section 2(29A) of the IT Act. In respect of other assets, the determinative period of holding is thirty six months as against twelve months mentioned above. Further, gain/loss arising from the transfer of short term capital asset and long term capital asset is regarded as short term capital gains/loss and long term capital gains/loss respectively.

Section 48 of the IT 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. However, such indexation benefit would not be available on bonds and debentures.

As per section 10(38) of the IT Act, long term capital gains arising to the Company from transfer of long term capital asset being an equity share in a Company or a unit of an equity oriented fund listed in recognized stock exchange in India where such transaction is chargeable to Securities Transaction Tax (STT) will be exempt in the hands of the Company. The income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB.

As per section 54EC of the IT Act, capital gains up to ₹.50 Lakhs arising from the transfer of a long term capital asset (in cases not covered under section 10(38) of the IT Act) are exempt from capital gains tax provided such capital gains are invested within a period of six months after the date of such transfer in specified bonds issued by National Highways Authority of India (NHAI) or Rural Electrification Corporation Ltd (RECL). From assessment year 2015-16, investment made by an assessee in the National Highways Authority of India (NHAI) or Rural Electrification Corporation Limited (RECL) bonds out of capital gain arising from the transfer of one or more original assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year should not exceed 50 lakhs.

Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30% (plus applicable surcharge, education cess and secondary higher education cess). However, as per section 111A of the IT 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 STT, will be taxable at the rate of 15% (plus applicable surcharge, education cess and higher education cess).

However, as per the proviso to section 112(1), if the tax on long term capital gains resulting on transfer of listed securities (other than unit) or zero coupon bond (other than through a recognized stock exchange), calculated at the rate of 20% with indexation benefit exceeds the tax on long term capital gains computed at the rate of 10% without indexation benefit, then such gains are chargeable to tax at concessional rate of 10% (plus applicable surcharge, education cess and secondary higher education cess).

As per section 70 read with section 74 of the IT Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years in terms of the provisions of section 74 of the IT Act.

Long term capital loss arising during a year is allowed to be set-off only against long term capital gains in terms of section 70 of the IT Act. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years in terms of the provisions of section 74 of the IT Act. Long term capital loss arising on sale of equity shares or units of equity oriented fund subject to STT may not be carried forward for set-off.

h) Credit of MAT

As per section 115JAA(1A) of the IT Act, credit is allowed in respect of tax paid under section 115JB of the IT Act for any assessment year commencing on or after April 1, 2006. MAT credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the IT Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to ten assessment years immediately succeeding the assessment year in which the MAT credit becomes allowable under section 115JAA(1A) of the IT Act. MAT credit can be set off in a year when tax is payable under the normal provisions of the IT Act. MAT credit to be allowed shall be the difference between MAT payable and the tax computed as per the normal provisions of the IT Act for that assessment year.

i) Tax on distributed profits of domestic companies

As per section 115-O of the IT Act, tax on distributed profits of domestic companies is chargeable at 15% (plus applicable surcharge, education cess and higher education cess). As per sub-section (1A) to section 115-O, the domestic Company will be allowed to set-off the dividend received from its subsidiary company during the financial year against the dividend distributed by it, while computing the Dividend Distribution Tax (DDT) if:

- a) the dividend is received from its domestic subsidiary and the subsidiary has paid the DDT payable on such dividend; or
- b) the dividend is received from a foreign subsidiary; the Company has paid tax payable under section 115BBD.

Further, the net distributed profits shall be increased to such amounts as would, after reduction of the tax on such increased amounts at the specified rate, be equal to the net distributed profits. However, the same amount of dividend shall not be taken into account for reduction more than once.

j) Tax rebates / Tax credits

As per the provisions of section 90 of the IT Act, for taxes on income paid in foreign countries with which India has entered into Double Taxation Avoidance Agreements (Tax Treaties from projects/activities undertaken thereat), the Company will be entitled to the deduction from the India Income-tax of a sum calculated on such doubly taxed income to the extent of taxes paid in foreign countries.

Further, the company, as a tax resident of India, would be entitled to the benefits of such Tax Treaties in respect of income derived by it in foreign countries. In such cases, the provisions of the IT Act shall apply to the extent they are more beneficial to the company. Similar deduction is available in respect of taxes paid in foreign countries, with which India does not have Double Taxation Avoidance Agreements, as per the provisions of section 91 of the IT Act.

k) Other Deductions

A deduction amounting to 100% or 50%, as the case may be, of the sums paid as donations to various entities is allowable as per section 80G of the IT Act.

A deduction amounting to 100% of any sum contributed to any political party or an electoral trust is allowable under section 80GGB of the IT Act while computing total income.

l) Amendments as per Finance Act, 2015

1. Corporate tax rate to be reduced to 25% over the next four years. The Finance Minister in his Budget speech has proposed to reduce the rate of corporate tax from 30% to 25% over the next four years.

2. Wealth Tax has been abolished w.e.f 01.04.2016

3. Special tax benefits available to the shareholders

There are no special tax benefits available to resident as well as Foreign Institutional Investors (“FIIs”) shareholders of the Company.

4. General tax benefits available to the shareholders under the Income tax Act, 1961 (hereinafter referred as IT Act)

4.1 Resident shareholders

a) Dividends exempt under section 10 (34)

Under section 10(34) of the IT Act, income earned by way of dividend from domestic company referred to in section 115-O of the IT Act is exempt from income-tax in the hands of the shareholders. Accordingly, dividend declared by the Company is exempt in the hands of shareholders.

Such income is also exempt from tax while computing book profit for the purpose of determination of MAT liability.

However, in view of the provisions of section 14A of the IT Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

b) Taxability of capital gains

Under section 10(38) of the IT Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the Company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

In terms of section 36(1) (xv) of the IT Act, STT paid in respect of the taxable securities transactions entered into in the course of the business by a shareholder is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head ‘Profit and gains of business or profession’.

As per section 2(42A) of the IT Act, shares held in the listed company will be considered as short term capital asset if the period of holding of such shares is twelve months or less. If the period of holding is more than twelve months, it will be considered as long term capital asset as per section 2(29A) of the IT Act. Further, gain/loss arising from the transfer of short term capital asset and long term capital asset is regarded as short term capital gains/loss and long term capital gains/loss respectively.

Section 48 of the IT 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.

Under section 111A of the IT Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the IT Act at 15% (plus applicable surcharge, education cess and higher education cess). As per section 70 read with section 74 of the IT Act, short-term capital loss, if any arising during the year can be set-off against short-term capital gain as well as against the long-term capital gains and shall be allowed to be carried forward up to eight assessment years immediately succeeding the assessment year for which the loss was first computed.

Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains [not covered under section 10(38) of the IT Act] arising on transfer of shares of a listed company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge, education cess and secondary higher education cess) after indexation as provided in the second proviso to section 48 or at 10% (plus applicable surcharge, education cess and secondary higher education cess) (without indexation), at the option of the Shareholders.

Under section 54EC of the IT Act, capital gains up to ₹.50 Lakhs arising from the transfer of a long term capital asset (in cases not covered under section 10(38) of the IT Act) are exempt from capital gains tax provided such capital gains are invested within a period of six months after the date of such transfer in specified bonds issued by National Highways Authority of India (NHAI) or Rural Electrification Corporation Ltd (RECL). If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

Under section 54F of the IT Act, where in the case of an individual or HUF long term capital gain arise from transfer of shares of the a company (other than exempt u/s 10(38) of the IT Act) then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

e) Other deductions

Under section 80CCG of the IT Act, a resident individual being a new retail investor will be allowed deduction of 50% of amount invested in listed equity shares or listed units of equity oriented mutual fund in accordance with notified scheme subject to maximum deduction of INR 25,000 and fulfilment of other conditions as prescribed.

4.2 NON RESIDENT SHAREHOLDERS

a) Dividends exempt under section 10 (34) of the IT Act

Under section 10(34) of the IT Act, income earned by way of dividend from domestic company referred to in section 115-O of the IT Act is exempt from income-tax in the hands of the shareholders. Accordingly, dividend declared by the Company is exempt in the hands of shareholders.

Such income is also exempt from tax while computing book profit for the purpose of determination of MAT liability.

However, in view of the provisions of section 14A of the IT Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

b) Taxability of capital gains

Under section 10(38) of the IT Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the Company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax. As per section 2(42A) of the IT Act, shares held in the listed company will be considered as short term capital asset if the period of holding of such shares is twelve months or less. If the period of holding is more than twelve months, it will be considered as long term capital asset as per section 2(29A) of the IT Act.

Further, gain/loss arising from the transfer of short term capital asset and long term capital asset is regarded as short term capital gains/loss and long term capital gains/loss respectively. Under section 111A of the IT Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the IT Act at 15% (plus applicable surcharge, education cess and higher education cess).

As per first proviso to section 48 of the IT Act, in case of a non-resident, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost Indexation benefit will not be available in such a case.

Under section 54EC of the IT Act, capital gains up to ₹.50 Lakhs arising from the transfer of a long term capital asset (in cases not covered under section 10(38) of the IT Act) are exempt from capital gains tax provided such capital gains are invested within a period of six months after the date of such transfer in specified bonds issued by National Highways Authority of India (NHAI) or Rural Electrification Corporation Ltd (RECL). If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

Under section 54F of the IT Act, where in the case of an individual or HUF long term capital gain arise from transfer of shares of the a company (other than exempt u/s 10(38) of the IT Act) then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

e) Provisions of the IT Act vis-à-vis provisions of the tax treaty

As per section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

d) Specific benefits available to Non-Resident Indians

A Non-Resident Indian had the option to be governed by the provisions of Chapter XII-A of the Act, which *inter alia* provide as under:

In accordance with section 115D read with section 115E, income by way of long term capital gains (other than which is exempt) in respect of shares in Indian company shall be chargeable at 10% (plus education cess and secondary and higher education cess).

In accordance with section 115F, subject to the conditions and to the extent specified therein, long-term capital gains (other than which is exempt) arising from transfer of shares of the Company acquired out of convertible foreign exchange shall be exempt from capital gains tax, if the net consideration is invested within six months

of the date of transfer in any specified asset or saving certificate as specified. If only a part of the net consideration is invested, the exemption shall be proportionately reduced.

In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the Company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the Company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the IT Act.

In accordance with section 115-I, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year will be computed according to the other provisions of the Act.

4.3 FIIs

a) Dividends exempt under section 10 (34)

Under section 10(34) of the IT Act, income earned by way of dividend (interim or final) from domestic company referred to in section 115-O of the IT Act is exempt from income tax in the hands of the shareholders. However, in view of the provisions of section 14A of IT Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

b) Taxability of capital gains

Income earned by FII's from transfer of securities shall be taxable as capital gains. As per section 2(42A) of the IT Act, shares held in a listed company will be considered as short term capital asset if the period of holding of such shares is twelve months or less. If the period of holding is more than twelve months, it will be considered as long term capital asset as per section 2(29A) of the IT Act. Further, gain/loss arising from the transfer of short term capital asset and long term capital asset is regarded as short term capital gains/loss and long term capital gains/loss respectively. Under section 10(38) of the IT Act, long term capital gains arising out of sale of equity shares will be exempt from tax provided that the transaction of sale of such equity shares is chargeable to STT.

The income by way of short term capital gains or long term capital gains [long term capital gains not covered under section 10(38) of the IT Act] realized by FII's on sale of the shares of the Company would be taxed at the following rates as per section 115AD of the IT Act.

Short term capital gains, other than those referred to under section 111A of the IT Act shall be taxed @ 30% (plus applicable surcharge, education cess and secondary higher education cess).

Short term capital gains, referred to under section 111A of the IT Act shall be taxed @ 15% (plus applicable surcharge, education cess and secondary higher education cess).

Long term capital gains @10% (plus applicable surcharge, education cess and secondary higher education cess) (without cost indexation).

It may be noted that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the IT Act are not applicable. As per section 196D (2) of the IT Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.

Under Section 54EC of the IT Act, capital gain arising from transfer of shares of a company (other than those exempt u/s 10(38) of the IT Act) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued by National Highways Authority of India ('NHAI') and/or Rural Electrification Corporation Limited ('RECL');

However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempt earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

c) Provisions of the IT Act vis-à-vis provisions of the tax treaty

As per section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

4.4 Benefits available to Mutual Funds

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

4.5 Benefits available to venture capital companies/ funds

As per the provisions of section 10(23FB) of the IT Act, any income of Venture Capital Companies/ Funds from investment in venture capital undertaking registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified therein. However, the income distributed by the Venture Capital Companies/ Funds to its investors would be taxable in the hands of the recipients.

Notes:

1. All the above benefits are as per the current tax law and will be available only to the sole/first named holder in case the shares are held by the joint holders.
2. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.
3. We have not commented on the taxation aspect under any law for the time being in force, as applicable, of any country other than India. Each investor is advised to consult its own tax consultant for taxation in any country other than India.

SECTION - IV

HISTORY AND CORPORATE STRUCTURE

B.N.Rathi Securities Limited was incorporated on 30th day of September, 1985 as a public limited company under the name and style of M/s. Lark Leasing Limited at Hyderabad, Andhra Pradesh bearing the registration number 01-5838 of 1985-86 as evidenced by its incorporation certificate dated 30th September 1985 issued by the Registrar of Companies, Andhra Pradesh. Our Company received the Certificate for Commencement of Business on 14th day of October 1985 from the Registrar of Companies, Andhra Pradesh. Consequent to the takeover of management by the present promoters the name of the company was changed to B.N.Rathi Securities Limited pursuant to resolution of its members passed at the extraordinary general meeting dated 22nd day of August 1994, as evidenced by the fresh incorporation certificate consequent to change of name dated 15th day September 1994 issued by the Registrar of Companies, Andhra Pradesh.

The main activities of our Company are stock broking, distribution of financial products and Depository Participant Services. Our Company is registered as a (a) depository participant with Central Depository Services (India) Limited; (b) Trading Member of NSE in Cash, Futures & Options and Currency Derivatives segment; (c) Trading Member of BSE in Cash and Futures & Options segment; and (d) Trading Member of MCX SX in Cash, Futures & Option and Currency Derivatives Segment.

Our Company had undertaken an initial public offering of its shares in 1986 where it made a public issue of 6,00,000 equity shares of ₹.10/- each for cash at par aggregating to ₹.60,00,000/-. At present our company's shares are listed on BSE.

We have two (2) wholly owned subsidiaries namely:

- (i) B.N.Rathi Comtrade Private Limited
- (ii) B.N.Rathi Industries Private Limited

Objects of our Company

The objects clause of our Memorandum enables our Company to undertake its existing activities and the activities for which funds are being raised by our Company through this Issue. The activities which have been carried out until now by our Company are valid in terms of the objects clause of our Memorandum.

The objects of our Company, inter alia, as contained in our Memorandum of Association are:

1. To carry on and undertake the business of finance, investment, hire purchase, leasing and to finance lease operations of all kinds, purchasing and selling, hiring or letting on hire all kinds of plant and machinery and equipment that the company may think fit and to assist in financing of all and every kind and description of hire purchase or deferred payment similar transactions and to finance or assist in subsidizing or financing the sale and maintenance of any goods, articles or commodities of all and very kind and description and to purchase or otherwise deal in all forms of immovable and movable property including lands and buildings, plants and machinery equipment, ship, aircrafts, automobiles, computers and all consumer, commercial and industrial items and to lease or otherwise deal with them in any manner whatsoever including resale thereof regardless of whether the property purchased and leased be new and or used.
2. To invest in and acquire and hold shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company constitutes or carrying on business in India or elsewhere and debentures, debenture stocks, bonds, obligations and securities, issued or guaranteed by any Government, state, dominion, sovereign ruler, commissioner, public body or authority, supreme, municipal, local or otherwise whether in India or elsewhere and to guarantee the subscription thereof and exercise and enforce all rights and powers conferred by or incidental to the ownership thereof.
3. To advance, deposit or lend money on securities and properties to or with any company body corporate, firm person or association so as to enable them to commence or expand any industrial or commercial activity or for their business purposes, with or without security and on such terms as may be determined from time to time and to discount, buy, sell or deal in bills, notes warrants, coupons and others negotiable or transferable securities or documents and to guarantee the performance of any contract of any such person. However the Company shall not carry on the business of Banking within the meaning of the Banking Regulation Act 1949.

4. To setup incorporate and manage, provide and / or participate in providing venture capital, technology funds, underwriting fund or any other funds for seed capital, risk capital foundation, including giving guarantees or such other financial assistance as may be conducive for development of existing and new technology to identify projects, project ideas, to prepare project profiles, project reports, market research, feasibility studies and reports, pre investment studies and investigation of industries in micro and macro level, to undertake appropriate service to identify scopes or potential for economic and industrial development in any particular geographical area or location in India or abroad, to act as lead managers in respect of project assignment by undertaking follow up supervision and co-ordination work at the instance, behest or, on behalf of banks, financial institutions, companies, bodies corporate and to monitor the same to the participants, to act as an professions systems and by introducing modern methods and techniques and systems and render all assistance as may be necessary including acting as agents for recruitment of personnel, technical, skilled, un-skilled, supervisory, managerial and otherwise and to act as an advisor in the selection of technical process, economic size source of plant and machinery and other utilities for business entrepreneurs.
5. To act administrators or managers of any investment trusts of funds including any growth funds income or capital funds, taxable or tax exemption funds, provident funds, pension funds, gratuity funds, super annuation funds, charitable funds and unit trusts or consortium to act as trustees for bond holders, debenture holders and other purposes herein mentioned and to manage investment pools, mutual funds, issue of shares, securities, bonds and other negotiable instruments and securities and to carry on the business of finance, trust, legal trust and to finance industrial organization and to promote companies engaged in industrial and trading business.
6. To carry on the business of merchant banking in all aspects, to act as managers to issues and offers, whether by way of public offer or otherwise, of shares, debentures, bonds, units, participation certificates, deposit certificates, notes, bills warrants or any other instrument whether or not transferable or negotiable, commercial or other paper or scrips (hereinafter collectively referred to as the "Securities") to act as agents of and / or dealers in the securities in the course of merchant banking business, to act as financial consultants, join managers, lead managers, co-managers, advisors stand by or procurement arrangement, to issue guarantees or it give any other commitments for subscribing or agreeing to subscribe or procure subscription for the securities, to manage portfolio investments to provide financial and investment assistance for the purpose herein to act as issue house, registrars to issue, transfer agents, to manage and administer computer centers and clearing house for securities to form syndicates or consortia of mangers, agents and purchasers for or any of the securities, to acquire and hold one or more membership in stock / securities exchange, trade association, commodity exchanges, clearing houses or associations or otherwise in India or any part of the world to act as brokers, dealers and agents in connections with the securities, bullions and precious metals or others, to syndicate any financial arrangements whether in domestic market or in international market and whether by way of loans or guarantees or export and yard credit, and to acquire and hold membership in any association of bankers, security dealers or commodity dealers or any other associations, membership of which will is likely in any way to facilitate the conduct of the companies business, to undertake the work of factoring of bills and other commercial papers, and to arrange and / or co-ordinate documentation and negotiation in this regard.
7. To carry on business as underwriters and brokers of stock shares, debentures stock, Government Bonds, Units of Unit Trust, National Savings Certificates, capitalists and financiers and to undertake depository participants activities and for that purpose to obtain the membership of the Depositories under the Depositories Act, 1996 by registering with the Central Depository Services (India) Limited and / or National Securities Depository Limited or such other entity as may be recognized in this behalf and provide services such as demat account opening and maintenance, dematerialization and rematerialization of shares and other applicable securities, provision of transaction statements, transaction execution, creation and cancellation of pledge of securities, facilitating settlement of trades through market transactions, off-market transfers and inter-depository transfers, distribution of non-cash corporate actions, nomination/transmission and other demat related services.

Amendments to our Memorandum and Articles of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date of shareholder's Approval	Nature of Amendments	Details of Amendments
23.11.1985	Increase of Authorised Capital	The Authorised Capital of the Company has been increased from ₹.50 lakhs to ₹.1 crore
25.06.1988	Increase of Authorised Capital	The Authorised Capital of the Company has been increased from ₹. 1 crore to ₹.1.25 crore
19.09.1992	Increase of Authorised Capital	The Authorised Capital of the Company has been increased from ₹.1.25 crores to ₹. 5 crores
22.08.1994	Change of Name	The Name of the Company has been changed from "Lark Leasing Limited" to "B.N. Rathi Securities Limited".
22.08.1994	Alteration of Objects Clause	Transfer of 3 clauses from "Main Objects" to "Other Objects."
22.09.2010	Alteration in Objects Clause	Alteration of Sub-clause 7 of the Main Objects Clause.
14.09.2011	Increase of Authorised Capital	The Authorised Capital of the Company has been increased from ₹.5 crores to ₹. 6 crores.
18.07.2015	Alteration of Articles of Association	The Companies Act, 1956 has been superseded by the Companies Act, 2013. Articles of Association is hence amended to align with the provisions of the Companies Act, 2013 and rules thereunder.

Changes in the Registered Office of our Company

Sl.No	From	To	Date of Change
1.	Pushpa Niwas, 6-3-883/4/2, Panjagutta, Hyderabad – 500 004	Registered Office at the time of Incorporation	
2.	Pushpa Niwas, 6-3-883/4/2, Panjagutta, Hyderabad – 500 004	Prashanti Commercial Complex, 5-9-30/6, to 8C Basheerbagh, Hyderabad – 500 029	30.01.1986
3.	Prashanti Commercial Complex, 5-9-30/6, to 8C Basheerbagh, Hyderabad – 500 029	3-5-1094/14, Sri Venkateswara Colony, Narayanguda, Hyderabad – 29	01.03.1987
4.	3-5-1094/14, Sri Venkateswara Colony, Narayanguda, Hyderabad – 29	4-5-146, Hashmat Gunj, Sultan Bazar, Hyderabad – 500 195	01.12.1993
5.	4-5-146, Hashmat Gunj, Sultan Bazar, Hyderabad – 500 195	6-3-652, 4 th floor, Kautilya, Amrutha Estate, Somajiguda, Hyderabad – 500 482	15.12.1994
6.	6-3-652, 4 th floor, Kautilya, Amrutha Estate, Somajiguda, Hyderabad – 500 482	4-5-173, Hasmat Gunj, Sultan Bazar, Hyderabad – 500 095	10.07.2000
7.	4-5-173, Hasmat Gunj, Sultan Bazar, Hyderabad – 500 095	6-3-652, IV floor, Kautilya, Amrutha Estates, Somajiguda, Hyderabad – 500 082	23-07-2009

Key Events and Milestones

Following are some of the key events and milestones in relation to our Company:

Year	Event
1985	Incorporation of the Company in the name and style of "Lark Leasing Limited"
1986	Public Issue and listing of Equity Shares
1994	Name of the Company changed to B.N.Rathi Securities Limited
1994	Issue of equity shares on Rights basis

1995	Became member of NSE cash segment
2002	Obtained membership of NSE Futures & Option segment
2007	Became a Depository Participant with CDSL
2008	Obtained membership of MCX-SX Currency Segment and NSE Currency Segment
2008	Obtained membership of BSE Cash Segment
2008	Started Subsidiary company named as B.N.Rathi Comtrade Private Limited.
2010	Obtained membership in Futures & Options segment of BSE
2012	Started Subsidiary company named as B.N. Rathi Industries Private Limited.

We have four (4) branches at present which are located at the following addresses:

1. Shop No. 30 & 31,
First Floor, St. Paul's Complex,
Nirmala Convent Road, Vijayawada
2. Old No.34, /New No.8,
Thambiah Road Extn,
West Mambalam,
Chennai – 600 033
3. D.No. 1055/25, 3rd Floor,
Gowtham Center,
Avinashi Road, Coimbatore
4. Flat Nos. 102 & 102 (I Floor)
D.No. 2-22-310, Plot No. 39C, Survey No. 182
Addagutta Co-operative Housing Society,
Kukatpally, Hyderabad – 500 072

Strategic Partners

As on the date of the Draft Letter of Offer, our Company does not have any strategic partners.

Financial Partners

We have not entered into any financial partnership agreements.

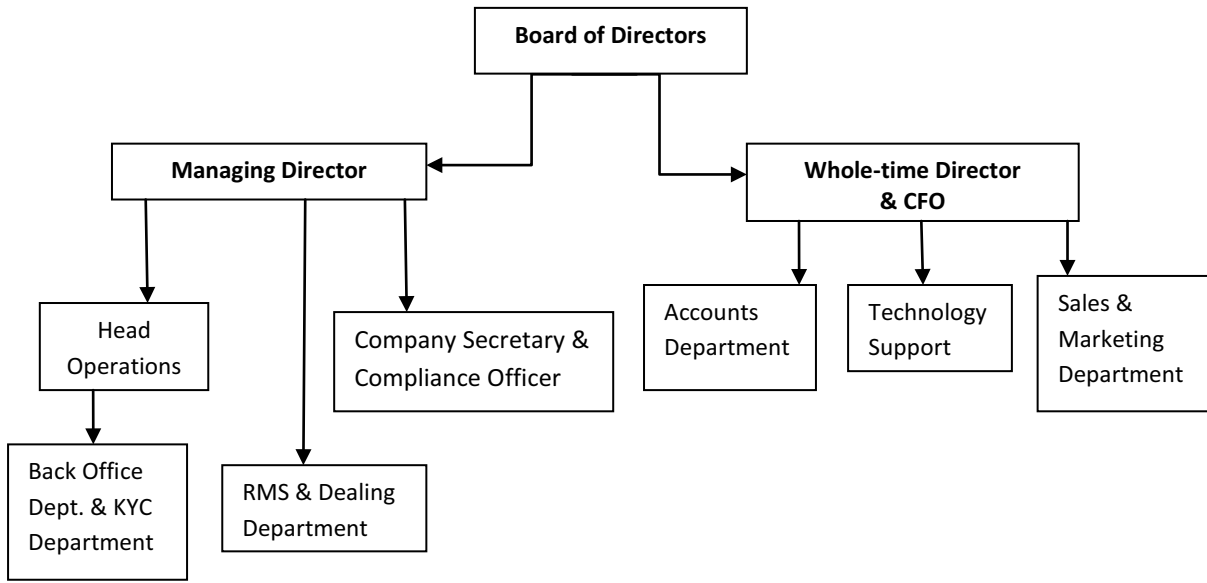
Shareholders Agreement

There is no subsisting shareholders agreement among our shareholders in relation to which we are a party or otherwise are aware of.

Material Agreements:

There are no material agreements, apart from those entered into in the ordinary course of business carried on by us.

Organization Chart



SECTION - V

OUR MANAGEMENT

Board of Directors

Our Company's Articles of Association provide that the number of Directors shall not be less than four (4) and shall not be more than fifteen (15) Directors including all kinds of Directors. Our Board presently comprises of 5 (five) directors, which consists of two (2) executive non-independent directors and three (3), independent non-executive directors. Our Chairman is an independent non-executive director.

The following table sets forth details regarding the Board of Directors of our Company as of the date of filing the Draft Letter of Offer.

Sr. No.	Particulars (Name, Designation, Address, Age, Qualifications, Occupation, Nationality, Term)	Date of Appointment	DIN	Other Directorships
1.	<p>Sri. Laxminiwas Sharma S/o. Late Ramniwas Sharma Date of Birth: 17.02.1947 (68 years) Address: 15/16, Pachavati Colony, Brij Syed Road, Bowenpally, Secunderabad – 500 009 Nationality: Indian Qualification: B.Com, FCA Occupation: Chartered Accountant Designation: Chairman Term: Appointed as Independent Director at the AGM held on 12th July, 2014 for a period of 5 years upto 31.03.2019.</p>	29/01/1990	00010899	1. Babuji Estates Private Limited 2. NSL Textiles Limited
2.	<p>Sri. Hari Narayan Rathi S/o. Late Badri Narayan Rathi Date of Birth: 22.11.1953 (61 years) Address: 3-4-174/AF/107, Plot No. 107, Ambiance Fort, Attapur, Rajendra Nagar, Hyderabad – 500 048 Nationality: Indian Qualification: B.Sc. Occupation: Business Designation: Managing Director Term: Re-Appointed as Managing Director of the Company at the AGM held on 24th September, 2010 for a period of 5 years from 01st October, 2010. The Board of Directors of the Company at their meeting held on August 12, 2015 re-appointed him as Managing Director for a period of 3 years w.e.f. October 01, 2015 subject to approval of the shareholders at the next Annual General Meeting.</p>	16/11/1991	00010968	1. B.N. Rathi Comtrade Private Limited 2. B.N. Rathi Industries Private Limited 3. Mahesh Vidya Bhavan Limited

3.	<p>Sri. Chetan Rathi S/o/ Sri. Hari Narayan Rathi Date of Birth: 08.03.1976 (39 years) Address: 3-4-174/AF/107, Plot No. 107, Ambiance Fort, Attapur, Rajendra Nagar, Hyderabad – 500 048 Nationality: Indian Qualification: M.B.A Occupation: Business Designation: Whole-time Director Cum CFO Term: Re-appointed as Whole-time Director cum CFO at the AGM held on 18th July, 2015 for a period of 3 years w.e.f. 01.04.2015</p>	01.04.2010	00536441	<p>1. B.N. Rathi Comtrade Private Limited 2. B.N. Rathi Industries Private Limited</p>
4.	<p>Sri. Harishchandra Prasad Kanuri S/o. Late K.L.N. Prasad Date of Birth: 15.09.1952 (63 years) Address: 8-2-674/B/A, Road No. 12, Banjara Hills, Hyderabad – 500 034. Nationality: Indian Qualification: M.S., M.B.A Occupation: Business Designation: Independent Director Term: Appointed as Independent Director at the AGM held on 12th July, 2014 for a period of 5 years upto 31.03.2019.</p>	06.06.1994	00012564	<p>1. Andhra Printers Limited 2. Green Park Hotels and Resorts Limited 3. Healthy Investments Limited 4. K L N Holdings Private Limited 5. Kapil Motors Private Limited 6. Keerthi Industries Limited 7. Lakshmi Finance & Industrial Corporation Limited 8. Surya Jyothi Spinning Mills Limited 9. Techtran Ophtamics Pvt Ltd 10. Techtran Polylenes Limited 11. Andhra Pradesh State Finance Corporation</p>
5.	<p>Smt. Shanti Sree Bolleni D/o. Tukaram Somuri Date of Birth: 17.05.1962 (53 years) Address: H. No.8-2-293/82/HE/2, HUDA Enclave, Ashwini Layout, Road No. 70, Jubilee Hills, Hyderabad – 500 033 Nationality: Indian Qualification: FCA Occupation: Practicing Chartered Accountant Designation: Appointed as Independent Director at the AGM held on 18th July, 2015 for a period of 5 years upto 31st March, 2020</p>	12.02.2015	07092258	State Bank of Hyderabad

Brief Profile of our Directors:

1. **Sri. Laxminiwas Sharma:** Sri Laxminiwas Sharma is a Non-executive Independent Director of our Company. He joined the Board of Director of our Company in January, 1990. He is a graduate in commerce and a Chartered Accountant. He is the senior partner of Laxminiwas & Jain, Chartered Accountants, Auditor for several private and public sector undertakings. He is a past president of Federation of A.P. Chamber of Commerce & Industry (FICCI).

2. **Sri Hari Narayan Rathi:** Sri Hari Narayan Rathi is the Managing Director of our Company. He is a graduate in Science and was twice unanimously elected as President of Hyderabad Stock Exchange (HSE). He has more than 3 decades of experience in securities Market.
3. **Sri Chetan Rathi:** Sri Chetan Rathi is the Whole-time Director Cum CFO of our Company. He is an MBA - Finance graduate. He joined the Board of Directors of our Company in the year 2010. Earlier he has worked with Piramal Group of companies for one year at Mumbai. He played an active role for the automation of Securities Payin & Payout system of our Company.
4. **Sri K. Harishchandra Prasad:** Sri Harishchandra Prasad is a Non-executive Independent Director. He joined the Board of our Company in 1994. He is an MBA and MS. He is the Managing Director of Lakshmi Finance & Industrial Corporation Limited.
5. **Smt. Santhi Sree Bolleni:** Smt Shanti Sree is a Practicing Chartered Accountant. She is a Senior Partner in M/s. Tukaram & Co., Chartered Accountants, Hyderabad. She had served “The Andhra Pradesh Tax Bar Association” as council Member from 2008 to 2012 and later as President for the year 2010-11. She is an External Member on the Board of Studies, Department of Commerce, Osmania University, College for Women in Koti, Hyderabad.

Family Relationship between our Directors

None of our Directors are related to each other except as follows:

- Mr. Hari Narayan Rathi is the father of Mr. Chetan Rathi.

Confirmations

None of our Directors/Manager is or was a director of any listed company during the last five years preceding the date of filing of the Draft Letter of Offer, whose shares have been or were suspended from being traded on the stock exchanges within a period of five years immediately preceding the date of this Draft Letter of Offer.

None of our Directors hold / held directorships in any listed company whose shares have been / were delisted from the stock exchanges.

Arrangements with Major Shareholders, Customers, Suppliers or Others pursuant to which a director has been appointed or a member of senior management has been appointed

There is no arrangement or understanding between our Company and any shareholder, customer, supplier or other party pursuant to which any of the directors on the Board or a member of the senior management of our Company has been appointed.

Service Agreements entered into between our Company and Directors

There are no service contracts executed between our Company and any Director/Manager providing for benefits upon termination of employment. However, the details of remuneration paid to our Executive Directors are provided below.

Mr. Hari Narayan Rathi, Managing Director:

The Board of Directors of our Company at their meeting held on August 12, 2015 re-appointed Mr. Hari Narayan Rathi as Managing Director of the Company for a period of 3 years w.e.f. October 01, 2015 and approved the following remuneration payable to him as recommended by the Nomination and Remuneration Committee subject to approval of the shareholders at the next annual general meeting:

- A. **Salary:** ₹.1,60,000–1,80,000–2,00,000 per month for 1st year, 2nd year and 3rd year respectively.
- B. In addition to the above, the Managing Director is entitled to the following facilities:
 - a. Free use of the Company’s car with Driver
 - b. Free telephone facility at residence
 - c. Encashment of Leave as per the rules of the Company.

- d. Club fee subject to maximum of two clubs. This will not include admission and life Membership fee.
- e. Provident Fund, superannuation benefits and gratuity as per the rules of the Company subject to the ceilings as per the guidelines for managerial remuneration in force from time to time.
- f. Reimbursement of medical expenses incurred for self and family subject to a ceiling of one months' salary in a year or 2 months' salary over a period of 2 years.
- g. Leave Travel Concession for self & Family once in a year as per the rules of the Company.

Mr. Chetan Rathi, Whole-time Director:

The shareholders of our Company at the Annual General Meeting held on July 18, 2015 approved to pay the following remuneration to Mr. Chetan Rathi, Whole-time Director for a period of 3 years w.e.f. April 01, 2015:

- A. Salary: In the scale of ₹. 80,000 – 15,000 – 1,10,000 (per month)
- B. Free use of Company's car with driver
- C. Free Telephone facility at residence
- D. Encashment of Lease as per the rules of the Company
- E. Club fee subject to maximum of two clubs. This will not include admission and life membership fee
- F. Provident Fund, Superannuation benefits and gratuity as per the rules of the Company subject to the ceilings as per the Guidelines or Managerial Remuneration in force from time to time
- G. Reimbursement of Medical Expenses incurred for self and family subject to a ceiling of one months' salary in a year or 2 months' salary over a period of 2 years
- H. Leave Travel Concession for self & family once in a year as per rules of the company.

For the year ended 31.03.2015, Chetan Rathi (Whole time director) has drawn a remuneration of ₹.7,80,000/- and Mr. Hari Narayan Rathi has drawn a remuneration of ₹.14,40,000/-.

In the Board meeting held on 12.02.2015, it was resolved to pay sitting fees to Directors for attending Board / Committee meetings. All our Directors, including Independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association.

The directors may be regarded as interested to the extent of their shareholding in the Company. The directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares of the Company held by them. Except as stated in this section "Our Management" beginning on page 49 of this Draft Letter of Offer, and except to the extent of shareholding in the Company, the Directors do not have any other interest in the business of the Company.

Shareholding of Board of Directors in our Company as of August 31, 2015 is:

Name of Director	No. of Equity Shares held (Pre-Issue)	Percentage of Shareholding
Mr. Laxminiwas Sharma	Nil	--
Mr. Hari Narayan Rathi	7,85,745	31.18
Mr. Chetan Rathi	1,74,267	6.92
Mr. K. Harishchandra Prasad	500	0.00
Ms. Shanti Sree Bolleni	Nil	--

SECTION VI – FINANCIAL INFORMATION

FINANCIAL STATEMENTS (STANDALONE)

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF B.N.RATHI SECURITIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **B. N. Rathi Securities Limited** (“the Company”), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

For SESHACHALAM & CO
Chartered Accountants
Firm registration number: 003714S

Place : Hyderabad
Date : 27.05.2015

T. Bharadwaj
Partner
Membership No. 201042

Annexure referred to in paragraph 1 of our report of even date

Re: B. N. Rathi Securities Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (ii) To the best of our knowledge and as explained, the Company is not in business of sale of goods. Therefore, in our opinion the provisions of clause 3(ii) of the Companies (Auditors' Report) Order, 2015 is not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of the clause 3(iii) (a) and (b) of the Companies (Auditor's Report) Order, 2015 are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase fixed assets and for rendering of services. The activities of the Company do not involve sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Company is not in business of sales of goods. Therefore, in our opinion the provisions of clause 3(vi) of the Companies (Auditors' Report) Order, 2015 is not applicable to the Company and hence not commented upon.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, and other statutory dues applicable to it. Provisions of sales-tax, wealth tax, customs duty, excise duty, value added tax and cess are not applicable to the Company.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable. Provisions of sales-tax, wealth tax, customs duty, excise duty, value added tax and cess are not applicable to the Company.
(c) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) The Company has not defaulted in repayment of loans taken from banks.
- (x) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions;
- (xi) The term loans were applied for the purpose for which the loans were obtained;
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For SESHACHALAM & CO
Chartered Accountants
Firm registration number: 003714S

Place : Hyderabad
Date : 27.05.2015

T. Bharadwaj
Partner
Membership No. 201042

Corporate information and Summary of significant accounting policies

1. Corporate Information:

B.N. Rathi Securities Limited (“BNRSL” or “the Company”) was incorporated under the Companies Act, 1956 (“the Act”) on September 30, 1985.

The Company is primarily engaged in the business of broking in securities. The Company also deals in depository operations and institutional equities. The Company is listed on Bombay Stock Exchange Limited (“BSE”).

Basis of preparation of financial statements

The financial statements are prepared with generally accepted accounting principles in India under the historical cost convention and on an accrual basis of accounting.

The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, and with the relevant provisions of the Act, pronouncements of The Institute of Chartered Accountants of India (‘ICAI’).

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2. Significant Accounting Policies: Use of estimates

The preparation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which results are known / materialized.

Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

a) Change in accounting policy

Depreciation on fixed assets

The Schedule XIV to the Companies Act, 1956, prescribed requirements relating to depreciation of fixed assets till the year ended March 31, 2014. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets.

Useful lives/ depreciation rates

Depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these, in certain cases are different from, the lives prescribed under Schedule II.

The Company has used transitional provisions of Schedule II to adjust the impact of useful lives/ depreciation rates arising on its first application. If a fixed asset has zero remaining useful life on the date of Schedule II becoming effective, i.e., April 01, 2014, its carrying amount, after retaining any residual value, is charged to the opening balance of retained earnings. The carrying amount of other fixed assets, i.e., fixed assets whose remaining useful life is not Nil on April 01, 2014, is depreciated over their remaining useful life. The Company has adjusted ₹.3,13,598 (net of deferred tax of ₹.1,50,613) with the opening balances of retained earnings and i.e. Surplus in the statement of profit and loss. Had the Company continued to follow the earlier useful life, the depreciation expense for the year would have been higher by ₹.4,64,211, profit before tax would have been lower by ₹.4,64,211 and the impact on net block of fixed assets would have been immaterial.

b) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Income from Brokerage: Brokerage income on securities is recognised as per contracted rates at the execution of transactions on behalf of the clients on the trade date.

Other operating revenue: Other operating revenue includes income from business related to brokerage and is recognized based on the terms agreed with the clients when the services are rendered.

Interest Income: Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Other income" in the statement of profit and loss.

Dividends: Dividend income is recognized when the unit holder's right to receive dividend is established by the reporting date.

c) Fixed Assets

Tangible Assets:

Tangible assets are stated at cost less accumulated depreciation. Subsequent expenditure related to items of tangible assets is added to its book value only if it increase the future benefits from the existing assets beyond its previously assessed standard of performance. Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

Intangible Assets:

Intangible Assets are recognized only if it is probable that the future economic benefits that are attributable to assets will flow to the enterprise and the cost of the assets can be measured reliably. Intangible assets are recorded at cost and carried at cost less accumulated depreciation. Intangible assets are amortised over their estimated useful lives.

d) Depreciation and Amortisation

Depreciation and Amortization on fixed assets is provided on Written down value method at the rates specified in Schedule II of the Companies Act, 2013 on pro-rata basis.

Individual Fixed Assets costing ₹.5,000 and below are fully depreciated in the year of purchase.

e) Employee Benefits

Provident Fund:

Contributions paid/ payable under defined contribution plans are recognized in the Statement of Profit and Loss in each year. Contribution plans primarily consists of Provident Fund administered and managed by the Government of India. The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.

Gratuity:

The Company operates a defined benefit plan for its employees, viz., gratuity. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for the plan using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which it occurs in the statement of profit and loss.

f) Leases

Assets acquired under Leases where a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as Operating Leases. The rentals and all the other expenses of assets under operating lease for the period are treated as revenue expenditure.

g) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

h) Taxation:

- (i) Current tax is determined based on the amount of tax payable in respect of taxable income for the year.
- (ii) Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax asset, on timing differences, being the differences between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent years. Deferred Tax Assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- (iii) Provision for taxation for the period(s) is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income Tax Act, 1961.
- (iv) Deferred Tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.
- (v) Current tax assets and liabilities are offset when there is a legally enforceable rights to set off the recognised amount and there is intention to settle the assets and the liabilities on a net basis.
- (vi) Deferred tax assets and liabilities are offset when there is a legally enforceable rights to set off assets against liabilities representing the current tax and where the deferred tax and liabilities relate to taxes on income levied by the same governing taxation laws.

i) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

j) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

k) Impairment

Assets are reviewed for impairment at each balance sheet date. In case, events and circumstances indicate any impairment, the recoverable amount of these assets is determined. An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the period in which an asset is defined as impaired. An impairment loss recognized in prior accounting periods is adjusted/ reversed if there has been a change in the estimate of the recoverable amount and such loss either no longer exists or has decreased.

l) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

BALANCE SHEET AS AT 31st MARCH 2015

(Amount In ₹.)

Particulars	Note No.	As at March 31, 2015	As at March 31, 2014
I EQUITY AND LIABILITIES			
(1) Shareholder's Fund			
(a) Share Capital	3	2,52,00,000	2,52,00,000
(b) Reserves and Surplus	4	7,13,39,033	6,14,77,240
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	5	-	5,00,238
(b) Long-Term Provisions	6	18,10,966	-
(3) Current Liabilities			
(a) Short-term borrowing	7	1,00,00,000	-
(b) Trade Payables	8	16,35,37,988	11,78,53,470
(c) Other Current Liabilities	9	64,36,746	50,65,374
(d) Short-Term Provisions	10	1,23,14,122	71,35,792
Total		29,06,38,855	21,72,32,115
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets	11A	18,72,065	37,60,749
(ii) Intangible Assets	11B	45,873	4,80,236
(b) Non-Current Investments	12	1,50,00,000	1,49,99,500
(c) Deferred Tax Assets	13	21,57,293	6,30,248
(d) Long Term Loans and Advances	14	3,17,33,933	1,52,39,056
(e) Other Non-Current Assets	15	18,00,000	-
(2) Current Assets			
(a) Stock-In-Trade	16	24,34,524	18,40,058
(b) Trade Receivables	17	1,73,69,245	1,82,00,592
(c) Cash and bank balances	18	13,23,00,534	6,83,30,047
(d) Short-Term Loans and Advances	19	8,10,52,529	8,98,66,850
(e) Other Current Assets	20	48,72,859	38,84,779
Total :		29,06,38,855	21,72,32,115

Corporate information summary of significant accounting policies 1&2
 Accompanying notes forming an integral part of the financial statements 1 to 35

As per our Report of even date.

For **SESHACHALAM & CO.**,
 Chartered Accountants
 Firm Registration Number : 003714S

For and on behalf of the Board

T. Bharadwaj
 Partner
 Membership No. 201042

LAXMINIWAS SHARMA
 Chairman

HARINARAYAN RATHI
 Managing Director

Place : Hyderabad
 Date : 27.05.2015

CHETAN RATHI
 Executive Director-cum-CFO

SABITHA REDDY
 Company Secretary

M.V. RAO
 Compliance Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2015

(Amount in ₹.)

Particulars	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
Revenue from operations (net)	21	12,02,03,917	6,92,03,661
Other income	22	1,98,24,753	1,36,59,506
I. Total Revenue		14,00,28,670	8,28,63,167
Expenses:			
Employee benefit expenses	23	1,46,67,784	1,29,33,594
Finance costs	24	38,29,538	18,59,560
Depreciation and amortisation expenses	11	33,56,875	14,89,856
Other expenses	25	2,61,87,881	1,83,51,620
Sharing of brokerage		7,09,31,808	3,59,97,532
II. Total Expenses		11,89,73,886	7,06,32,162
III. Profit before tax (I-II)		2,10,54,784	1,22,31,005
IV. Tax expense:			
Current tax expense			
- for current year		76,71,864	35,97,863
- relating to prior year		34,428	-
Deferred tax		(13,76,431)	(4,33,513)
V. Profit for the year		1,47,24,923	90,66,655
VI. Earning per equity share:			
Basic and diluted	31	5.84	3.60
Corporate information and Summary of significant accounting policies	1&2		
Accompanying notes forming an integral part of the financial statements	1to35		

As per our Report of even date

For **SESHACHALAM & CO.**,
Chartered Accountants
Firm Registration Number : 003714S

For and on behalf of the Board

T. Bharadwaj
Partner
Membership No. 201042

LAXMINIWAS SHARMA
Chairman

HARINARAYAN RATHI
Managing Director

Place : Hyderabad
Date : 27.05.2015

CHETAN RATHI
Executive Director-cum-CFO

SABITHA REDDY
Company Secretary

M.V. RAO
Compliance Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

(Amount in ₹.)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
A. Cash flow from operating activities		
Profit before tax	2,10,54,784	1,22,31,005
Adjustments:		
Depreciation and amortization	33,56,875	14,89,856
Interest expense	34,99,362	16,22,268
Loss on sale of fixed assets	-	1,02,870
Profit on sale of fixed assets	-	(2,08,748)
Dividend income	(2,55,000)	(15,54,769)
Interest income	(1,65,69,056)	(1,00,58,387)
Cash generated before working capital changes	1,10,86,965	36,24,095
Increase in trade payables	4,56,50,089	6,08,11,403
Increase in other current liabilities	11,08,186	3,76,724
Increase in long term provisions	18,10,966	-
Increase in short term provisions (gratuity)	92,726	-
Increase in trade inventories	(5,94,466)	(7,62,383)
Decrease in trade receivables	8,31,347	1,78,53,073
Increase in loans and advances	(56,85,679)	(4,10,56,184)
Cash generated from operations	5,43,00,134	4,08,46,728
Direct taxes paid	(73,92,742)	(26,90,847)
Net cash flow from operating activities (A)	4,69,07,392	3,81,55,881
B. Cash flows from investing activities		
Purchase of fixed assets, including intangible assets	(14,98,039)	(20,54,664)
Acquisition of equity shares in subsidiary companies	(500)	(48,50,000)
Proceeds from sale of fixed assets	-	4,49,950
Dividend received	2,55,000	15,54,769
Interest received	1,55,80,976	84,39,308
Net cash flow from investing activities (B)	1,43,37,437	35,39,363
C. Cash flows from financing activities		
Repayment of long term borrowings	(2,37,053)	(3,31,13,216)
Proceeds /(repayment) from working capital borrowings	1,00,00,000	(25,00,000)
Dividends paid on equity shares	(30,24,000)	25,20,000
Tax on equity dividend paid	(5,13,929)	(4,28,274)
Interest paid	(34,99,362)	(16,22,268)
Net Cash Flow From Financing activities (C)	27,25,656	4,01,83,758
D. Net increase in cash and cash equivalents (A+B+C)	6,39,70,485	15,11,486
E. Cash and cash equivalents [Refer Note 2(j)]		
at the beginning of the year	6,83,30,049	6,68,18,563
at the end of the year	13,23,00,534	6,83,30,049

As per our Report of even date.

For **SESHACHALAM & CO.**,
Chartered Accountants
Firm Registration Number: 003714S

For and on behalf of the Board

T. Bharadwaj
Partner
Membership No. 201042

LAXMINIWAS SHARMA
Chairman

HARINARAYAN RATHI
Managing Director

Place : Hyderabad
Date : 27.05.2015

CHETAN RATHI
Executive Director-cum-CFO

SABITHA REDDY
Company Secretary

M.V. RAO
Compliance Officer

Notes Forming Part of the Balance Sheet as at 31st March, 2015

Note 3: Share Capital

Particulars	As at 31 st March, 2015		As at 31 st March, 2014	
	No. of shares	Amount ₹.	No. of shares	Amount ₹.
Authorised: Equity shares of ₹.10 each	60,00,000	6,00,00,000	60,00,000	6,00,00,000
Issued, subscribed and fully paid: Equity shares of ₹.10 each	25,20,000	2,52,00,000	25,20,000	2,52,00,000
Total		2,52,00,000		2,52,00,000

(a) Reconciliation of Number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	Opening Balance Amount in ₹.	Issued during the year	Bought back during the year	Closing Balance Amount in ₹.
Equity shares				
Year ended March 31, 2015				
- Number of shares	25,20,000	-	-	25,20,000
- Amount	2,52,00,000	-	-	2,52,00,000
Year ended March 31, 2014				
- Number of shares	25,20,000	-	-	25,20,000
- Amount	2,52,00,000	-	-	2,52,00,000

(b) **Rights, preferences and restrictions attached to equity shares:**

The company has one class of equity shares having a par value of ₹.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

(c) **Details of shares held by each shareholder holding more than 5% shares***

Particulars	As at 31 st March, 2015		As at 31 st March, 2014	
	No. of shares held	Percentage of holding	No. of shares held	Percentage of holding
Equity shares of ₹.10/- each fully paid				
Hari Narayan Rathi	7,85,745	31.18%	6,99,851	27.77%
Chetan Rathi	1,74,267	6.92%	1,74,267	6.92%
Chanda Devi Rathi	1,31,203	5.21%	1,31,203	5.21%

*As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

Note 4: Reserve & Surplus

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
a. Capital Reserve (A)	14,90,400	14,90,400
b. Securities Premium Account (B)	1,22,40,000	1,22,40,000
c. General Reserve		
Opening Balance		
Add: Transferred from surplus in Statement of Profit and Loss	5,94,460	3,67,792
Less: Depreciation adjustment on account of change in useful life as per Companies Act, 2013 (net of deferred tax of ₹.1,50,613) (refer note 2(a))	3,68,123	2,26,668
(C)	3,13,598	-
d. Surplus in Statement of Profit and Loss		
Opening balance	4,71,52,380	4,17,54,226
Add: Profit for the year	1,47,24,923	90,66,655
Add/(Less) : Income Tax of earlier year	-	(1,58,823)
	6,18,77,303	5,06,62,058
Less : Appropriations		
-Transferred to general reserve	3,68,123	2,26,668
-Proposed dividend	37,80,000	30,24,000
-Tax on proposed dividend	7,69,532	5,13,929
Add: Excess provision of dividend tax of earlier year	-	2,54,919
	49,17,655	37,64,597
(D)	5,69,59,648	4,71,52,380
Total [A+B+C+D]	7,13,39,033	6,14,77,240

Note 5: Long Term Borrowings

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
a. Term Loans		
From Banks		
Secured (Refer note (i) below)	0	5,00,238
Total	0	5,00,238

Note (i):

The term loan taken from HDFC Bank Limited is secured by way of hypothecation of vehicle purchased. The Loan is repayable in 36 equal monthly installments. The applicable interest rate is 10.50%. The period of maturity with respect to balance sheet date is 12 installments.

Note 6: Long Term Provisions

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for gratuity (Refer note 27)	18,10,966	0
Total :	18,10,966	0

Note 7: Short Term Borrowings

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Working Capital Loans and Overdrafts (repayable on demand) From banks (Refer Note below) Secured	1,00,00,000	0
Total :	1,00,00,000	0

Note: Secured against the fixed deposits belonging to the Company with the bank

Note 8: Trade Payables

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Creditors - clients	15,47,66,426	11,00,01,689
Creditors - Suppliers and other services [Refer note 32 and 33]	87,71,562	78,51,781
Total	16,35,37,988	11,78,53,470

Note 9: Other Current Liabilities

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Current maturities of long term debt [Refer note 5]	2,63,186	-
Unpaid dividend	13,95,160	13,25,637
Statutory remittances	6,37,455	7,32,478
Client margin deposits	41,40,945	30,07,259
Total	64,36,746	50,65,374

Note 10: Short Term Provisions

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for gratuity [Refer note 27]	92,726	-
Provision for taxation	76,71,864	35,97,863
Proposed dividend	37,80,000	30,24,000
Provision for tax on proposed dividend	7,69,532	5,13,929
Total	1,23,14,122	71,35,792

Note : 11 Fixed Assets

Note 11A : Tangible Assets

(Amount in ₹.)

Particulars	Gross Block				Depreciation				Adjustment to opening retained earnings [refer note 2(a)]	Net Block	
	As at April 01, 2014	Additions	Deletions	As at March 31,2015	As at April 01, 2014	For the Period	On Deletions	As at March 31,2015		As at March 31,2015	As at March 31,2014
Furniture and fittings	42,67,557	67,570	37,66,529	5,68,598	32,95,402	8,28,697	37,66,529	3,57,570	-	2,11,028	9,72,155
Motor Vehicles	22,57,892	7,05,000	-	29,62,892	13,25,471	9,53,644	-	22,79,115	-	6,83,777	9,32,421
Computers & data processing units	64,35,070	5,22,069	53,72,611	15,84,528	58,39,131	5,73,624	52,01,583	12,11,172	1,71,028	3,73,356	5,95,939
Office equipment	34,19,318	1,57,900	1,43,511	34,33,707	21,59,084	8,14,230	1,43,511	28,29,803	-	6,03,904	12,60,234
	1,63,79,837	14,52,539	92,82,651	85,49,725	1,26,19,088	31,70,195	91,11,623	66,77,660	1,71,028	18,72,065	37,60,749

Note 11B : Intangible Assets

(Amount in ₹.)

Particulars	Gross Block				Amortisation				Adjustment to opening retained earnings [refer note 2(a)]	Net Block	
	As at April 01, 2014	Additions	Deletions	As at March 31,2015	As at April 01, 2014	For the Period	On Deletions	As at March 31,2015		As at March 31,2015	As at March 31, 2014
Computer software	26,72,616	45,500	24,31,257	2,86,859	21,92,380	1,86,680	21,38,074	2,40,986	2,93,183	45,873	4,80,236
	26,72,616	45,500	24,31,257	2,86,859	21,92,380	1,86,680	21,38,074	2,40,986	2,93,183	45,873	4,80,236
Current year	1,90,52,453	14,98,039	1,17,13,908	88,36,584	1,48,11,468	33,56,875	1,12,49,697	69,18,646	4,64,211	19,17,938	42,40,985
Previous year	1,80,44,964	20,54,664	10,47,174	1,90,52,454	1,40,24,715	14,89,856	7,03,102	1,48,11,469	-	42,40,985	40,20,249

Note 12 : Non current investment [Refer note 29(c)]

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Trade investments - unquoted - valued at cost - Long term Investments in equity shares of subsidiaries:		
B.N.Rathi Comtrades Private Limited [10,00,000 (31.03.2014 : 9,99,980) equity shares of par value ₹.10 each]	1,00,00,000	99,99,800
B.N.Rathi Industries Private Limited [5,00,000 (31.03.2014 : 4,99,970) equity shares of par value ₹. 10 each]	50,00,000	49,99,700
Total	1,50,00,000	1,49,99,500

Note 13 : Deferred Tax Asset Components of Deferred Tax Assets

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Deferred tax asset		
Depreciation	15,39,640	6,30,248
Employee benefits	6,17,653	-
Total	21,57,293	6,30,248

Note 14 : Long Term Loans and Advance (Unsecured, Considered good)

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Capital advance [Refer note 34]	14,74,864	14,74,864
Tax deducted at source	71,03,919	33,09,042
Security deposits: - With exchanges	2,31,55,150	1,04,55,150
Total	3,17,33,933	1,52,39,056

Note 15 : Other non-current assets (Unsecured, Considered good)

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Fixed deposits with banks* (Refer note 18) (Maturity period more than 12 months)	18,00,000	-
Total	18,00,000	-

Note 16 : Stock in Trade (Valued at lower of cost and net realized value)

(Amount in ₹.)

Particulars	Face Value	Quantity	As at March 31, 2015	Quantity	As at March 31, 2014
Listed :					
Gokaldas Exports Limited	10	-	-	5,000	3,65,132
Vijay Textiles Limited	10	12,821	3,17,676	12,821	3,17,676
Nexsoft Infotel Limited	10	13,933	18,601	1,85,000	2,47,250
HBL Power Systems Limited	1	10,000	5,48,000	-	-
Vishnu Chemicals Limited	10	3,675	6,40,247	-	-
Un-Listed :					
Mahesh Vidya Bhavan Limited	10	20,000	2,00,000	20,000	2,00,000
Hyderabad Stock Exchange Limited	10	10,000	10,000	10,000	10,000
HSE Securities Limited	10	10,000	1,00,000	10,000	1,00,000
Bombay Stock Exchange Limited	10	400	1,00,000	400	1,00,000
Sevenhills Co-op. Bank Limited	10	5,000	5,00,000	5,000	5,00,000
Total			24,34,524		18,40,058
Market Value of Shares			12,12,420		6,89,206

Note 17: Trade Receivables (Refer note 32)

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Outstanding for a period exceeding six months	-	39,76,447
Others	1,73,69,245	1,42,24,145
Total	1,73,69,245	1,82,00,592

Note 18 : Cash and Bank Balances

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Cash and cash equivalents:		
Cash in hand	12,549	16,151
Balance with banks		
- In current accounts	1,30,52,816	1,70,22,842
- In earmarked accounts		
• Unpaid dividend accounts	14,05,160	13,35,637
-Balances with bank in fixed deposits account [Refer note below] [Upto 3 months maturity from the date of acquisition]	6,50,00,000	4,99,55,419
Other Bank balances		
-Balances with bank in fixed deposits account [Refer note below] [Upto 12 months maturity from the date of acquisition and maturity more than 12 months but within one year from the balance sheet date]	5,28,30,009	-
Total	13,23,00,534	6,83,30,049

Note :

(Amount in ₹.)

Fixed deposits are given as security towards:		
1. Bank Guarantees	2,75,00,000	1,50,00,000
2. Overdraft facility	3,03,30,009	2,17,96,172
3. NSEIL - Currency derivatives	-	8,00,000
4. Bombay stock exchange India limited	10,00,000	10,00,000
5. NSCCL/ILFS F&O	1,00,00,000	1,10,00,000
6. Others - FD	5,00,00,000	3,59,247
	11,88,30,009	4,99,55,419

Note 19: Short term loans and advances (Unsecured considered good)

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Advances to related parties [Refer note 29(c)]	2,14,042	27,25,002
Loans and advances to employees	1,61,500	3,53,000
Margin with exchanges	7,50,00,000	8,32,00,000
Advances to suppliers and others	1,10,487	-
Security deposits - Others [Refer note 29(c)]	19,51,514	20,01,514
Other receivables	27,59,456	10,90,636
Prepaid expenses	6,81,291	3,42,640
Balance with government authorities	1,74,239	1,54,058
Total	8,10,52,529	8,98,66,850

Note 20 : Other Current Assets

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Interest accrued on deposits with banks	48,72,859	38,84,779
Total	48,72,859	38,84,779

Note 21 : Revenue from Operations

(Amount in ₹.)

Particulars	For the period ended March 31, 2015	For the period ended March 31, 2014
Income from broking operations	10,64,45,564	5,83,58,033
Other Operating Revenue	1,37,58,353	1,08,45,628
Total	12,02,03,917	6,92,03,661

Note 22 : Other Income

(Amount in ₹.)

Particulars	For the period ended March 31, 2015	For the period ended March 31, 2014
Interest income	1,65,69,056	1,00,58,387
Dividend income	2,55,000	15,54,769
Miscellaneous income	30,00,697	20,46,350
Total	1,98,24,753	1,36,59,506

Note 23 : Employee Benefit Expenses

(Amount in ₹.)

Particulars	For the period ended March 31, 2015	For the period ended March 31, 2014
Salaries [Refer note 29(b)]	1,30,19,909	1,19,85,079
Contribution to provident and other funds	13,49,369	6,98,880
Staff welfare	2,98,506	2,49,635
Total	1,46,67,784	1,29,33,594

Note 24: Finance Costs

(Amount in ₹.)

Particulars	For the period ended March 31, 2015	For the period ended March 31, 2014
Interest expense on:		
Working Capital	8,00,000	1,35,795
Term Loan	41,348	58,639
Others	26,58,014	14,27,834
Other borrowing costs	3,30,176	2,37,292
Total	38,29,538	18,59,560

Note 25 : Other Expenses

(Amount in ₹.)

Particulars	For the period ended March 31, 2015	For the period ended March 31, 2014
Operating expenses:		
Transaction charges	1,20,63,357	76,45,141
Other operating expenses	27,30,784	14,97,802
Others:		
Power and fuel	8,54,921	8,81,336
Rent [Refer note 30]	14,77,350	13,86,016
Repairs and maintenance	18,73,959	11,78,363
Insurance	66,492	29,341
Rates and taxes	11,17,087	16,91,277
Referral charges	-	2,99,099
Communication	5,96,458	6,28,532
Travelling and conveyance	55,730	1,30,249
Printing and stationary	5,97,609	4,48,225
Business promotion	6,52,459	68,465
Donations	1,25,000	1,21,000
Legal and professional	5,50,541	4,00,912
Auditor's remuneration:		
- Statutory audit	75,000	60,000
- Tax audit	15,000	9,000
- Certification	1,60,000	1,80,000
Bad debts written off	10,86,700	4,21,287
Loss on sale of fixed assets	-	1,02,870
Loss on sale of securities	6,74,692	-
General and other administration expenses	14,14,742	11,72,705
Total	2,61,87,881	1,83,51,620

26. Contingent Liabilities:

(Amount in ₹.)

i) Bank Guarantees:

Particulars	2014-15	2013-14
Bank Guarantees	4,50,00,000	3,00,00,000

ii) The company had filed appeal before ITAT against the order passed by CIT-Appeals, for the assessment year 2010-11, which came up during the year and was referred back to the assessing officer for the reassessing the valuation. The same is not quantified as of date.

27. Gratuity:

The Company has a defined benefit gratuity plan. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet:

Statement of profit and loss**Net employee benefit expenses recognized in the employee cost**

(Amount in ₹.)

	March 31, 2015	March 31, 2014
Current service cost	1,20,218	-
Interest cost on benefit obligation	-	-
Past Service cost – vested benefits	-	-
Expected return on plan assets	(1,06,488)	-
Net actuarial loss/(gain) recognized in the year	18,33,551	-
Net benefit expense	18,47,281	-

Balance sheet**Benefit liability**

(Amount in ₹.)

	March 31, 2015	March 31, 2014
Present value of defined benefit obligation	(19,03,692)	-
Fair value of plan assets	13,43,298	-
Plan liability	5,60,394	-

Changes in the present value of the defined benefit obligation are as follows:

(Amount in ₹.)

	March 31, 2015	March 31, 2014
Opening defined benefit obligation	-	-
Current service cost	1,20,218	-
Interest cost	-	-
Past Service cost – vested benefits	-	-
Benefits paid	(50,077)	-
Actuarial losses on obligation	18,33,551	-
Closing defined benefit obligation	19,03,692	-

Changes in the fair value of plan assets are as follows:

(Amount in ₹.)

	March 31, 2015	March 31, 2014
Opening fair value of plan assets	11,34,169	-
Expected return	1,06,488	-
Contributions by employer	1,52,718	-
Benefits paid	(50,077)	-
Actuarial (losses)/gains	-	-
Closing fair value of plan assets	13,43,298	-

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	March 31,	March 31, 2014
Discount rate (%)	8%	-
Expected rate of return on assets (%)	8%	-
Salary escalation (%)	4%	-
Attrition rate (%)	5%	-

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

28. Segment reporting

The Company's operations predominantly consist only of Broking activities. Hence, there are no reportable segments under Accounting Standard – 17 “Segment Reporting” (AS-17).

During the year, the company's business has been carried out in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary. There are no other reportable segments.

29. Related party disclosures as per AS 18:

a) Names of the related parties and nature of relationship:

Nature of Relationship

Subsidiaries:

Name of Related Party

B.N. Rathi Comtrade Private Limited

B.N. Rathi Industries Private Limited

Key Management Personnel (KMP):

Hari Narayan Rathi - **Managing Director**

Chetan Rathi - **Executive Director**

Relatives of Key Management Personnel (KMP):

Chanda Devi Rathi -Wife of Hari Narayan Rathi

Nisha Rathi - Wife of Chetan Rathi

Anuradha Pasari - Daughter of Hari Narayan Rathi

Govind Narayan Rathi - Brother of Hari Narayan Rathi

b) Transactions with related parties:

Particulars	(Amount in ₹.)	
	2014-15	2013-14
Rent paid :	9,39,750	8,80,500
- Chanda Devi Rathi	6,99,750	6,40,500
- Govind Narayan Rathi HUF	2,40,000	2,40,000
Remuneration paid :	22,20,000	22,33,676
- Hari Narayan Rathi	14,40,000	14,53,676
- Chetan Rathi	7,80,000	7,80,000
Dividend paid :	14,21,372	10,98,583
- Hari Narayan Rathi	9,42,894	6,99,851
- Chetan Rathi	2,09,120	1,74,267
- Chanda Devi Rathi	1,57,444	1,31,203
- Nisha Rathi	75,914	63,262
Service rendered - Brokerage received :	2,04,781	14,065
- Hari Narayan Rathi	95,348	3,828
- Chetan Rathi	18,789	44
- Chanda Devi Rathi	18,145	7,961
- Nisha Rathi	3,545	409
- Govind Narayan Rathi	49,571	1,821
- Anuradha Pasari	265	2
- Hari Narayan Rathi HUF	19,118	-
Advance given :	33,63,429	34,89,779
- B.N. Rathi Industries Private Limited	25,00,000	25,00,000
- B.N.Rathi Comtrade Private Limited	8,63,429	9,89,779
Advance recovered :	58,63,294	9,73,347
- B.N. Rathi Industries Private Limited	50,00,000	-
- B.N.Rathi Comtrade Private Limited	8,63,294	9,73,347

(Amount in ₹.)

c) Related party balances:			
	Particulars	As at March 31, 2015	As at March 31, 2014
	Non-current investments:	1,49,99,500	1,49,99,500
-	B.N. Rathi Industries Private Limited	50,00,000	49,99,700
-	B.N.Rathi Comtrade Private Limited	1,00,00,000	9,999,800
	Loans and advances given to related parties:	2,14,042	27,25,002
-	B.N.Rathi Comtrade Private Limited	2,14,042	2,13,907
-	B.N. Rathi Industries Private Limited	-	2,511,095
	Rent Deposit:	11,00,000	11,00,000
-	Chanda Devi Rathi	10,00,000	10,00,000
-	Govind Narayan Rathi HUF	1,00,000	1,00,000

30. Lease obligation as Lessee (Lease Payments):

Lease payments made under cancellable operating leases have been recognized as an expense in the Statement of Profit and Loss.

31. Earnings per Share (EPS):

(Amount in ₹.)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Profit after tax	1,47,24,923	90,66,655
Basic and diluted	5.84	3.60
Weighted average number of shares outstanding	25,20,000	25,20,000
Face value per share (₹.)	10	10

32. There is no balance confirmation available for the receivables and payables outstanding as on March 31, 2015 and such balances are subject to confirmation and reconciliation.

33. Due to Micro and Small enterprise:

The principal amount remaining unpaid as at March 31, 2015 in respect of enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006" (MSMEDA) is ₹. Nil.

In respect of transactions with "Suppliers" who constitute Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 disclosures relating to interest paid/payable are not applicable.

34. During FY 2012-13, company entered into an agreement for sale of land with Mrs. Hari Gayathri, wife of Mr. Venkata Appa Rao Yeleswarapu, client of the company. Mr. Venkata Appa is liable to pay ₹.34,43,070 to the company as on January 31, 2013. In the process of recovery, the company entered into an agreement for sale of land on February 01, 2013 with his wife for a consideration of ₹.14,74,864./ The consideration is to be treated as advance receivable by her from the company against the amount payable by her husband. The registration of land in the favour of company is pending. The company has decided to disclose the consideration under the head "Long term loans & advances" as 'Property pending for registration & possession.' The company has filed a suit for specific performance for the same. The status of the case is 'pending' and recovery of the same is doubtful.

35. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our Report of even date.

For **SESHACHALAM & CO.,**
Chartered Accountants
Firm Registration Number : 003714S

For and on behalf of the Board

T. Bharadwaj
Partner
Membership No. 201042

LAXMINIWAS SHARMA
Chairman

HARINARAYAN RATHI
Managing Director

CHE TAN RATHI
Executive Director-cum-CFO

SABITHA REDDY
Company Secretary

M.V. RAO
Compliance Officer

Place : Hyderabad
Date : 27.05.2015

Form 9.1

Statement containing salient features of the financial statements of Subsidiaries (Pursuant to proviso to sub-section (3) of section 129 read with Rule 9.3 of the Companies Act, 2013)

1.	Name of the Subsidiaries :	B. N. Rathi Comtrade Private Limited B.N. Rathi Industries Private Limited
2.	Reporting Period :	31.03.2015
3.	Reporting Currency :	Indian Rupee

S.No.	Particulars	B. N. Rathi Comtrade Private Limited Amount in Rupees	B.N. Rathi Industries Private Limited Amount In Rupees
1.	Share Capital:	1,00,00,000	50,00,000
2.	Reserves & surplus for the year ending	1,01,08,185	5,99,826
3.	Total Assets	9,62,02,644	61,96,506
4.	Total Liabilities	9,62,02,644	61,96,506
5.	Investments	-	-
6.	Turnover (Income)	3,35,27,350	1,69,54,129
7.	Profit before Taxation	19,68,851	8,59,326
8.	Provision for Taxation	6,23,188	2,59,500
9.	Profit after Taxation	13,45,583	5,99,826
10.	Proposed Dividend	-	-
11.	% of Shareholding	100	100

- 1. Names of Subsidiaries which are yet to commence operation : NA**
2. Names of subsidiaries which have been liquidated or sold during the year : NA

As per our Report of even date.

For **SESHACHALAM & CO.,** For and on behalf of the Board
Chartered Accountants
Firm Registration Number : 003714S

T. Bharadwaj
Partner
Membership No. 201042

LAXMINIWAS SHARMA **HARINARAYAN RATHI**
Chairman Managing Director

CHETAN RATHI **SABITHA REDDY** **M.V. RAO**
Executive Director-cum-CFO Company Secretary Compliance Officer

Place : Hyderabad
Date : 27.05.2015

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of B. N. Rathi Securities Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of **B. N. Rathi Securities Limited** ("the Company"), and its subsidiaries (the Group) which comprise the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance and Consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor’s Report) Order, 2015 (“the order”) issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group does not have any pending litigations which would impact its Consolidated financial position;
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Group.

For SESHACHALAM & CO
Chartered Accountants
Firm registration number: 003714S

T. Bharadwaj
Partner
Membership No.201042

Place : Hyderabad
Date : 27.05.2015

GROUP INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Group information:

The consolidated financial statements of B.N. Rathi Securities Limited (“the Company”) together with its subsidiaries (collectively referred as the ‘Group’ or the ‘consolidating entities’) are prepared with generally accepted accounting principles in India under the historical cost convention and on an accrual basis of accounting and in accordance.

The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and with the relevant provisions of the Act, pronouncements of The Institute of Chartered Accountants of India (‘ICAI’). The financial statements have been prepared on an accrual basis and under the historical cost convention.

Basis of consolidation

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company’s separate financial statements, except otherwise stated for like transactions in similar circumstances.

Investments in subsidiaries, except where the investments are acquired exclusively with a view to its subsequent disposal in the near future, are accounted in accordance with accounting principles as defined in the Accounting Standard (‘AS’) 21 ‘Consolidated Financial Statements’, as prescribed under the Rules.

The financial statements of the consolidating entities are added on a line-by-line basis and material inter-company balances and transactions including unrealized gain and loss from such transactions are eliminated upon consolidation. The following subsidiaries have been considered for the purpose preparation of consolidated financial statements:

Names of the consolidating entities	Country of Incorporation	Percentage holding / Interest (%) as at 31 March	
		2015	2014
B.N. Rathi Comtrade Private Limited	India	100.00	99.99
B.N. Rathi Industries Private Limited	India	100.00	99.99

2. Significant Accounting Policies:

Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

Change in accounting policy

Depreciation on fixed assets

The Schedule XIV to the Companies Act, 1956, prescribed requirements relating to depreciation of fixed assets till the year ended March 31, 2014. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets.

Useful lives/ depreciation rates

Depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these, in certain cases are different from, the lives prescribed under Schedule II.

The Group has used transitional provisions of Schedule II to adjust the impact of useful lives/ depreciation rates arising on its first application. If a fixed asset has zero remaining useful life on the date of Schedule II becoming effective, i.e., April 01, 2014, its carrying amount, after retaining any residual value, is charged to the opening balance of retained earnings. The carrying amount of other fixed assets, i.e., fixed assets whose remaining useful life is not Nil on April 01, 2014, is depreciated over their remaining useful life. The Group has adjusted ₹.3,13,598 (net of deferred tax of ₹. 1,50,613) with the opening balances of retained earnings and i.e. Surplus in the statement of profit and loss. Had the Group continued to follow the earlier useful life, the depreciation expense for the year would have been higher by ₹. 4,64,211, profit before tax would have been lower by ₹.4,64,211 and the impact on net block of fixed assets would have been immaterial.

a) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue on sale of property is recognized based on percentage completion method and upon transferring significant risks and rewards of ownership associated with the real estate property.

Income from Brokerage

Brokerage income on securities and commodities broking business is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date

Other operating revenue

Other operating revenue includes income from business related to brokerage and is recognized based on the terms agreed with the customers when the services are rendered.

Interest income:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Other income" in the statement of profit and loss.

Dividends

Dividend income is recognized when the unit holder's right to receive dividend is established by the reporting date.

b) Fixed Assets

Tangible Assets:

Tangible assets are stated at cost less accumulated depreciation. Subsequent expenditure related to items of tangible assets is added to its book value only if it increase the future benefits from the existing assets beyond its previously assessed standard of performance. Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

Intangible Assets:

Intangible Assets are recognized only if it is probable that the future economic benefits that are attributable to assets will flow to the enterprise and the cost of the assets can be measured reliably. Intangible assets are recorded at cost and carried at cost less accumulated depreciation. Intangible assets are amortised over their estimated useful lives.

c) Depreciation and Amortization

Depreciation and Amortization on fixed assets is provided on Written down value method at the rates specified in Schedule II of the Companies Act, 2013 on pro-rata basis.

Individual Fixed Assets costing ₹.5,000 and below are fully depreciated in the year of purchase.

d) Employee Benefits

Provident Fund:

Contributions paid/ payable under defined contribution plans are recognized in the Statement of Profit and Loss in each year. Contribution plans primarily consists of Provident Fund administered and managed by the Government of India. The Group makes monthly contributions and has no further obligations under the plan beyond its contributions.

Gratuity Fund:

The Group contributes to group policy with Life Insurance Corporation of India to cover its liabilities towards Employees Gratuity.

e) Leases

Assets acquired under Leases where a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as Operating Leases. The rentals and all the other expenses of assets under operating lease for the period are treated as revenue expenditure.

f) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

g) Taxation:

- (i) Current tax is determined based on the amount of tax payable in respect of taxable income for the year.
- (ii) Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax asset, on timing differences, being the differences between taxable incomes and accounting

income that originate in one period and are capable of reversal in one or more subsequent years. Deferred Tax Assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

- (iii) Provision for taxation for the period(s) is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income Tax Act, 1961.
- (iv) Deferred Tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Group re-assesses unrecognised deferred tax assets, if any.
- (v) Current tax assets and liabilities are offset when there is a legally enforceable rights to set off the recognised amount and there is intention to settle the assets and the liabilities on a net basis.
- (vi) Deferred tax assets and liabilities are offset when there is a legally enforceable rights to set off assets against liabilities representing the current tax and where the deferred tax and liabilities relate to taxes on income levied by the same governing taxation laws.

h) Provisions

A provision is recognized when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

i) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

j) Impairment

Assets are reviewed for impairment at each balance sheet date. In case, events and circumstances indicate any impairment, the recoverable amount of these assets is determined. An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the period in which an asset is defined as impaired. An impairment loss recognized in prior accounting periods is adjusted/ reversed if there has been a change in the estimate of the recoverable amount and such loss either no longer exists or has decreased.

k) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Consolidated Balance Sheet as at 31st March, 2015

(Amount in ₹.)

Particulars	Note	As at March 31, 2015	As at March 31, 2014
I. Equity and liabilities			
(1) Shareholder's Funds			
(a) Share capital	3	2,52,00,000	2,52,00,000
(b) Reserves and surplus	4	8,20,34,537	7,02,32,493
(2) Minority Interest		-	677
(3) Non-current liabilities			
(a) Long-Term Borrowings	5	-	5,00,238
(b) Long term provisions	6	18,10,966	-
(c) Other non-current liabilities	7	-	20,00,000
(4) Current Liabilities			
(a) Short-term borrowings	8	1,04,28,451	4,24,619
(b) Trade payables	9	23,76,65,829	18,20,36,987
(c) Other current liabilities	10	71,92,171	57,80,916
(d) Short-term provisions	11	1,34,79,503	71,98,785
		37,78,11,457	29,33,74,715
II.Assets			
(1) Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets	12A	29,75,902	59,71,818
(ii) Intangible assets	12B	45,873	4,80,236
(b) Deferred Tax Assets	13	25,35,182	7,25,525
(c) Long term loans and advances	14	3,86,80,485	2,19,74,678
(d) Other non-current assets	15	18,00,000	-
(2) Current assets			
(a) Inventories	16	45,32,366	69,94,605
(b) Trade receivables	17	6,10,09,380	6,34,89,859
(c) Cash and bank balances	18	16,73,94,781	9,08,55,338
(d) Short term loans and advances	19	9,30,23,974	98,240,527
(e) Other current assets	20	58,13,514	46,42,129
		37,78,11,457	29,33,74,715
Corporate information and Summary of significant accounting policies	1 & 2		
Accompanying notes forming an integral part of the financial statements	1 to 34		
As per our report on even date			

For Seshachalam & Co

Chartered Accountants

Firm Registration Number: 003714S

T Bharadwaj

Partner

For and on behalf of the Board of B.N.Rathi Securities Limited

Laxminivas Sharma

Chairman

Hari Narayan Rathi

Managing

Chetan Rathi

Executive Director-cum-CFO

Sabitha Reddy

Company Secretary

M.V.Rao

Compliance Officer

Place: Hyderabad

Date: May 27, 2015

Consolidated Statement of Profit & Loss for the year ended 31st March, 2015

(Amount in ₹.)

Particulars	Note	For the year ended March 31, 2015	For the year ended March 31, 2014
I. Revenue from operations	21	16,79,34,798	10,38,45,829
II. Other Income	22	2,25,75,351	1,40,62,504
III. Total Revenue (I+II)		19,05,10,149	11,79,08,333
IV. Expenses:			
Share of brokerage		8,55,87,919	5,39,80,979
Construction expenses	23	1,37,83,476	42,51,022
Employee benefit expenses	24	1,83,37,068	1,59,73,111
Finance costs	25	40,31,638	21,07,828
Depreciation and amortisation expenses	12	46,18,507	20,45,479
Other expenses	26	4,02,68,580	3,40,19,124
IV. Total Expenses		16,66,27,188	11,23,77,543
Less: Expenses transferred to construction work-in-progress		-	51,54,547
V. Profit before tax (III-IV)		2,38,82,961	1,06,85,337
VI. Tax expense:			
Current tax expense			
- for current year		88,37,245	36,60,856
- relating to prior year		34,428	
Deferred tax		(16,59,043)	(5,23,808)
VII. Profit from the period		1,66,70,331	75,48,289
VIII. Earning per equity share:			
Basic and diluted	31	6.62	3.00
Corporate information and Summary of significant accounting policies	1 & 2		
Accompanying notes forming an integral part of the financial statements	1 to 34		
As per our report on even date			

For Seshachalam & Co

Chartered Accountants

Firm Registration Number: 003714S

T Bharadwaj

Partner

Managing

For and on behalf of the Board of B.N.Rathi Securities Limi

Laxminivas Sharma

Chairman

Hari Narayan Rathi

Director

Chetan Rathi

Executive Director-cum-CFO

Sabitha Reddy

Company Secretary

M.V.Rao

Compliance Officer

Place: Hyderabad

Date: May 27, 2015

Consolidated Statement of Cash Flow for the year ended March 31, 2015 (Amount in ₹.)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
A. Cash flow from operating activities		
Profit before tax	2,38,82,961	1,06,85,337
Adjustments:		
Depreciation and amortization	46,18,507	20,45,479
Interest expense	35,40,195	16,55,257
Loss on sale of fixed assets	-	1,14,561
Profit on sale of fixed assets	-	(2,08,748)
Dividend income	(2,55,000)	(54,799)
Interest income	(1,88,73,663)	(1,18,83,223)
Cash generated before working capital changes	1,29,13,000	23,53,864
Adjustments for (increase) / decrease in operating assets:		
-Trade inventories	24,62,239	(58,95,076)
-Trade receivables	24,80,479	(1,60,32,323)
-Loans and advances	(85,33,447)	(2,82,33,445)
-Other current assets	(11,71,385)	(13,06,613)
Adjustments for increase / (decrease) in operating liabilities:		
-Trade payables	5,56,23,007	7,93,63,412
-Long term provisions	18,10,966	-
-Short term provisions	92,726	-
-Other non-current liabilities	(20,00,000)	(5,00,000)
-Other current liabilities	14,11,255	1,94,678
Cash generated from operations	6,50,88,840	2,99,44,497
Direct taxes paid	(84,51,091)	(34,12,164)
Net cash flow from operating activities (A)	5,66,37,749	2,65,32,333
B. Cash flows from investing activities		
Purchase of fixed assets, including intangible assets	(16,52,439)	(22,17,664)
Proceeds from sale of fixed assets	-	4,56,450
Interest received	1,88,73,663	1,18,83,223
Dividend received	2,55,000	54,799
Net cash flow from investing activities (B)	1,74,76,224	1,01,76,808
C. Cash flows from financing activities		
Repayment of long term borrowings	(5,00,238)	(3,31,13,217)
Proceeds /(repayment) from working capital borrowings	1,00,03,832	(35,28,458)
Dividends paid on equity shares	(30,24,000)	(25,20,000)
Tax on dividend	(5,13,929)	(4,28,274)
Interest paid	(35,40,195)	(16,55,257)
Net Cash Flow From Financing activities (C)	24,25,470	(4,12,45,206)
D. Net increase in cash and cash equivalents (A+B+C)	7,65,39,443	(45,36,065)
E. Cash and cash equivalents [Refer Note 2(k)]		
at the beginning of the year	9,08,55,338	9,53,91,403
at the end of the year	16,73,94,781	9,08,55,338
As per our report on even date		

For Seshachalam & Co
Chartered Accountants

For and on behalf of the Board of B.N.Rathi Securities Limited

Firm Registration Number: 003714S
T Bharadwaj
Partner
Membership No. 201042

Laxminivas Sharma
Chairman

Hari Narayan Rathi
Managing Director

Chetan Rathi
Executive Director-cum-CFO

Sabitha Reddy
Company Secretary

M.V.Rao
Compliance Officer

Place: Hyderabad
Date: May 27, 2015

Note : 4 Reserve & Surplus

(Amount in ₹.)

Particulars		As at March 31, 2015	As at March 31, 2014
a. Capital reserve			
Opening Balance		16,70,100	16,70,100
Add: Addition during the year		-	-
Less: Utilised / transferred during the year		-	-
	(A)	16,70,100	16,70,100
b. Securities premium Account			
Opening Balance		1,22,40,000	1,22,40,000
Add: Premium on shares issued during the year		-	-
Less: Utilised during the year		-	-
	(B)	1,22,40,000	1,22,40,000
c. General reserve			
Opening Balance		5,94,460	3,67,792
Add: Transferred from surplus in Statement of Profit and Loss		3,68,123	2,26,668
Less: Depreciation adjustment on account of change in useful life as per Companies Act, 2013 (net of deferred tax of ₹.1,50,613) (refer note 2(a))		3,13,598	-
	(C)	6,48,985	5,94,460
d. Surplus in Statement of Profit and Loss			
Opening balance		5,57,27,933	5,19,36,867
Add: Profit for the year		1,66,70,331	75,48,289
Add/(Less) : Income Tax of earlier Year		(5,157)	(2,47,544)
		7,23,93,107	5,92,37,612
Less : Appropriations			
-Transferred to general reserve		3,68,123	2,26,668
-Proposed dividend		37,80,000	30,24,000
-Tax on proposed dividend		7,69,532	5,13,929
Add: Corporate dividend tax excess provision of earlier year		-	2,54,918
		49,17,655	37,64,597
	(D)	6,74,75,452	5,57,27,933
Total [A+B+C+D]		8,20,34,537	7,02,32,493

Note 5 : Long Term Borrowings

Amount in ₹.)

Particulars		As at March 31, 2015	As at March 31, 2014
a. Term Loans			
From Banks			
Secured [Refer note (i) below]		-	5,00,238
	Total	-	5,00,238
Note (i):			
The term loan taken from HDFC Bank Limited is secured by way of hypothecation of vehicle purchased. The Loan is repayable in 36 equal monthly instalments. The applicable interest rate is 10.50%. The period of maturity with respect to balance sheet date is 12 instalments.			

Note 6: Long Term Provisions:

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for gratuity	18,10,966	-
Total	18,10,966	-

Note 7: Other non-current liabilities:

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Advances received	-	20,00,000
Total	-	20,00,000

Note 8 : Short Term borrowings

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Working capital loans and overdrafts [repayable on demand]		
From banks [Refer Note (i) below]		
Secured	1,04,28,451	4,17,406
From related parties	-	7,213
Total	1,04,28,451	4,24,619
Note:		
Secured against the fixed deposits belonging to the Company with the bank		

Note 9 : Trade Payables

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Creditors – clients	18,28,39,652	12,82,44,914
Creditors - Suppliers and other services	1,11,93,925	99,80,262
Creditors - NSEL [Refer note 32 and 33]	4,36,32,252	4,38,11,811
Total	23,76,65,829	18,20,36,987

Note 10: Other Current Liabilities

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Unpaid dividend	13,95,160	13,25,637
Statutory remittances	10,74,838	11,53,028
Client margin deposits	44,52,137	32,87,393
Current maturities of long term debt [Refer note 5]	2,63,186	-
Other payables	6,850	14,857
Total	71,92,171	57,80,916

Note 11 : Short Term Provisions

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for taxation	88,37,245	36,60,856
Proposed dividend	37,80,000	30,24,000
Provision for gratuity	92,726	-
Provision for tax on proposed dividend	7,69,532	5,13,929
Total	1,34,79,503	71,98,785

Note 12: Fixed Assets

Note 12 A: Tangible Assets

(Amount in ₹.)

Particulars	Gross Block				Depreciation				Adjustment to opening retained earnings, [refer note 2(a)]	Net Block	
	As at April 01, 2014	Additions	Deletions	As at March 31, 2015	As at April 01, 2014	For the Period	On Deletions	As at March 31 2015		As at March 31, 2015	As at March 31, 2014
Furnitures and fittings	66,53,748	67,570	37,66,529	29,54,789	41,32,404	15,17,966	37,66,529	18,83,841	-	10,70,948	25,21,344
Office equipments	38,56,579	1,98,800	1,43,511	39,11,868	22,96,844	10,08,066	1,43,511	31,61,399	-	7,50,469	15,59,735
Motor Vehicles	28,67,108	7,05,000	-	35,72,108	16,96,205	11,00,754	-	27,96,959	-	7,75,149	11,70,903
Computers	67,80,820	6,35,569	53,72,611	20,43,778	60,60,984	8,05,041	52,01,583	16,64,442	1,71,028	3,79,336	7,19,836
	2,01,58,255	16,06,939	92,82,651	1,24,82,543	1,41,86,437	44,31,827	91,11,623	95,06,641	1,71,028	29,75,902	59,71,818

Note 12B: Intangible Assets

(Amount in ₹.)

Particulars	Gross Block				Amortisation				Adjustment to opening earnings, [refer note 2(a)]	Net Block	
	As at April 01, 2014	Additions	Deletions	As at March 31, 2015	As at April 01, 2014	For the Period	On Deletions	As at March 31 2015		As at March 31, 2015	As at March 31, 2014
Computer software	26,72,616	45,500	24,31,257	2,86,859	21,92,380	1,86,680	21,38,074	2,40,986	2,93,183	45,873	4,80,236
	26,72,616	45,500	24,31,257	2,86,859	21,92,380	1,86,680	21,38,074	2,40,986	2,93,183	45,873	4,80,236
Current year	2,28,30,871	16,52,439	1,17,13,908	1,27,69,402	1,63,78,817	46,18,507	1,12,49,697	97,47,627	4,64,211	30,21,775	64,52,054
Previous year	2,17,28,160	22,17,664	11,14,952	2,28,30,872	1,50,86,028	20,45,479	7,52,689	1,63,78,818	-	64,52,054	66,42,132

Note 13 : Deferred Tax Asset (Components of deferred tax assets)

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Deferred tax asset		
Depreciation	19,17,529	7,25,525
Employee benefits	6,17,653	-
Deferred tax asset	25,35,182	7,25,525

Note 14 : Long term loans and advances

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Capital advance [Refer note 33]	14,74,864	14,74,864
Tax deducted at source	85,50,471	37,94,664
Security deposits:		
- With exchanges	2,86,55,150	1,67,05,150
Total	3,86,80,485	2,19,74,678

Note 15: Inventories

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Construction work in progress	20,97,842	51,54,547
Stock in trade	24,33,703	18,40,058
Total	45,31,545	69,94,605

Note 15: Inventories (Valued at lower of cost and net realizable value)

Particulars	Face Value ₹.	Quantity	As at March 31, 2015 (₹.)	Quantity	As at March 31, 2014 (₹.)
Listed :					
Gokaldas Exports Limited	10	-	-	5,000	3,65,132
Vijay Textiles Limited	10	12,821	3,17,676	12,821	3,17,676
Nexsoft Infotel Limited	10	13,933	18,601	1,85,000	2,47,250
HBL Power Systems Limited	1	10,000	5,48,000	-	-
Vishnu Chemicals Limited	10	3,675	6,40,247	-	-
Un-Listed :					
Mahesh Vidya Bhavan Limited	10	20,000	2,00,000	20,000	2,00,000
Hyderabad Stock Exchange Limited	10	10,000	10,000	10,000	10,000
HSE Securities Limited	10	10,000	1,00,000	10,000	1,00,000
Bombay Stock Exchange Limited	10	400	1,00,000	400	1,00,000
Sevenhills Co-op. Bank Limited	10	5,000	5,00,000	5,000	5,00,000
Construction work in progress-At cost	-	-	-	-	51,54,547
Finished property - At cost	-	-	20,97,842	-	-
Total			45,32,366		69,94,605

Note 16 : Other non-current assets (Unsecured, considered good)

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Fixed deposits with banks (Refer noted 18) (Maturity period more than 12 months)	18,00,000	-
Total	18,00,000	-

Note 17 : Trade receivables (Refer note 32)

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Outstanding for a period exceeding six months	4,36,30,486	4,92,65,714
Others	1,73,78,894	1,42,24,145
Total	6,10,09,380	6,34,89,859

Note 18 : Cash and Bank Balances

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Cash and cash equivalents:		
Cash in hand	29,203	68,431
Balance with banks		
- In current accounts	1,48,24,553	1,76,81,393
- In earmarked accounts		
• Unpaid dividend accounts	14,05,160	11,50,095
- Balances with bank in fixed deposits account [Refer note below] [Upto 3 months maturity from the date of acquisition]	7,60,00,000	4,99,55,419
Other Bank balances [Refer note below]		
- Balances with bank in fixed deposits account* [Upto 12 months maturity from the date of acquisition and maturity more than 12 months but within one year from the balance sheet date]	7,51,35,865	2,20,00,000
Total	16,73,94,781	9,08,55,338

Note:

Held as security towards financial assistance availed and security deposits with exchanges.

Note 19: Short term loans and advances (Unsecured considered good)

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Loans and advances to employees	1,69,500	3,53,000
Margin with exchanges	8,60,00,000	8,90,75,000
Advances to suppliers and others	1,10,487	-
Security deposits:		
- To related parties	5,00,000	5,00,000
- Others [Refer note 29(c)]	23,74,514	63,64,647
Other receivables	27,46,948	10,78,308
Prepaid expenses	8,97,131	5,33,578
Balance with government authorities	2,25,394	3,35,994
Total	93,023,974	9,82,40,527

Note 20: Other current assets

(Amount in ₹.)

Particulars	As at March 31, 2015	As at March 31, 2014
Interest accrued on deposits	58,13,514	46,42,129
Total	58,13,514	46,42,129

Note 21 : Revenue from Operations

(Amount in ₹.)

Particulars	For the period ended March 31, 2015	For the period ended March 31, 2014
Brokerage income	12,95,14,173	8,35,12,701
Other operating revenue	2,16,34,125	2,03,33,128
Income from sale of flats	1,67,86,500	-
Total	16,79,34,798	10,38,45,829

Note 22 : Other Income

(Amount in ₹.)

Particulars	For the period ended March 31, 2015	For the period ended March 31, 2014
Interest income on deposits with banks	1,88,73,663	1,18,83,223
Dividend income	2,55,000	54,799
Miscellaneous income	34,46,688	21,24,482
Total	2,25,75,351	1,40,62,504

Note 23 : Construction expenses

(Amount in ₹.)

Particulars	For the period ended March 31, 2015	For the period ended March 31, 2014
Material	82,83,671	22,65,770
Labour	44,80,383	4,04,755
Professional and consultancy	4,43,932	15,80,497
Rates & Taxes	3,66,477	-
Site Expenses	1,81,285	-
Interest	17,603	-
Insurance	10,125	-
Total	1,37,83,476	42,51,022

Note 24: Employee Benefit Expenses

(Amount in ₹.)

Particulars	For the period ended March 31, 2015	For the period ended March 31, 2014
Salaries [Refer note 29(b)]	1,66,89,193	1,50,24,596
Contribution to provident and other funds	13,49,369	6,98,880
Staff welfare	2,98,506	2,49,635
Total	1,83,37,068	1,59,73,111

Note 25 : Finance Cost

(Amount in ₹.)

Particulars	For the period ended March 31, 2015	For the period ended March 31, 2014
Interest expense on:		
- Working capital loans	8,16,798	1,48,442
- Term loans	41,348	58,639
- Others	26,58,014	14,27,834
Interest expense on delayed remittance of service tax	24,035	-
Interest on loans (related party)	-	20,342
Other borrowing costs	4,91,443	4,52,571
Total	40,31,638	21,07,828

Note 26 : Other Expenses

(Amount in ₹.)

Particulars	For the period ended March 31, 2015	For the period ended March 31, 2014
Operating expenses:		
Transaction charges	1,81,98,206	1,41,77,351
Other operating expenses	42,52,007	36,61,505
Other expenses:		
Power and Fuel	10,98,621	11,16,534
Rent [Refer note 29(b) & 30]	19,00,268	16,98,512
Repairs and maintenance	24,04,516	17,18,124
Insurance	86,090	62,786
Rates and Taxes	19,54,953	22,39,938
Communication	12,46,491	11,47,953
Travelling and Conveyance	3,30,733	2,30,134
Referral charges	-	2,99,099
Printing and Stationary	6,17,441	4,60,625
Business promotion	6,69,417	83,774
Donations	2,25,000	2,21,000
Auditor's remuneration:		
-Statutory Audit	1,91,517	1,06,236
-Tax Audit	32,500	9,000
-Other Services	1,85,000	1,80,000
Legal and Professional	9,76,438	8,14,363
Bad debts written off	31,36,532	34,75,920
General and other administration expenses	20,36,366	14,64,828
Loss on sale of securities	7,26,484	7,36,881
Loss on sale of fixed assets	-	1,14,561
Total	4,02,68,580	3,40,19,124

27. Contingent liabilities:

i) Bank Guarantees:		(Amount in ₹.)	
Particulars	2014-15	2013-14	
Bank Guarantees	6,20,00,000	4,50,00,000	

ii) The Holding company had filled appeal before ITAT against the order passed by CIT- Appeals, for the assessment year 2010-11, which came up during the year and was referred back to the assessing officer for the reassessing the valuation. The same is not quantified as of date.

28. **Segment information:**

The Group has considered business segments as the primary segments for disclosure on the basis that the risks and returns of the Group is primarily determined by nature of services. During the year, the company's business has been carried out in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary. There are two reportable Segments in the company namely Broking activities and Property development under Accounting Standard-17 on 'Segment Reporting'.

Information about the primary business segments

(Amount in ₹.)

PARTICULARS	For the year ended 31 March, 2015			For the year ended 31 March, 2014		
	Broking Activities	Property Development	Total	Broking Activities	Property Development	Total
Revenue	15,11,48,298	1,67,86,500	16,79,34,798	10,38,45,829	-	10,38,45,829
Inter-segment revenue	-	-	-	-	-	-
	15,11,48,298	1,67,86,500	16,79,34,798	10,38,45,829	-	10,38,45,829
Segment result	46,47,551	7,17,719	53,65,270	12,89,737	-	12,89,737
Interest Expense	40,31,638	26,022	40,57,660	20,87,430	-	20,87,430
Operating income	6,15,913	6,91,697	13,07,610	33,77,167	-	33,77,167
Other income	-	-	2,25,75,351	-	-	1,40,62,504
Profit before taxes	-	-	2,38,82,961	-	-	1,06,85,337
Tax expense	-	-	72,12,630	-	-	31,37,048
Profit for the year			1,66,70,331			75,48,289
Segment assets	36,30,64,480	61,90,476	36,92,54,956	27,99,01,299	96,78,752	28,95,80,051
Unallocable assets	85,50,471	6,030	85,56,501	37,94,664	-	37,94,664
Total Assets	37,16,14,951	61,96,506	37,78,11,457	28,36,95,963	96,78,752	29,33,74,715
Segment Liabilities	35,82,28,174	59,37,006	36,41,65,180	27,64,97,178	96,78,752	28,61,75,930
Unallocable Liabilities	1,33,86,777	2,59,500	1,36,46,277	71,98,785	-	71,98,785
Total Liabilities	37,16,14,951	61,96,506	37,78,11,457	28,36,95,963	96,78,752	29,33,74,715
Other Information						
Capital expenditure-Tangible	16,06,939	-	16,06,939	22,17,664	-	22,17,664
Depreciation and Amortisation	46,18,507	-	46,18,507	20,45,479	-	20,45,479
Unallocated amortization	-	-	-	-	-	-
Total Depreciation & Amortisation	46,18,507	-	46,18,507	20,45,479	-	20,45,479

29. Related party disclosures as per AS 18:

a) Names of the related parties and nature of relationship:

Nature of Relationship

Key Management Personnel (KMP):

Relatives of

Key Management Personnel (KMP):

Name of Related Party

Hari Narayan Rathi - **Managing Director**
Chetan Rathi - **Executive Director**

Chanda Devi Rathi -Wife of Hari Narayan Rathi
Nisha Rathi - Wife of Chetan Rathi
Anuradha Pasari - Daughter of Hari Narayan Rathi
Govind Narayan Rathi - Brother of Hari Narayan Rathi

b) Transactions with related parties:

Particulars	2014-15 (₹.)	2013-14 (₹.)
Rent paid	9,39,750	8,80,500
Chanda Devi Rathi	6,99,750	6,40,500
Govind Narayan Rathi HUF	2,40,000	2,40,000
Remuneration paid	22,20,000	22,33,676
Hari Narayan Rathi	14,40,000	14,53,676
Chetan Rathi	7,80,000	7,80,000
Dividend paid	14,21,372	10,98,583
Hari Narayan Rathi	9,42,894	6,99,851
Chetan Rathi	2,09,120	1,74,267
Chanda Devi Rathi	1,57,444	1,31,203
Nisha Rathi	75,914	63,262
Service rendered - Brokerage received :	2,04,781	14,065
Hari Narayan Rathi	95,348	3,828
Chetan Rathi	18,789	44
Chanda Devi Rathi	18,145	7,961
Nisha Rathi	3,545	409
Govind Narayan Rathi	49,571	1,821
Anuradha Pasari	265	2
Hari Narayan Rathi HUF	19,118	-

Related party balances:		
Particulars	As at March 31, 2015 (Amount in ₹.)	As at March 31, 2014 (Amount in ₹.)
Rent Deposit :	11,00,000	11,00,000
- Chanda Devi Rathi	10,00,000	10,00,000
- Govind Narayan Rathi HUF	1,00,000	1,00,000

30. Lease obligation as Lessee (Lease Payments):

Lease payments made under cancellable operating leases have been recognized as an expense in the Statement of Profit and Loss.

31. Earnings per Share (EPS):

Particulars	(Amount in ₹.)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Profit after tax	1,66,70,331	75,48,289
Basic and diluted	6.62	3.00
Weighted average number of shares outstanding	25,20,000	25,20,000
Face value per share (₹.)	10	10

32. There is no balance confirmation available for the receivables and payables outstanding as on March 31, 2015 and such balances are subject to confirmation and reconciliation.

33. Due to Micro and Small enterprise:

The principal amount remaining unpaid as at March 31, 2015 in respect of enterprises covered under “Micro, Small and Medium Enterprises Development Act, 2006” (MSMEDA) is ₹. Nil.

In respect of transactions with “Suppliers” who constitute Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 disclosures relating to interest paid / payable are not applicable.

34. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our Report of even date.

For **SESHACHALAM & CO.,**
Chartered Accountants
Firm Registration Number : 003714S

For and on behalf of the Board

T. Bharadwaj
Partner
Membership No. 201042

LAXMINIWAS SHARMA
Chairman

HARINARAYAN RATHI
Managing Director

CHETAN RATHI
Executive Director-cum-CFO

SABITHA REDDY
Company Secretary

M.V. RAO
Compliance Officer

Place : Hyderabad
Date: 27.05.2015

MATERIAL DEVELOPMENTS

There have been no developments since March 31, 2015, which effect the operations, performance, prospects or financial condition of our Company.

WORKING RESULTS

In accordance with circular no.F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977, the information relating to the working results for the period between the last date of the financial statements and up to the end of the last but one month preceding the date of the Draft Letter of Offer will be updated in the Draft Letter of Offer to be filed with BSE.

Working results of our Company for the period from April 1, 2015 to June 30, 2015:

Particulars	Amount in ₹. Lakhs
Sales / Turnover	240.88
Other Income	50.53
Estimated gross profit / (loss) (excluding depreciation and taxes)	40.56
Provision for depreciation	4.21
Provision for taxes	11.79
Estimated net profit / loss	24.56

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF OUR COMPANY

Except as disclosed in the section titled “Material Developments” on page 97 of the DLOF, there are no material changes and commitments, if any affecting the financial position of our Company.

Unaudited Financial Results of our Company for the quarter ended June 30, 2015:

The financial results of our Company for the quarter ended June 30, 2015, duly approved by the Board of Directors of our company at its meeting held on August 12, 2015, has been filed with the BSE and are also provided herein below:

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED ON 30 JUNE 2015					
		All amounts in Indian rupees lakhs, except share data			
Particulars	Quarter ended	3 months			Year ended
		ended	Previous	Correspond	Year ended
		30.06.2015	3 months ended 31.03.2015	ing 3 months in the previous ended 30.06.2014	31.03.2015
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
(I)	Income from Operations				
1	Equity brokerage and related income	240.88	302.15	247.26	1141.94
2	Other operating income	50.53	26.35	47.42	88.76
	Total income from operations	291.41	328.50	294.68	1230.70
(II)	Expenses				
3	Employees Benefit Expenses	69.74	45.98	30.24	146.68
4	Depreciation	4.21	10.86	2.64	33.57
5	Other expenses	70.74	81.48	55.10	261.88
6	Brokerage paid	142.23	190.60	171.05	709.32
	Total expense	286.92	328.92	259.03	1151.45

	Profit from Operations before Other Income, Interest & Exceptional Items	4.49	-0.42	35.65	79.25
7	Other Income	43.68	53.72	27.88	169.90
	Profit before Interest & Exceptional Item	48.18	53.30	63.53	248.85
8	Finance Cost	11.83	13.47	6.02	38.30
	Profit after Interest but before Exceptional Items(5-6)	36.35	39.83	57.51	210.55
9	Exceptional Item	0.00	0.00	0.00	0.00
	Profit from Ordinary Activities before tax	36.35	39.83	57.51	210.55
10	Tax expense	11.79	14.08	17.77	63.30
	Net Profit from Ordinary Activities after tax	24.56	25.75	39.74	147.25
	Paid up Equity share capital	252.00	252.00	252.00	252.00
	Reserves (excluding revaluation reserves)				698.49
	Earnings Per Share (Face value ₹.10 per share)	0.97	1.02	1.58	5.84
	(Basic and diluted EPS after Extraordinary items for the period, for the year to date)				

ACCOUNTING AND OTHER RATIOS

Particulars	Standalone		Consolidated	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Net Profit after tax (₹. In lakhs)	147.25	90.67	166.70	75.48
Less: Preference Dividend & Dividend tax	-	-	Not Applicable	Not Applicable
Less: Minority Interest (Profit)/loss	-	-	-	-
Net Profit / (Loss) after Tax (After Minority Interest) (₹. In lakhs) (A)	147.25	90.67	166.70	75.48
Net Worth (₹ in lakhs) (B)	965.39	866.77	1,072.35	954.32
Return on Net Worth (%) (A/B) (C)	15%	10%	16%	8%
No. of Shares at the end of Year /Period (D)	2,520,000	2,520,000	2,520,000	2,520,000
Weighted Average No. of Shares at the end of Year /Period (E)	2,520,000	2,520,000	2,520,000	2,520,000
Weighted Average Diluted No. of Equity Shares (F)	2,520,000	2,520,000	2,520,000	2,520,000
Basic Earnings Per Share (₹.) (A/E)	5.84	3.60	6.62	3.00
Diluted Earnings Per Share (₹.) (A/F)	5.84	3.60	6.62	3.00
Net Asset Value/Book Value per Equity Share of Rs. 10 each (B/D)	38.31	34.40	42.55	37.87
Notes: Definition of Ratios:				
Formulae:	Particulars			
Basic Earnings Per Share	Net Profit after tax / Total number of equity shares outstanding during the year			
Diluted Earnings Per Share	Net profit after tax attributable to equity shareholders (including dilutive earnings, if any) / Weighted number of diluted equity shares outstanding during year			
Return on Net Worth (%)	Net Profit after tax / Networth at the end of the year			
Net Asset Value Per Share	Net Worth at the end of the year/ Total number of equity shares outstanding during the year			
Net Worth	Equity share capital + Preference Capital + Reserves (excluding Revaluation Reserves)			

CAPITALISATION STATEMENT

The capitalization statement of our Company as at March 31, 2015 as adjusted post the Issue is as follows:

(₹. in Lakhs)

Particulars	Pre-Issue		As adjusted for the Issue	
	Standalone	Consolidated	Standalone	Consolidated
	31-Mar-15		31-Mar-14	
Debt:				
Short Term Debt [A]	100.00	104.28	100.00	104.28
Long Term Debt (Including current maturities of long term Debts) [B]	2.63	2.63	2.63	2.63
Total Debt: (C) [A+B]	102.63	106.92	102.63	106.92
Shareholders Fund:				
Share Capital	252.00	252.00	252.00	252.00
Share Capital Issued through the Rights Issue			252.00	252.00
Reserve and Surplus (excluding Revaluation Reserve)				
--Capital Reserve	14.90	16.70	16.70	16.70
--Securities Premium	122.40	122.40	248.40	248.40
--General Reserve	6.49	6.49	6.49	6.49
--Surplus in Statement of Profit and Loss	569.60	674.75	674.75	557.28
Total Shareholders Fund (D)	965.39	1,072.35	1,432.35	1,314.87
Debt / Equity Ratio: (Long Term Debt/Shareholders Fund (B/D))	0.003	0.002	0.002	0.002
Debt / Equity Ratio: (Total Debt/Shareholders Fund (C/D))	0.106	0.100	0.072	0.081

MARKET PRICE INFORMATION

The Equity Shares of our Company are listed on the BSE. We have received in-principle approval for listing of the Equity Shares to be issued pursuant to this Issue from the BSE vide its letter dated [●]. We will make application to the BSE for permission to deal in and for an official quotation in respect of the Equity Shares being offered in terms of the Draft Letter of Offer.

The high and low of the closing prices recorded on BSE for the preceding three financial years and the number of Equity Shares traded on the days the high and low of the closing prices were recorded are stated below:

Year ending March 31	High (Rs.)	Date of High	Volume on date of high (No. of equity shares)	Low (Rs.)	Date of Low	Volume on date of low (No. of equity shares)	Average price for the year (Rs.)
2013	19.75	22.05.2012	124	13.35	26.03.2013	8	16.42
2014	16.80	09.01.2014	01	11.55	29.04.2013	150	14.08
2015	45.75	14.01.2015	71837	13.25	25.04.2014	595	21.33

(Source: www.bseindia.com)

Notes:

- a) High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares for the year;
- b) Average price is the average of the daily closing prices of the Equity Shares for the year;
- c) In case of two days with the same high/low/closing price, the date with the higher volume has been considered;

Monthly high and low closing prices on the BSE for the six months preceding the date of filing of the Draft Letter of Offer is as stated below:

Month	High (Rs.)	Date of High	Volume on date of high (No. of equity shares)	Low (Rs.)	Date of Low	Volume on date of low (No. of equity shares)	Average price for the month (Rs.)
March 2015	30.20	04.03.2015	18809	25.60	25.03.2015	5020	27.69
April 2015	29.20	20.04.2015	3245	25.25	28.04.2015	2140	27.78
May, 2015	41.95	28.05.2015	171464	22.65	08.05.2015	9279	29.29
June, 2015	31.80	26.06.2015	121316	23.65	12.06.2015	4418	28.45
July, 2015	33.00	06.07.2015	9549	25.55	28.07.2015	11552	30.37
August, 2015	35.50	18.08.2015	53740	23.10	25.08.2015	1516	29.46

(Source: www.bseindia.com)

Notes:

- a) High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares for the month
- b) Average price is the average of the daily closing prices of the Equity Shares for the month
- c) In case of two days with the same high/low/closing price, the date with the higher volume has been considered.

Week end prices of Equity Shares of our Company for the last four weeks on the BSE along with the highest and lowest closing prices for the weeks are as below:

For the week ended on	High (Rs)	Date of High	Volume on date of high (No. of equity shares)	Low (Rs)	Date of Low	Volume on date of low (No. of Equity shares)
28.08.2015	29.00	24.08.2015	6,428	23.10	25.08.2015	1,516
04.09.2015	29.80	31.08.2015	2,373	23.30	03.09.2015	1,517
11.09.2015	27.00	10.09.2015	4,002	23.60	08.09.2015	1,452
18.09.2015	28.40	15.09.2015	1162	24.00	14.09.2015	1650

(Source: www.bseindia.com)

The closing price of our Equity Shares as on May 28, 2015 the trading day immediately following the day on which the Board resolution was passed approving the Issue) was ₹. 33.95 on the BSE.

The market capitalization of our Equity Shares as on September 18, 2015, the trading day immediately prior to the date of the Draft Letter of Offer was ₹.606.06 lakhs on the BSE based on a closing market price of ₹.24.05.

(Source: www.bseindia.com)

FINANCIAL INDEBTEDNESS

Indebtedness of our Company as on August 31, 2015:

Short Term Borrowings:

Secured Loans / Facilities:

Sl. No	Name of the Lender	Date of Sanction	Nature of Facility	Amount Sanctioned (₹. In Lakhs)	Amount Outstanding* (₹. In Lakhs)	Rate of Interest (Per annum)	Terms of the Loan /facility
1.	HDFC Bank Limited	16.07.2014	Short Term Loan	100.00	100.00	9.70%	Security: 50% margin by way of Fixed Deposit
2.	HDFC Bank Limited	16.07.2014	Bank Guarantee Facility	500.00	450.00	---	Security: 50% margin by way of Fixed Deposit
3.	IndusInd Bank Limited	12.02.2015	Bank Guarantee Limits	300.00	200.00	---	Security: 50% margin by way of Fixed Deposit

Vehicle Loans:

Sl. No	Name of the Lender	Date of Sanction	Nature of Facility	Amount Sanctioned (₹. In Lakhs)	Terms of the Loan /facility
1.	Kotak Mahindra Prime Limited	10.07.2015	Vehicle Loan	35.00	Repayable in 36 monthly equated installments of ₹. 1,11,952/- each. Secured by hypothecation of vehicle
2.	HDFC Bank Limited	19.04.2013	Vehicle Loan	7.20	Repayable in 36 monthly equated installments of ₹.23,200/- each. Secured by hypothecation of vehicle

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND OTHER DEFAULTS

Except as stated below, there are no (i) outstanding litigations, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against our Company, whose outcome could have a materially adverse effect on the business, operations or financial position of our Company, (ii) pending criminal liability, cases involving moral turpitude on the part of our Company, proceedings involving material violations of statutory regulations by our Company or economic offences where proceedings have been initiated against our Company in the immediately preceding 10 (ten) years.

Except as specifically provided below, we confirm that:

- (a) there are no defaults, non-payments or statutory overdues, institutional/bank dues and dues payable to holders of debentures, bonds and arrears of cumulative preference shares that would have a material adverse effect on our business;
- (b) None of our directors are on the RBI's list of wilful defaulters;
- (c) No regulatory action has been initiated in the last three years against us;
- (d) there are no outstanding litigations against group companies that have a bearing on this Issue;
- (e) there have been no notices issued against us in the last five year period by SEBI or Stock Exchanges and no proceedings have been initiated by SEBI or Stock Exchanges against us.

I. CASES FILED AGAINST OUR COMPANY

Civil Cases

1. **Parties:** Mrs. Sonal Rathi (Plaintiff); B.N. Rathi Securities Limited, Mr. H.N. Rathi, Mr. Laxminivas Sharma, Mr. K. Harishchandra Prasad (Defendants)

Complaint / Case No. /Forum: Spl C.S.No.128/2015 before the Hon'ble Civil Judge, [S.D.] at Jalna

Brief Facts of the case: The plaintiff has filed a suit for recovery of Rs.80,500/- for trading dispute in plaintiff share trading account and recovery of Rs. 2,00,000/- for mental agony suffered by plaintiff along with interest at the rate of 18% p.a. from 01.04.2011. The Plaintiff has opened a trading account with our company on 19.11.2009 and has been doing routine trading business since 25.11.2009. The Plaintiff claims that on 31.03.2011, there was a buy transaction of 40,000 shares of NHPC (Options Segment) without her knowledge and consent consequent to which she had incurred a loss of Rs. 80,500/- (including brokerage charges). The Plaintiff filed a case for recovery of loss. Our Company has denied the allegations made by the Plaintiff. Our Company has taken time till September 29, 2015 for filing Written Statement.

Status: Next hearing is scheduled on September 29, 2015.

Criminal Cases: Nil

II. CASES FILED BY OUR COMPANY

Civil Cases

2. **Parties:** Our Company (Petitioner) Vs. (i) Mr. Dasari Nagabhushanam, (ii) The Arbitration Appellate Tribunal (Respondents)

Complaint / Case No./Forum: O.P.No. 656/2011 before the Hon'ble High Court of Madras

Brief Facts of the Case: Mr. Dasari Nagabhushanam, the Respondent No.1 was a registered sub-broker of our company. Five clients of the Respondent had shifted their account from the respondent no.1 to another sub-broker of our company, M/s. Pavan Securities w.e.f. April 01, 2009. Due to some computer software error, our Company continued to credit sub brokerage to the Respondent No.1. Our Company, after realizing the mistake, issued a corrected statement of account to the Respondent No.1.

The Respondent No.1 made a claim for the sub brokerage amount of Rs.17,96,172/- and had lodged a complaint before NSE which was referred to Arbitration. The Arbitrator had on January 03, 2011 passed an order directing our Company to pay a sum of Rs.17,96,172/- within 30 days from the date of the Award. Aggrieved by the said Award, our Company has filed an appeal before The Arbitration Appellate Tribunal. On June 04, 2011, the Arbitration Appellate Tribunal passed an award holding that the Respondent No.1 is entitled to the award of Rs.17,96,172/-. Our Company had challenged the award of Arbitration Appellate Tribunal in the Hon'ble High Court of Madras.

Status: The case has been admitted and the same is pending disposal.

3. Parties: Our Company Vs. Mr. Sapan Kumar Rathi (Defendant)

Complaint / Case No./Forum: O.S.No. 496/2012 in the Court of the II Senior Civil Judge City Civil Court at Hyderabad.

Brief Facts of the Case: Our Company had appointed Mr. Sapan Kumar Rathi (the Defendant) as a sub-broker at his request. Accordingly the defendant has been acting as a sub-broker of our Company since 2010. His wife Mrs. Sonal Sapan Kumar Rathi is also doing the business of purchase and sale of shares. Both the Defendant and his wife made certain false and frivolous claim against our Company and started writing letters making false and defamatory allegations against our Company and our Directors. The defendant had with malafide intention sent four (4) blank envelopes to our Directors which caused a lot of mental agony to our Directors. Our Company terminated the sub-broker agreement with the Defendant on October 22, 2011 and sent a notice to the Defendant asking him to pay damages. Subsequently, we have filed a suit for defamation.

Status: The case is posted for hearing on September 16, 2015.

4. Parties: Our Company Vs. Smt. Hari Gayatri (Defendant)

Complaint / Case No./Forum: O.S. No. 326/2014 on the file of XI Additional Chief Judge, City Civil Court, Hyderabad.

Brief Facts of the Case: The Defendant is the sole and absolute owner and possessor of the land bearing Sy.No. 64, admeasuring Ac.3-02 Cents situated at Vedadri Village, Jaggaiahpet Mandal, Krishna Dt. The Defendant has offered to sell the said land to our Company for a sale consideration of Rs. 15,00,000/-. Accordingly, an Agreement of Sale dt.01.02.2013 has been entered into by our Company with the Defendant. We had paid a sum of Rs.14,74,864/- out of the total sale consideration to the defendant. Afterwards, the Defendant is neither registering the property in our name nor returning the money paid at the time of signing the agreement of sale. Hence our Company filed a case against the Defendant to repay/refund the said amount of Rs.14,74,864/- together with interest which will total upto Rs.20,82,912/-.

Status: The date of next hearing is September 29, 2015.

5. Parties: Our Company Vs. Mr. Nagesh G.N. (Defendant)

Complaint / Case No. / Forum: O.S.No. 383/2014 on the file of II Senior Civil Judge, City Civil Court, Hyderabad.

Brief Facts of the Case: The Defendant had opened a trading account and entered into a Client agreement with our Company on June 16, 2011 and has started trading in various securities. The Defendant has been placing various orders from time to time for purchase and sale of shares, securities etc. During the course of business, balances had become outstanding from the defendant. Our Company had sent a notice to the defendant demanding payment of the outstanding amount of Rs.2,05,970.22 together with interest. The defendant failed to pay the outstanding amount in spite of repeated reminders. Hence our Company filed a case against the Defendant for recovery of outstanding amount.

Status: The date of next hearing is October 29, 2015

6. Parties: Our Company Vs. Smt. Neelaveni (Defendant)

Complaint / Case No. / Forum: O.S. No. 384/2014 on the file of II Senior Civil Judge, City Civil Court, Hyderabad.

Brief Facts of the Case: The Defendant had opened a trading account and entered into a Client agreement with our Company on June 16, 2011 and has started trading in various securities. The Defendant has been placing various orders from time to time for purchase and sale of shares, securities etc. During the course of business, balances had become outstanding from the defendant. Our Company had sent a notice to the defendant demanding payment of the outstanding amount of Rs.1,28,918.45 together with interest. The defendant failed to pay the outstanding amount in spite of repeated reminders. Hence our Company filed a case against the Defendant for recovery of outstanding amount.

Status: The date of next hearing is December 10, 2015

7. Parties: Our Company Vs. Mr. Thayyappa P.N. (Defendant)

Complaint / Case No. / Forum: O.S.No. 385/2014 on the file of II Senior Civil Judge, City Civil Court, Hyderabad.

Brief Facts of the Case: The Defendant had opened a trading account and entered into a Client agreement with our Company on June 16, 2011 and has started trading in various securities. The Defendant has been placing various orders from time to time for purchase and sale of shares, securities etc. During the course of business, balances had become outstanding from the defendant. Our Company had sent a notice to the defendant demanding payment of the outstanding amount of Rs.1,33,751.35 together with interest. The defendant failed to pay the outstanding amount in spite of repeated reminders. Hence our Company filed a case against the Defendant for recovery of outstanding amount.

Status: The date of next hearing is November 04, 2015

8. Parties: Our Company Vs. Mr. Venkatappa Rao Y (Defendant)

Complaint / Case No. / Forum: O.S.No. 327/2014 on the file of IX Chief Judge, City Civil Court, Hyderabad.

Brief Facts of the Case: The Defendant had opened a trading account and entered into a Client agreement with our Company and has started trading in various securities. The Defendant has been placing various orders from time to time for purchase and sale of shares, securities etc. During the course of business, balances had become outstanding from the defendant. Our Company had sent a notice to the defendant demanding payment of the outstanding amount of Rs.16,59,282/- along with interest. The defendant failed to pay the outstanding amount in spite of repeated reminders. Hence our Company filed a case against the Defendant for recovery of outstanding amount.

Status: The date of next hearing is October 05, 2015

Criminal Cases: NIL

III. TAX PROCEEDINGS INVOLVING OUR COMPANY

Direct Taxes

Income Tax:

Our Company had filed an appeal before Income Tax Appellate Tribunal (ITAT) against the order passed by Commissioner of Income Tax (CIT) – Appeals, for the Assessment Year 2010-11, which came up during the financial year 2014-15 and was referred back to the assessing officer for reassessing the valuation.

Brief facts of the case are: Our Company had purchased land admeasuring 590 sq. yards in Jumerath Bazar, Old City, Hyderabad on 02.05.2007 for a consideration of Rs. 43,52,000/-. The property was sold on

04.02.2010 for a consideration of Rs. 46,00,000/-. Difference in price was accounted under the head "Other Income". The Assessing Officer (A.O) noticed that the property was valued by the Sub registrar for registration purpose at Rs.77,74,000/- and brought to tax the difference amount as short term capital gain and taxed accordingly. Our Company filed an appeal before the CIT-Appeals who confirmed the action of Assessing Officer. Later, our Company referred the matter to ITAT. The ITAT vide its Order dated August 27, 2014 directed the Assessing Officer to refer the property to the valuation officer.

Status: Pending before the Assessing Officer.

Indirect Taxes: NIL

IV. LITIGATIONS INVOLVING OUR PROMOTER

Except as stated below, there are no other cases (Civil or Criminal nature) filed by or against the Promoters of our Company:

1. Criminal Case No. 165, 166 and 167 of 2003 in the court of the Principal J.M.F.C. at Humnabad

Parties: Registrar of Companies, Bangalore (Complainant) Vs. 1. P.K.Pani; 2. M.Chakkar Rao; 3. K.S.S.Kumar; 4. K.Shivappa and 5. Hari Narayan Rathi (Accused).

Brief facts of the Case: The Accused No.1 is the Managing Director and the Accused No.2 to 5 being the Directors of M/s. Acme Spinners Limited having its registered office at Plot No.91, Humnabad. It was alleged that on 21.08.1993 the accused have issued prospectus of the Company as per the provisions of the Companies Act, 1956 and during the year 1993, have offered 22,50,000 equity shares of Rs.10/- each to public for subscription. The prospectus issued by the accused has been duly registered by the Registrar of Companies, Bangalore on 24.08.1993. The Accused have filed the Balance Sheet for the years 1995, 1998 and 2001. In the balance sheet dated 31.03.2001, there was a loss of Rs. 60.23 lakhs. So, it was alleged that the accused being Directors of the Company have given a rosy picture in the prospectus about the Company and have made untrue statements in the prospectus of the Company and thereby committed the offence U/s. 63 of the Companies Act, 1956. The learned Judge, in his order dated April 07, 2012 has reasoned that, merely because the Company has sustained loss, it cannot be said that the statement given by the Directors in the prospectus about the expected future earnings to be mis-statement or untrue statement. The Court had vide its order dated April 07, 2012, acquitted the Accused no.4 & 5 i.e. Mr. K. Shivappa and Mr. Hari Narayan Rathi.

Status: Mr. Hari Narayan Rathi, had been acquitted in CC No. 167/2003 by the Hon'ble Principal Judicial Magistrate, First Class at Humnabad vide order dated, February 17, 2012. However an appeal No. 3630/2012 has been filed by the Registrar of Companies, Karnataka before the Hon'ble High Court of Karnataka, Circuit Bench, Gulbarga against the order passed by Hon'ble Principal Judicial Magistrate, First Class at Humnabad in CC No. 167/ 2003 on February 17, 2012 and the same is pending.

V. LITIGATIONS INVOLVING THE DIRECTORS OF OUR COMPANY:

There are no cases (Civil or Criminal) filed by or against any of our Directors except that names of three of our Directors (Mr. Hari Narayan Rathi, Mr. Laxminivas Sharma and Mr. K. Harishchandra Prasad) were included in Spl C.S.No.128/2015 before the Hon'ble Civil Judge, [S.D.] at Jalna (details provided at Point No.1 under heading Cases filed against our Company). However, we have represented to the Hon'ble Court for removal of their names.

GOVERNMENT AND OTHER APPROVALS

Our Company has obtained necessary consents, licenses, permissions and approvals from the governmental and regulatory authorities that are required for carrying on the present business. Some of the approvals and licenses that our Company requires for its present business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time. Our Company undertakes to obtain all approvals, licenses, registrations and permissions required to operate its business.

OTHER REGULATORY AND STATUTORY INFORMATION

Authority for the Issue

The Issue has been authorised by a resolution of our Board passed at its meeting held on May 27, 2015 and has been authorised by a resolution of the shareholders of our Company, under Section 62 of the Companies Act, 2013, passed at the Annual General Meeting held on July 18, 2015. The Issue Price of ₹.15/- for the Equity Shares has been arrived at in consultation with the Lead Manager.

Our Company has received in-principle approval from the BSE under Clause 24(a) of the Listing Agreement for listing of the Equity Shares to be allotted in the Issue pursuant to their letter dated [●].

Prohibition by SEBI and various agencies/ other regulatory bodies

Our Company, our associates, our Promoters, our subsidiary companies, or the companies with which the Directors are associated as directors or promoters, have not been prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

None of our Company, our associates, our Promoter or the members of the Promoter Group have been declared willful defaulters by the RBI or any Government authority and no violations of securities laws have been committed by them in the past and no proceedings in relation to such violations are currently pending against them.

None of our Directors are associated in any manner with any entity which is engaged in securities market related business and is registered with SEBI for the same except our company and our subsidiary.

Eligibility for the Issue

Our Company is a listed company and was incorporated under the provisions of Companies Act, 1956. The Securities of our Company are presently listed on the BSE Limited. It is eligible to offer securities pursuant to this Issue in terms of Chapter IV of the SEBI Regulations.

Compliance with Part E of Schedule VIII of SEBI Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part E of Schedule VIII of the SEBI Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing of the Draft Letter of Offer with SEBI.
2. The reports, statements and information referred to in sub-clause (a) above are available on the website of the BSE or on a common e-filing platform specified by SEBI.
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part E of Schedule VIII of SEBI Regulations, disclosures in this Draft Letter of Offer have been made in terms of Clause (5) of Part E of Schedule VIII of the SEBI Regulations.

Compliance with Regulation 4(2) of the SEBI (ICDR) Regulations

Our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI (ICDR) Regulations, to the extent applicable. Further, in relation to compliance with Regulation 4(2)(d) of the SEBI (ICDR) Regulations, our Company undertakes to make an application to BSE for listing of the securities to be issued pursuant to this Issue. BSE shall be the Designated Stock Exchange.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, KARVY INVESTOR SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, KARVY INVESTOR SERVICES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 21, 2015 WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
 - (A) THE DRAFT LETTER OF OFFER FILED WITH 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 SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - (C) THE DISCLOSURES MADE IN THE DRAFT 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, THE COMPANIES ACT, 2013 TO THE EXTENT APPLICABLE, THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITER TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE**

5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER - **NOT APPLICABLE.**
6. WE CERTIFY THAT REGULATION 33 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER/ 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 SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE - **NOT APPLICABLE.**
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE "OBJECTS" LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40 (3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE STOCK EXCHANGE MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION - **NOT APPLICABLE FOR A RIGHTS ISSUE. TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SEBI REGULATIONS.**
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE.
11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
- (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND
- (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, RISK FACTORS, PROMOTERS EXPERIENCE ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI (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 THE FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR.
17. WE CERTIFY THAT THE PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED. IN ACCORDANCE WITH ACCOUNTING STANDARD 18. IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THIS DRAFT LETTER OF OFFER.

THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.

Disclaimer clauses from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Securities, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

CAUTION

Our Company and the Lead Manager shall make all information available to the Eligible Shareholders and no selective or additional information would be available for a section of the Eligible Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

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 there under. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Hyderabad, State of Telangana only.

Consents

Consents in writing of our Directors, Company Secretary and Compliance Officer, the Auditor, the Lead Manager, the Legal Counsel, the Registrar 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. M/s. Seshachalam & Co., Chartered Accountants, the Auditors of our Company, have given their written consent for the inclusion of their report in the form and content appearing in this Draft Letter of Offer and such consent and report have not been withdrawn up to the date of this Draft Letter of Offer.

Further, M/s Seshachalam & Co., Chartered Accountants have given their written consent for inclusion of the statement of tax benefit in the form and context in which they appear in this Draft Letter of Offer and such consent and report have not been withdrawn up to the date of this Draft Letter of Offer.

Expert Opinion

Other than as disclosed in the section titled, "Financial Information" and "Statement of Tax Benefits" on page 53 and page 35, respectively, of the Draft Letter of Offer, no expert opinion has been obtained by our Company in relation to the Issue.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue will be BSE.

Disclaimer Clause of the BSE

As required, a copy of this Draft Letter of Offer will be submitted to BSE. The disclaimer clause as intimated by BSE to us, upon completion of its review of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing the Letter of Offer with the Stock Exchange.

Selling Restrictions

The distribution of the 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. Persons into whose possession the Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making the Issue of Equity Shares on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Draft Letter of Offer and CAFs only to Eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of the Draft Letter of Offer or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI.

Accordingly, the Equity Shares and Rights Entitlement may not be offered or sold, directly or indirectly, and none of the Draft Letter of Offer or any offering materials or advertisements in connection with the Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

The Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

If the Draft Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in the Draft Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and additional Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of the 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 of any time subsequent to this date or the date of such information.

Each person who exercises Rights Entitlement and subscribes for Equity Shares or excess Equity Shares, or who purchases Rights Entitlement or Equity Shares shall do so in accordance with the restrictions set out below.

The rights referred to in this Draft Letter of Offer are being offered in India, but not in the United States. The offering 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 or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, the Draft Letter of Offer and the enclosed CAF 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 renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe is, either a "U.S. person" (as defined in Regulation S) or otherwise in the United States when the buy order is made. Envelopes containing Draft Letter of Offer / Abridged Letter of Offer and CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer, and all persons subscribing for the Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. Our Company is making this issue of Equity Shares on a rights basis to its Eligible Equity Shareholders and the Draft Letter of Offer / Abridged Letter of Offer and CAF will be dispatched to Eligible Equity Shareholders who have an Indian address.

Any person who acquires rights and the Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States, and (iii) is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the US and is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations; (ii) appears to our Company or its agents to have been executed in or dispatched from the US; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.

Filing

This Draft Letter of Offer has been filed with SEBI, Southern Regional Office, Overseas Towers, 7th Floor, 756-L, Anna Salai, Chennai – 600 002, Tamil Nadu, India for its observations. After SEBI gives its observations, the final Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Issue Related Expenses

The Issue expenses include, amongst others, lead management fees, printing and distribution expenses, legal fees, advertisement expenses, registrar and depository fees and listing fees. The estimated expenses of the Issue are as follows:

Particulars	Expenses (₹. In Lakhs)	Expense (% of the total expenses)	Expense (% of the Issue size)
Fees of Lead Manager, Registrar to the Issue, Legal Advisor, Auditors' Fees etc.	8.00	44.44%	2.12
Advertising & marketing expenses, printing, stationery, distribution, etc.	8.00	44.44%	2.12
Others (including but not limited to Stock Exchange fees, depository Fees and SEBI filing fees and other miscellaneous expenses)	2.00	11.11%	0.53
Total estimated Issue expenses	18.00	100%	4.77%

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement. The Stakeholders Relationship Committee currently comprises Ms. Shanti Sree Bolleni, Chairperson, Mr. K. Harish Chandra Prasad, Member, Mr. Laxminivas Sharma, Member and Mr. Chetan Rathi, Member and its broad terms of reference include redressing complaints from shareholders such as non-receipt of dividend or annual report, transfer of shares and issue of duplicate share certificates; monitoring transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of Equity Shares issued by our Company. 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. Consequently, investor grievances are tracked online by our Company.

The Investor complaints received by our Company are disposed off within a reasonable period from the date of receipt of the complaint.

Status of outstanding investor complaints in relation to our Company:

As on August 31, 2015 there were no outstanding investor complaints.

Investor Grievances arising out of the Issue

Our Company's investor grievances arising out of the Issue will be handled by Venture Capital and Corporate Investments Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between our Company and the Registrar will provide for retention of records with the Registrar from the last date of dispatch of Allotment Advice/ share certificate / demat credit / refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA applicants giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first applicant, number and type of shares applied for, application form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, alongwith a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 7 to 10 days from the date of receipt of complaints. 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.

Registrar to the Issue:

Venture Capital And Corporate Investments Private Limited

Tel: +91 40-23818475 /76

Fax: +91 40-23868024

E-mail: info@vccilindia.com

Website: www.vccilindia.com

Contact Person: Mr. E S K Prasad / Mr. P.V.Srinivasa Rao

SEBI Registration Number: INR000001203

Corporate Identification Number: U65993TG1986PTC006936

Investors may contact the Compliance Officer or the Registrar in case of any pre-Issue/ post -Issue related problems such as non-receipt of Allotment advice/share certificates/ demat credit/refund orders etc. The contact details of the Compliance Officer are as follows:

Compliance Officer

Ms. Gadila Sabitha Reddy

Company Secretary

B.N. Rathi Securities Limited

6-3-652, IV Floor, Kautilya, Amrutha Estates,

Somajiguda, Hyderabad – 500 082

Telangana, India

Tel: + 91 40 3052 7777

Fax: +91 40 3052 6283

Email: sabita@bnrsecurities.com

SECTION VIII – OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in the Draft Letter of Offer, Abridged Letter of Offer, the CAF, the SAF, the Memorandum of Association and Articles of Association of our Company, and the provisions of the Companies Act, FEMA, the SEBI Regulations, any other notifications, guidelines and regulations issued by SEBI, the guidelines, notifications and regulations for the issue of capital and for listing of Equity Shares issued by the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of listing agreement entered into by our Company with BSE, the Stock Exchange where the shares of our Company are listed, and terms and conditions as stipulated in the Allotment advice or letter of Allotment or security certificate and rules as may be applicable and introduced from time to time.

Please note that in accordance with the provisions of the SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs and Non-Institutional Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the conditions prescribed under the said circular may optionally apply through the ASBA process. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) Investors whose Application Money is not more than ₹.2,00,000, can participate in the Issue either through the ASBA process or the 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 details, see “Terms of the Issue – Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process” on page 131.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making application by banks on own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

All rights/obligations of Eligible Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well as otherwise stated in this Draft Letter of Offer / Abridged Letter of Offer.

Our Company is making this Issue on a rights basis to the Eligible Shareholders of our Company and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAF only to Eligible Shareholders who have provided an Indian address to our Company. The distribution of the Letter of Offer/Abridged Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer/Abridged Letter of Offer/CAF, that such person is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, will not be, in any restricted jurisdiction.

Authority for the Issue

The Issue has been authorised by a resolution of our Board passed at its meeting held on May 27, 2015 and has been authorised by a resolution of the shareholders of our Company, under Section 62 of the Companies Act, 2013, passed at the Annual General Meeting held on July 18, 2015.

Approval in relation to the Issue

Our Company will apply for the RBI approval for renunciation in relation to the Issue.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders of our Company whose names appear, 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 on the register of members of our Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date, i.e. [●], 2015, fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, i.e., [●], you are entitled to the number of the Equity Shares as set out in Part A of the CAF, as the case may be.

PRINCIPAL TERMS OF THE EQUITY SHARES

Face Value

Each Equity Share will have the face value of ₹.10/-.

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹.15/- for cash (including a premium of ₹.5/- per Equity Share). The Issue Price has been arrived at after consultation between our Company and the Lead Manager and has been decided prior to the determination of the Record Date.

Rights Entitlement Ratio

The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of One (1) Equity Share for every One (1) Equity Share held on the Record Date.

Terms of Payment

Full amount of ₹.15/- per Equity Share is payable on application.

Fractional Entitlements

The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of One (1) Equity Share for every One (1) Equity Share held on the Record Date, hence not applicable.

Ranking

The Equity Shares being issued shall be subject to the provisions of the Memorandum and Articles of Association of the Company. The Equity Shares allotted in the Issue shall rank pari passu with the existing Equity Shares of our Company in all respects, including payment of dividend.

Mode of Payment of Dividend

In the event of declaration of dividend, we shall pay dividend to the Equity Shareholders as per the provisions of the Companies Act and our Articles of Association.

Listing and trading of Equity Shares proposed to be issued

Our Company's existing Equity Shares are currently traded on the BSE (scrip code 523019) under the ISIN INE710D01010. The fully paid-up Equity Shares proposed to be issued pursuant to the Issue shall, in terms of the circular (no. CIR/MRD/DP/21/2012) by SEBI dated August 2, 2012, be allotted under a temporary ISIN which shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchange. Upon receipt of such listing and trading approval, the Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN of our Company and be available for trading.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule. Upon Allotment, the Equity Shares shall be traded on Stock Exchanges in the demat segment only.

The Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading shall be taken within seven working days of finalisation of the basis of Allotment. Our Company has made an application for "in-principle" approval for listing of the Equity Shares to the BSE and has received such approval from BSE pursuant to the letter no. [●] dated [●], 2015.

Our Company will also apply to the BSE for final approval for the listing and trading of the Equity Shares. No assurance can be given regarding the active or sustained trading in the Equity Shares or the price at which the Equity Shares offered under the Issue will trade after listing on BSE.

If permissions to list, deal in and for an official quotation of the Equity Shares are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Letter of Offer. If such money is not repaid beyond eight days after our Company becomes liable to repay it, i.e., the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as per applicable laws.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders of our Company shall have the following rights:

1. Right to receive dividend, if declared;
2. Right to attend general meetings and exercise voting powers, unless prohibited by law;
3. Right to vote in person or by proxy;
4. Right to receive offers for rights shares and be allotted bonus shares, if announced;
5. Right to receive surplus on liquidation;
6. Right to free transferability of Equity Shares; and
7. Such other rights as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum of Association and Articles of Association.

Arrangements for Disposal of Odd Lots

Our Company's shares will be traded in dematerialised form only and therefore the marketable lot is 1 (ONE) share. Therefore, there is no possibility of any odd lots.

General Terms and Conditions of the Issue for ASBA and Non-ASBA Investors

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share. In case an Eligible Equity Shareholder holds Equity Shares in physical form, our Company would issue to such Allottees one certificate for the Equity Shares allotted to each folio (“Consolidated Certificate”). In respect of consolidated certificates, our Company will upon receipt of a request from the respective holder of Equity Shares, split such consolidated certificates into smaller denominations.

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.

Nomination

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of Companies (Share Capital and Debentures) Rules, 2014. An Eligible Equity Shareholder can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Eligible Equity Shareholders who are individuals, a sole Eligible Equity Shareholder or the first named Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole Eligible Equity Shareholder or all the joint Eligible Equity Shareholders, as the case may be, shall become entitled to the Equity Shares offered in the Issue. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he was an Eligible Equity Shareholder. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Shares, in the event of death of the said Eligible Equity Shareholder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Shares are held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all such Eligible Equity Shareholders. Fresh nominations can be made only in 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.

In terms of Section 72 of the Companies Act, 2013 read with rule 19 of Companies (Share Capital and Debentures) Rules, 2014 in the event of death of the holder of Equity Shares or where the Equity Shares are held by more than one person jointly, in the event of death of all the joint holders, the person nominated as the nominee, shall upon the production of such evidence as may be required by the Board, elect either:

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

If the person being a nominee, so becoming entitled, elects to be registered as holders of the Equity Share(s) himself, he shall deliver to our Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased holder.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Eligible Equity Shareholders has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio. However, new nominations, if any, by the Eligible Equity Shareholder(s) shall operate in supersession 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 (“DP”) of the applicant would prevail. Any applicant desirous of changing the existing nomination is requested to inform its respective DP.

Notices

All notices to the Eligible Shareholder(s) required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one Telugu language daily newspaper with wide circulation and/or, will be sent by post to the Indian address of the Eligible Shareholders provided to our Company. However, the distribution of the Letter of Offer/Abridged 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.

Additional Subscription by the Promoters and Promoter Group

Our Promoters and Promoter Group have, vide undertaking dated July 28, 2015 confirmed their intention to subscribe to the full extent of their Rights Entitlement in this Issue. Our Promoters and Promoter Group 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 and Promoter Group shall apply for Equity Shares, in addition to their Rights Entitlement in the Issue, 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 and Promoter Group, may acquire Equity Shares over and above their Rights Entitlement, which may result in an increase of their shareholding above the current shareholding together with their Rights Entitlement. This subscription and acquisition of additional Equity Shares by our Promoters and 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 and Promoter Group also acknowledge and undertake that their entitlement to subscribe the unsubscribed portion over and above their Rights Entitlement 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 40A of the Listing Agreement.

How to Apply?

Resident Eligible Equity Shareholders

Applications should be made only on the CAF enclosed with the Letter of Offer/Abridged Letter of Offer. The CAF should be complete in all respects, as explained in the instructions indicated in the CAF. An 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 – “**Application on Plain Paper**” on page no. 127 and 134 of the Draft Letter of Offer. Applications will not be accepted by the Lead Manager or by the Registrar to the Issue or by our Company at any offices, except in the case of postal Applications as per instructions given in the Letter of Offer. ASBA Investors shall be required to indicate either in (i) Part A of the CAF, or (ii) a plain paper Application, as to their desire to avail of the ASBA option of payment.

Non Resident Eligible Equity Shareholders

Non Resident Indian applicants can obtain the CAF from the Registrar to the Issue. Applications received from Non Resident Eligible Equity Shareholders for the Issue shall, *inter alia*, be subject to the conditions as may be imposed from time to time by the RBI under FEMA, in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/ Allotment advice payment of interest, dividends etc.

Procedure for Application

For Equity Shareholders wishing to apply through the newly introduced ASBA process for rights issues, kindly refer the heading titled “Procedure for Application through the Applications Supported By Blocked Amount (“ASBA”) Process on page no.131 of this draft Letter of Offer.

In case the original CAFs are not received by the Eligible Equity Shareholder or is misplaced by the Eligible Equity Shareholder, the Eligible Equity Shareholder may request the Registrar 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 Eligible Equity Shareholder does not match with the specimen registered with our Company, the application is liable to be rejected.

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 CAF for the Equity Shares offered as part of the Issue would be printed for all Eligible Equity Shareholders. In case the original CAFs are not received by the Eligible Equity Shareholder or is misplaced by the Eligible Equity Shareholder, the Eligible Equity Shareholder may request the Registrar, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID, Client ID and their full name and Indian address. In case the signature of the Investor(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

Please note that neither our 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 the transit.

Please note that QIBs, Non-Institutional Investors and other Applicants whose Application Money exceeds ₹.2,00,000 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 Money is more than ₹.2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process.

Please also 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 Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Eligible Equity Shareholder being an OCB is required to obtain prior approval from RBI for applying to this Issue.

CAF

The Registrar to the Issue will dispatch CAF to Eligible Equity Shareholders as per their Rights Entitlement on the Record Date. The CAF will clearly indicate the number of Equity Shares that the Eligible Equity Shareholder is entitled to. Applicants may also choose to accept the offer to participate in the Issue by making plain paper Applications. For more information, see “Terms of the Issue – Application on Plain Paper (Non-ASBA Process)” on page 127.

The CAF consists of four parts:

- Part A: Form for accepting the Equity Shares offered as a part of this Issue pursuant to the CAF, in full or in part, and for applying for additional Equity Shares;
- Part B: Form for renunciation of Equity Shares;
- Part C: Form for application of Equity Shares by Renouncee(s);
- Part D: Form for request for split application forms.

Please note that Eligible Equity Shareholders can apply for Equity Shares only through CAF (or plain paper). Please also note that Renouncees can apply for Equity Shares only through CAF.

Option available to the Eligible Shareholders

The CAFs will clearly indicate the number of Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies for an investment in Equity Shares, then Eligible Equity Shareholder can:

- Apply for its Rights Entitlement of Equity Shares in full;
- Apply for its Rights Entitlement of Equity Shares in part;
- Apply for its Rights Entitlement of Equity Shares in part and renounce the other part of Equity Shares;
- Apply for its Rights Entitlement in full and apply for additional Equity Shares;
- Renounce its Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the 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 Banker to the Issue or any of the collection centers as mentioned on the reverse of the CAFs before close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board in this regard. Investors at centres not covered by the collection branches of the Banker to the Issue can send their CAFs together with the cheque drawn at par on a local bank at Hyderabad or a demand draft payable at Hyderabad to the Registrar by registered post so as to reach the Registrar prior to the Issue Closing Date. Please note that neither our Company nor the Lead Manager or the Registrar shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in the transit. Such applications sent to anyone other than the Registrar are liable to be rejected. For further details on the mode of payment, see “Terms of the Issue - Mode of Payment for Resident Investors” and “Terms of the Issue – Mode of Payment for Non-Resident Investors” on page 129.

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 for Equity Shares under applicable law and have applied for all the Equity Shares of the same type offered to you without renouncing them in whole or in part in favour of any other person(s). Subject to the foregoing, resident Eligible Equity Shareholders and resident Renounees may subscribe to additional Equity Shares. Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “Terms of the Issue - Basis of Allotment” on page 140.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the respective CAF. Renounee(s) applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Where the number of additional Equity Shares applied for exceeds the number of Equity Shares available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

The Issue includes a right exercisable by you to renounce the 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 the Equity Shares in favour of (i) more than three persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors; (iv) HUF (however, you may renounce your Rights Entitlements to the Karta of an Hindu Undivided Family acting in his capacity of a Karta); or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

Any renunciation: (i) from resident Indian shareholder(s) to non-resident(s); (ii) from non-resident shareholder(s) to resident Indian(s); or (iii) from a non-resident shareholder(s) to other non-resident(s), and subscription of Equity Shares by such renounce are subject to the renouncer(s)/ renounee(s) obtaining the necessary regulatory approvals. Our Company proposes to apply to the RBI for seeking approval for renunciation of Rights Entitlement by (a) an Eligible Shareholder resident in India, in favour of any person resident outside India (other than OCBs); (b) an Eligible Shareholder resident outside India (other than

OCBs), in favour of any person resident in India; and (c) an Eligible Shareholder resident outside India (other than OCBs), in favour of any other person resident outside India (other than OCBs). In case our Company does not receive such approval, the renouncer/ renounee is required to obtain such approval and attach to the CAF. All such renunciations shall be subject to any conditions that may be specified in the RBI approval. Applications not complying with conditions of the approval/ not accompanied by such approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, 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) Regulations, 2003. Accordingly, the Eligible Equity Shareholders of our Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renounees shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has, however, clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No. 20/2000- RB dated May 3, 2000 under the FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of the RBI if the investment is through the automatic route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renounee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

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 CAF to the Banker 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 the conclusive evidence for our Company of the fact of renouncement to the person(s) applying for Equity Shares in Part 'C' of the CAF for the purpose of Allotment of such Equity Shares. The Renounees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part 'A' of the CAF must not be used by the Renounee(s) as this will render the application invalid. Renounee(s) will have no right to further renounce any Equity Shares in favour of any other person.

Procedure for renunciation

The following procedure applies to renunciation of the Equity Shares:

To renounce all the Equity Shares offered to an Equity Shareholder in favour of one Renounee

If you wish to renounce the offer indicated in Part 'A', 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 Renounees, all joint Renounees 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 either (i) accept this offer in part and renounce the balance, or (ii) renounce the entire offer under this Issue in favour of two or more Renounees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs 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 SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with our Company/Depositories, the application is liable to be rejected.

Renounee(s):

The person(s) in whose favour the 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 or any of the collection branches as mentioned on the reverse of the CAFs on or before the Issue Closing Date along with the application money in full. The Renounee cannot further renounce.

Change and/or introduction of additional holders:

If you wish to apply for Equity Shares jointly with any other person(s), not more than three including you, 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 the 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.

Instructions for Options

The summary of options available to Eligible Equity Shareholders 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 and sign Part A (All joint holders must sign).
Accept your Rights Entitlement in full and apply for additional Equity Shares.	Fill and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares. (All joint holders must sign)
Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s)	Fill and sign Part D (all joint holders must sign) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once.
(OR) Renounce your Rights Entitlement to all the Equity Shares offered to you to more than one Renouncee - will be permitted only once	On receipt of the SAF take action as indicated below. (i) For the Equity Shares you wish to accept, if any, fill in and sign Part A. (ii) For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncees. (iii) Each Renouncee should fill in and sign Part C for the Equity Shares accepted by them.
Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one).	Fill and sign Part B (all joint holders must sign) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (All joint Renouncees must sign).
Introduce a joint holder or change the sequence of joint holders	This will be treated as renunciation. Fill 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 Eligible Equity Shareholder to whom the Letter of Offer/Abridged Letter of Offer/CAF has been addressed. If used, this will render the application invalid.
- Request for each SAF should be made for a minimum of 1 (one) Equity Share or, in each case, in multiples thereof and one SAF for the balance Equity Shares, if any.
- Request by the Investor for the SAFs should reach the Registrar on or before [•].
- Only the Eligible Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.

- SAFs will be sent to the Investor(s) by post at the Applicant's risk.
- Eligible Equity Shareholders may not renounce in favour of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.
- While applying for or renouncing their Rights Entitlement, joint Eligible Equity Shareholders must sign the CAF in the same order and as per specimen signatures recorded with our Company/ Depositories.
- Non-resident Equity Shareholders: Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares allotted as a part of this Issue shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- The RBI has mandated that CTS 2010 standard non-compliant cheques can be presented in clearing only in reduced frequency, specifically once a week, on Mondays of every week from November 1, 2014 onwards. This would have an impact on timelines for the issuance of final certificates, hence the CAFs accompanied by non-CTS cheques could get rejected.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by Eligible Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on such request of the Eligible Equity Shareholder 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 duplicate CAF should reach the Registrar to the Issue within 7 (seven) days from the Issue Opening 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 Investor violates such requirements, he / she shall face the risk of rejection of either original CAF or both the applications. Our Company, the Lead Manager or the Registrar to the Issue will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper (Non-ASBA Process)

An Eligible 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 an account payee cheque drawn on a bank in Hyderabad, demand draft, net of bank and postal charges payable at Hyderabad and the Investor should send the same by registered post directly to the Registrar to the Issue. For details of the mode of payment, please see “Modes of Payment” on page 129. This will be treated as renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C of the Draft Letter of Offer. Applications on plain paper from any address outside India will not be accepted.

The envelope should be super scribed “**B.N. Rathi Securities Limited – Rights Issue**” and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order and as per specimen recorded with our Company/ Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of the Company, being B.N.Rathi Securities Limited;
- Name and address of the Investor including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;

- Allotment option preferred - physical or demat form, if held in physical form;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹.15/- per Equity Share;
- Particulars of cheque/ demand draft;
- Savings/current account number and name and address of the bank where the Investor will be depositing the refund order (in case of Equity Shares held by such Eligible Equity Shareholders in physical form). In case of Equity Shares allotted in dematerialised form, the bank account details will be obtained from the information available with the Depositories;
- Signature of the Eligible Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company.
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
- If the 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; and
- A representation that the Investor is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and is not a “U.S. Person” (as defined in Regulation S under the Securities Act). Additionally, all such Applicants are deemed to have accepted the following:

“I/ We understand that neither the Rights Entitlement nor the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the “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 (the “United States”). I/ we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ are not in the United States and understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is in the United States or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized 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 Entitlement and 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.

I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making the application otherwise than on 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 such requirements, he/she shall face the risk of rejection of both the applications. Our Company shall refund such application amount to the Investor without any interest thereon. Applicants are requested to strictly adhere to these instructions. Failure to do so could result in the Application being liable to be rejected without our Company, the Lead Manager and the Registrar to the Issue incurring any liabilities to such applicants for such rejections.

Last date for Application

The last date for submission of the duly filled in CAF is [●]. The Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board of Directors, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the section “Terms of the Issue - Basis of Allotment” on page 140.

Modes of Payment

In terms of RBI circular no. DPSS.CO.CHD.No./133/04.07.05/2013-14 dated July 16, 2013, non-CTS cheques are processed in three CTS centres three (3) days of the week. In order to enable listing and trading of the Equity Shares within seven Working Days of the Issue Closing Date, investors are advised to use CTS cheques or use the ASBA facility to make payment. Investors are cautioned that CAFs accompanied by non-CTS cheques are liable to be rejected due to any delay in clearing beyond six (6) Working Days from the Issue Closing Date.

Mode of payment for Resident Investors

- All cheques / demand drafts accompanying the CAF should be drawn in favour of “**B.N.Rathi Securities Limited- Rights Issue-R**” crossed ‘A/c Payee only’ and should be submitted along with the CAF to the Banker to the Issue or to the Registrar to the Issue on or before the Issue Closing Date;
- Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with an account payee cheque/ demand draft for the full Application Money, net of bank and postal charges drawn in favour of “**B.N.Rathi Securities Limited – Rights Issue - R**”, crossed ‘A/c Payee only’ and payable at Hyderabad directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The envelope should be super scribed “**B.N. Rathi Securities Limited – Rights Issue**”. Our Company, the Lead Manager or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non-Resident Investors

As regards applications by non-resident Investor, the following conditions shall apply:

1. Individual non-resident Indian Applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can obtain application forms from the following address:

Venture Capital And Corporate Investments Private Limited

12-10-167, Bharat Nagar,

Hyderabad – 500 018

Tel: +91 40-23818475 /76

Fax: +91 40-23868024

E-mail: info@vccilindia.com

Website: www.vccilindia.com

Contact Person: Mr. E S K Prasad / Mr. P.V.Srinivasa Rao

SEBI Registration Number: INR000001203

Corporate Identification Number: U65993TG1986PTC006936

Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.

2. Applications will not be accepted from non-resident Indian in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
3. Non-resident investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full Application Money, net of bank and postal charges drawn in favour of “**B.N. Rathi Securities Limited – Rights Issue – NR**”, crossed ‘**A/c Payee only**’ payable at Hyderabad directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The envelope should be super scribed “**B.N. Rathi Securities Limited – Rights Issue**”. Our Company, Lead Manager or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.
4. Payment by non-residents must be made by demand draft payable at Hyderabad / cheque drawn on a bank account maintained with the Banker to the Issue or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

1. By the ASBA Process, from an ASBA Account maintained with an SCSB;
2. By Indian Rupee drafts purchased from abroad and payable at Hyderabad or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
3. By cheque / bank drafts remitted through normal banking channel or out of funds in Non -Resident External Account (NRE) or FCNR Account maintained with banks authorised to deal in foreign currency in India, along with documentary evidence in support of remittance;
4. By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable at Hyderabad;
5. FIIs registered with SEBI must utilise funds from special non-resident rupee account;
6. Non-resident investors with repatriation benefits should draw the cheques/ demand drafts in favour of “**B.N. Rathi Securities Limited – Rights Issue – NR**”, crossed “**A/c Payee only**” for the full Application Money, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/collection centres or to the Registrar to the Issue;
7. Applicants should note that where payment is made through drafts 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 should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

1. As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained with the Banker to the Issue or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Hyderabad In such cases, the Allotment of Equity Shares will be on non- repatriation basis.
2. Non-resident investors without repatriation benefits should draw the cheques/demand drafts in favour of “**B.N. Rathi Securities Limited – Rights Issue – R**”, crossed “**A/c Payee only**” for the full Application Money, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/collection centres or to the Registrar to the Issue.
3. Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO 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/ NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.
4. An Eligible Shareholder whose status has changed from resident to non-resident should open a new demat account reflecting the changed status. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.
5. A separate cheque or bank draft must accompany each CAF.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.
2. In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
3. The CAF duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
4. In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Procedure for Application through the ASBA Process

This section is for the information of the ASBA Investors 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 the Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that in accordance with the provisions of the SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs and Non-Institutional Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors, or (iii) Investors whose Application Money is more than ₹.2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renounees and Eligible Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must only apply for Equity Shares through the non-ASBA process, irrespective of the Application Money. All non-retail Investors are encouraged to make use of ASBA process wherever such facilities is available.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html . For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Eligible 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 the Eligible Shareholders of our Company on the Record Date and who:

1. hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Equity Shares in the Issue in dematerialised form;
2. have not renounced his/her Rights Entitlements in full or in part;
3. are not a Renounee;
4. are applying through a bank account maintained with SCSBs; and
5. are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Equity Shares in the Issue.

CAF

The Registrar will dispatch the Equity Shares CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Investors who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Investors desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provide such facility. The Investors shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said ASBA Account. More than one ASBA Investor may apply using the same ASBA Account, provided that the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares 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 Designated Branch of 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 our Board in this regard.

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 for Equity Shares under applicable law and have applied for all the Equity Shares of the same type offered to you without renouncing them in whole or in part in favour of any other person(s). Subject to the foregoing, resident Eligible Equity Shareholders may subscribe to additional Equity Shares. Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “Terms of the Issue - Basis of Allotment” on page 140.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF.

Renunciation under the ASBA Process

ASBA Investors can neither be Renounees, nor can renounce their Rights Entitlement.

Mode of payment

The Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of 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. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar’s instruction from the ASBA Account. This amount will be transferred in terms of the SEBI Regulations, into a separate bank account maintained by our Company for the purpose of the Issue. 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 and the Lead Manager to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their 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 ASBA Account, details of which have been provided by the Investor 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.

Please note that in accordance with the provisions of the SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs and Non-Institutional Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 must mandatorily invest through the ASBA process.

Options available to the Eligible Shareholders applying under the ASBA Process

The summary of options available to the Eligible Equity Shareholders is presented below. You may exercise any of the following options with regard to the Equity Shares using the respective CAFs received from Registrar:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill and sign Part A (All joint holders must sign).
2. Accept your Rights Entitlement in full and apply for additional Equity Shares.	Fill and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares. (All joint holders must sign)

The Investors applying under the ASBA Process 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 Designated Branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Investor has selected to apply through the ASBA process option.

Application on Plain Paper (ASBA Process)

An Eligible 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. Eligible Shareholders shall submit the plain paper application to the Designated Branch of 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. Applications on plain paper from any address outside India will not be accepted.

The envelope should be super scribed “**B.N.Rathi Securities Limited – Rights Issue**” and should be postmarked in India. The application on plain paper, duly signed by the Eligible Shareholders including joint holders, in the same order and as per the specimen recorded with our Company/ Depositories, must reach the office of designated branch of SCSBs before the Issue Closing Date and should contain the following particulars:

1. Name of Issuer, being B.N.Rathi Securities Limited;
2. Name and address of the Eligible Shareholder including joint holders;
3. Registered Folio Number/ DP and Client ID No.;
4. Certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
5. Number of Equity Shares held as on Record Date;
6. Number of Equity Shares entitled to;
7. Number of Equity Shares applied for;
8. Number of additional Equity Shares applied for, if any;
9. Total number of Equity Shares applied for;
10. Total amount paid at the rate of ₹.15/- per Equity Share;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
12. In case of non-resident investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
13. Except for applications on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;

14. Signature of the Eligible Shareholders to appear in the same sequence and order as they appear in our records; and

15. Additionally, all such Eligible Shareholders applying through ASBA are deemed to have accepted the following:

“I/ We understand that neither the Rights Entitlement nor the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the “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 (the “United States”). I/ we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ are not in the United States and understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is in the United States or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized 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 Entitlement and 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.

I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Option to receive Equity Shares in Dematerialized Form

ELIGIBLE SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Eligible Shareholders applying under the ASBA Process

1. Please read the instructions printed on the respective CAF carefully.
2. 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 the Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.
3. The CAF 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 Banker to the Issue (assuming that such Banker to the Issue is not a SCSB), to our Company or the Registrar or the Lead Manager to the Issue.
4. All Eligible Shareholders, and in the case of application in joint names, each of the joint Applicants, should mention his/her PAN allotted under the IT Act, irrespective of the amount of the application. Except for applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, CAFs without PAN will be considered incomplete and are liable to be

rejected. With effect from August 16, 2010, the demat accounts for Eligible Shareholders for which PAN details have not been verified shall be “suspended for credit” and no allotment and credit of Equity Shares pursuant to the Issue shall be made into the accounts of such Eligible Shareholders.

5. All payments will be made by blocking the amount in the ASBA Account. 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.
6. 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 Eligible Shareholders must sign the CAF as per the specimen signature recorded with our Company/or Depositories.
7. 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/ Depositories. 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.
8. All communication in connection with application for the Equity Shares, including any change in address of the Eligible Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers and CAF number.
9. Only the person or persons to whom the Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.
10. Only persons outside the restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.
11. Only the Eligible Shareholders holding Equity Shares in demat are eligible to participate through the ASBA process.
12. Eligible Shareholders who have renounced their entitlement in part/ full are not entitled to apply using the ASBA process.
13. Please note that pursuant to the applicability of the directions issued by SEBI vide its circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all Eligible Shareholders who are QIBs, Non-Institutional Eligible Shareholders and other Eligible Shareholders whose Application Money exceeds ₹. 2,00,000 complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 can participate in the Issue only through the ASBA process QIBs, Non-Institutional Investors and other Applicants whose Application Money exceeds ₹.200,000 shall use the ASBA facility at various centres where the facility is made available. The Eligible Shareholders who are not (i) QIBs, (ii) Non-Institutional Eligible Shareholders or (iii) investors whose Application Money is more than ₹.2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

14. In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the section “Terms of the Issue - Application on Plain Paper (ASBA Process)” on page 134.

Do's:

1. Ensure compliance with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009.
2. Ensure that the ASBA Process option is selected in Part A of the CAF and necessary details are filled in.
3. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
4. Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.
5. Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
6. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.
7. Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.
8. Except for CAFs submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Eligible Shareholder should mention their PAN allotted under the IT Act.
9. 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.
10. Ensure that the Demographic Details are updated, true and correct, in all respects.
11. Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

Don'ts:

1. Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
2. Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
3. Do not pay the amount payable on application in cash, by money order, pay order or by postal order.
4. Do not send your physical CAFs to the Lead Manager / Registrar / Banker to the Issue (assuming that such Banker to the Issue is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
5. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
6. Do not apply if the ASBA account has been used for five Eligible Shareholders.
7. Do not apply through the ASBA Process if you are not an ASBA Eligible Shareholder.
8. Do not instruct the SCSBs to release the funds blocked under the ASBA Process.
9. Do not submit CAF having the colour of ink specified for another class of Eligible Shareholders.

Grounds for Technical Rejections under the ASBA process

In addition to the grounds listed under “Grounds for Technical Rejections for non-ASBA Investors” on page 147, applications under the ASBA Process are liable to be rejected on the following grounds:

1. Application on a SAF.
2. Application for allotment of Rights Entitlements or additional Equity Shares which are in physical form.
3. DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
4. Sending an ASBA application on plain paper to person other than SCSB.
5. Sending CAF to Lead Manager / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
6. Renouncee applying under the ASBA Process.
7. Submission of more than five CAFs per ASBA Account.
8. Insufficient funds are available with the SCSB for blocking the amount.
9. Funds in the ASBA Account whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
10. Account holder not signing the CAF or declaration mentioned therein.
11. 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 any restricted jurisdiction and is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.
12. CAFs which have evidence of being executed in/dispatched from any restricted jurisdiction.
13. QIBs, Non-Institutional Investors and other Eligible Shareholders applying for Equity Shares in this Issue for value of more than ₹.2,00,000 who hold Equity Shares in dematerialised form and is not a Renouncer or a Renouncee not applying through the ASBA process.
14. Application by an Eligible Shareholder whose cumulative value of Equity Shares applied for is more than ₹.2,00,000 but has applied separately through split CAFs of less than ₹.2,00,000 and has not done so through the ASBA process.
15. Multiple CAFs, including cases where an Eligible Shareholder submits CAFs along with a plain paper application.
16. Submitting the GIR instead of the PAN.
17. An Eligible Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
18. Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
19. ASBA Bids by SCSB applying through ASBA process on own account, other than through an ASBA Account in its own name with any other SCSB.
20. Applications by Eligible Shareholders ineligible to make applications through the ASBA process, made through the ASBA process.

21. Non-Institutional Investors who have a bank account with an SCSB providing ASBA facility in the location of the Non-Institutional Investors and the application by the Non-Institutional Investors is not made through that SCSB providing ASBA facility in such location.

Depository account and bank details for Eligible Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE ELIGIBLE SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE ELIGIBLE SHAREHOLDERS AS ON THE RECORD DATE. ALL ELIGIBLE SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. ELIGIBLE SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS 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/PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Eligible Shareholders applying under the ASBA Process should note that on the basis of name of these Eligible Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF/plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository, demographic details of these Eligible Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Eligible Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Eligible Shareholders including mailing of the letters intimating unblocking of bank account of the respective Eligible Shareholder. The Demographic Details given by the Eligible Shareholders in the CAF would not be used for any other purposes by the Registrar.

Hence, Eligible Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Eligible Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, 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 Eligible Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such Eligible Shareholder. Eligible Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds 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 Eligible Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Eligible Shareholders applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Eligible Shareholder applying under the ASBA Process for any losses caused 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 matches three parameters, (a) names of the Eligible Shareholders (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

Issue Opening Date:	[•]
Last date for receiving requests for SAFs:	[•]
Issue Closing Date:	[•]

The Board may however decide to extend the period of Issue as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Disposal of Investor Grievances

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked on application, account number of the ASBA Bank Account and the Designated Branch or the collection centre of the SCSB where the CAF / plain paper application was submitted by the ASBA Investors.

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares in the following order of priority reckoned separately for Equity Shares:

- a) Full Allotment to those Eligible 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 Equity Shares renounced in their favour, in full or in part. Allotment to NR Renouncees shall be subject to the permissible foreign investment limits applicable to the Company under FEMA.
- b) Investors whose fractional entitlements are being ignored would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for Allotment under this head are more than the number of Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- c) Allotment to the Eligible Shareholders who, having applied for all the Equity Shares offered to them as part of the Issue, have also applied for additional Equity Shares. The Allotment of such additional 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 are any unsubscribed Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such additional Equity Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- d) Allotment to Renouncees who, having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- e) Allotment to any other person that our Board as it may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of the Board in this regard shall be final and binding.

Our Promoters have vide their letter dated July 28, 2015 confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Allotment Advices / Refund Orders

Our Company will issue and dispatch Allotment advice/ 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 Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law. Our Company shall also be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees and every officer of our Company in default shall be punishable with imprisonment for a term of one year or with fine which shall not be less than fifty thousand rupees but may extend to three lakh rupees or with both in accordance with Section 40 (5) of the Companies Act, 2013.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service (“NECS”) except where Investors have not provided the details required to send electronic refunds.

In case of those Investors 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. Investors 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 the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form, our Company issues 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 our 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 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 Investor’s Indian address provided by the Eligible Shareholders to our Company. 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 Investor. Adequate funds would be made available to the Registrar for this purpose.

In the case of non-resident shareholders or Investors who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The letter of allotment / share certificates will be sent by registered post / speed post to the Indian address of the Non Resident shareholders or Investors as provided to our Company.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. NECS – Payment of refund would be done through NECS for Investors having an account at any of the prescribed or notified centres 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 records of the Registrar. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
2. National Electronic Fund Transfer (“NEFT”) – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“IFSC Code”), which can be linked to a MICR, allotted 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 with the Registrar to our Company or with the Depository Participant 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 Banker 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 our Company.
4. RTGS – If the refund amount exceeds ₹.2,00,000, the Investors 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 or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
5. For all other Investors 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. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and as permitted by SEBI from time to time.

7. In case of ASBA Investors, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the amount specified in the CAF for rejected ASBA bids.

Refund payment to Non- residents

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Hyderabad, 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.

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, where available, 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.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice / share certificates / demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case our Company issues Allotment advice, the respective share certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Equity Shares in Dematerialized Form

Investors (including Applicants who are holding Equity Shares in the physical form as on the Record Date) shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. Our Company has signed a tripartite agreement with NSDL on June 27, 2001 which enables the Investors to hold and trade in the equity shares issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. Our Company has also signed a tripartite agreement with CDSL on June 5, 2001 which enables the Investors to hold and trade in the Equity Shares issued by our Company 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 Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. 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 Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/or dematerialized form should be made. If such CAFs are made, the CAFs for physical Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Equity Shares sought in demat and balance, if any, will be Allotted in physical Equity Shares. Eligible Shareholders of our Company holding Equity Shares in physical form may opt to receive Equity Shares in the Issue in dematerialized form.

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 Equity Shares in this Issue in the electronic form is as under:

1. 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 registered 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 registered in the records of our Company). In case of Investors having various folios in our Company 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.
2. For Eligible 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 Equity Shares pursuant to this Issue 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 Equity Shares arising out of this Issue may be made in dematerialized form even if the Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company/ Depositories.

3. The 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 CAF should be the same as registered with the Investor's depository participant.
4. If incomplete / incorrect beneficiary account details are given in the CAF, credited to a demat suspense a/c which shall be opened by the Company as specified in the SEBI circular no. EBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009.
5. The Equity Shares allotted to Applicants opting for issue in 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 Applicant by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Applicant's depository account.
6. Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

General instructions for non-ASBA Investors

1. Please read the instructions printed on the CAF carefully.
2. Applicants that are not QIBs or are not Non – Institutional Investor or those whose Application money does not exceed ₹.2,00,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Shareholders who have renounced their entitlement (in full or in part), Renounees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
3. Application should be made on the printed CAF, provided by our Company except as mentioned under the head “Terms of the Issue – Application on Plain Paper (Non-ASBA Process)” on page 127 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 the 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 and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.
4. The CAF together with the cheque/demand draft should be sent to the Banker to the Issue or to the Registrar and not to our Company or the Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by our Company for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques/demand drafts are not attached for amounts to be paid for the Equity Shares are liable to be rejected. Applications accompanied by cash, postal order or stock invest are liable to be rejected.

5. Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN allotted under the IT Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.
6. Investors, holding Equity Shares in physical form, are advised that it is mandatory to provide information as to their savings/current account number, the nine digit MICR number and the name of the bank with whom such account is held in the CAF to enable the Registrar to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

7. All payment should be made by cheque or demand draft only. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
8. 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 or other specified language and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Investors must sign the CAF as per the specimen signature recorded with our Company.
9. 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 copy of the Memorandum of Association and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar 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 Banker to the Issue.
10. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per are Renounees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
11. Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, in the matter of refund of application money, Allotment of Equity Shares, interest, export of share certificates, etc. In case an NR or NRI Investor 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 any jurisdiction where the offer or sale of the Rights Entitlements and issue of Equity Shares of our Company may be restricted by applicable securities laws.
12. All communication in connection with application for the Equity Shares, including any change in address of the Investors should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Investors, after the date of Allotment, should be sent to the Registrar and transfer agents of our Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
13. SAFs cannot be re-split.
14. Only the person or persons to whom Equity Shares have been offered and not Renounee(s) shall be entitled to obtain SAFs.
15. Investors must write their CAF number at the back of the cheque /demand draft.
16. 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.
17. A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications 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.
18. No receipt will be issued for application money received. The Banker to the Issue / Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

19. The distribution of the Letter of Offer and issue of Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.
20. Investors shall be given an option to get the Equity Shares in demat or physical mode.
21. Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

Do's for non-ASBA Investors:

1. Check if you are eligible to apply i.e. you are an Eligible Shareholder on the Record Date.
2. 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.
3. In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only.
4. Ensure that your Indian address is available to us and the Registrar and transfer agent, in case you hold the Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form.
5. Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF.
6. Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form.
7. Ensure that you mention your PAN allotted under the IT Act with the CAF, except for Applications on behalf of the Central and the State Governments, residents of the state of Sikkim and officials appointed by the courts.
8. 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.
9. Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

1. Do not apply if you are not eligible to participate in the Issue the securities laws applicable to your jurisdiction.
2. Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue.
3. Do not pay the amount payable on application in cash, by money order or by postal order.
4. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
5. Do not submit Application accompanied with stock invest.
6. Do not submit CAF having the colour of ink specified for another class of Eligible Shareholders.

Grounds for Technical Rejection for non-ASBA Investors

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the amount payable.
2. 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 and transfer agent (in the case of physical holdings).
3. Age of Investor(s) not given (in case of Renounees).
4. Except for CAFs on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value.
5. In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted.
6. If the signature of the Investor does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories.
7. CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer.
8. CAFs not duly signed by the sole/joint Investors.
9. CAFs/ SAFs by OCBs not accompanied by a copy of an RBI approval to apply in this Issue.
10. Applications for additional Equity Shares by NR Renounees.
11. CAFs submitted by Non-Resident Renounee(s) who are not FIIs, NRIs or RFPs.
12. Submission of the CAFs to the SCSBs.
13. Submission of plain paper Application to person other than the Registrar to the Issue.
14. CAFs accompanied by stock invest/ outstation cheques/ post-dated cheques/ money order/ postal order/ outstation demand drafts.
15. In case no corresponding record is available with the depositories that match three parameters, namely, names of the Investors (including the order of names of joint holders), DP ID and Client ID.
16. CAFs that do not include the certifications set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in any restricted jurisdictions and is authorised to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations.
17. CAFs which have evidence of being executed in/dispatched from restricted jurisdictions.
18. CAFs by ineligible Non-Residents (including on account of restriction or prohibition under applicable local laws) and where an Indian address has not been provided.
19. CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements.
20. In case the GIR number is submitted instead of the PAN.
21. Applications by Renounees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

22. Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
23. Applications from QIBs, Non-Institutional Investors or Investors applying in this Issue for Equity Shares for an amount exceeding ₹.2,00,000, not through ASBA process.
24. Application by an Eligible Shareholder whose cumulative value of Equity Shares applied for is more than ₹.2,00,000 but has applied separately through SAFs of less than ₹.2,00,000 and has not been undertaken through the ASBA process.

Please read the Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the 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 Letter of Offer or the CAF.

Investment by FPIs or FII

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

The Issue of 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 Equity Shares on behalf of its sub-accounts the investment on behalf of each sub-account shall not exceed 5% of the total paid up capital of our Company.

Applications will not be accepted from FIIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

QIB applicants and other applicants whose application amount exceeds ₹.2,00,000 can participate in the Issue only through the ASBA process. The applicants who are not QIBs and whose application amount is not more than ₹.2,00,000 can participate in the Issue through the ASBA process as well as the non ASBA process.

Investment by NRIs

Investments by NRIs are governed by the portfolio investment scheme under Regulation 5(3)(i) of the FEMA Regulations. Applications will not be accepted from NRIs in restricted jurisdictions.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular number CIR/ CFD/ DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding ₹.2,00,000 shall mandatorily make use of ASBA facility.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Application made by asset management companies or custodian of a mutual fund shall clearly indicate the name of the concerned scheme for which Application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular number CIR/ CFD/ DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding ₹.2,00,000 shall mandatorily make use of ASBA facility.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of subsection (1) of Section 38 of the Companies Act, 2013 read with Section 447 of the Companies Act, 2013 which is reproduced below:

“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its Equity Shares; or 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 Equity Shares; or otherwise induces directly or indirectly a company to allot, or register any transfer of, Equity Shares to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

Dematerialized dealing

Our Company has entered into agreements, each dated 27th June, 2001 and 5th June 2001 with NSDL and CDSL, respectively, and our Equity Shares bear the ISIN: INE710D01010.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated 5 November 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, 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.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

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. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law. Our Company shall also be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees and every officer of our Company who is in default shall be punishable with imprisonment for a term of one year or with fine which shall not be less than fifty thousand rupees but may extend to three lakh rupees or with both in accordance with Section 40 (5) of the Companies Act, 2013.

For further instructions, please read the CAF carefully.

Utilization of Issue Proceeds

Our Board of Directors declares that:

- (i) All monies received out of the Issue shall be transferred to a separate bank account maintained by our Company as per the provisions of section 40(3) of the Companies Act, 2013;
- (ii) Details of all monies utilized out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- (iii) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- (iv) Our Company may utilize the funds collected in the Issue only after the basis of Allotment and the listing and trading approvals are received for the Rights Equity Shares is finalized.

Undertakings by our Company

Our Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All the steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares are to be listed are taken within seven (7) working days of finalisation of basis of allotment.
3. 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 by our Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the Issue giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. Except as disclosed in section titled "Capital Structure" in this Draft Letter of Offer, no further issue of equity shares affecting our Company's equity capital shall be made till the Equity Shares issued/ offered in the Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
6. Our Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
7. Adequate arrangements shall be made to collect all ASBA applications and to consider then similar to non- ASBA applications while finalising the Basis of Allotment.
8. At any given time there shall be only one denomination for the Equity Shares of our Company.
9. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
10. All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc
11. The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue (including devolvement of underwriter), our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Company shall pay interest at the rate of 15% p.a., for the delayed period, as per Rule 3 of the Companies (Prospectus and Allotment of Securities), Rules, 2014.

Our Promoters and Promoter Group have, vide undertaking dated July 28, 2015 confirmed their intention to subscribe to the full extent of their Rights Entitlement in this Issue. Our Promoters and Promoter Group 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, if any, in the Issue, subject to obtaining any approvals required under applicable law, our Promoters and Promoter Group shall apply for Equity Shares, in addition to their Rights Entitlement in the Issue, 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 and Promoter Group, may acquire Equity Shares over and above their Rights Entitlement, which may result in an increase of their shareholding above the current shareholding together with their Rights Entitlement. This subscription and acquisition of additional Equity Shares by our Promoters and 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 and Promoter Group also acknowledge and undertake that its entitlement to subscribe the unsubscribed portion over and above their Rights Entitlement 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 40A of the listing agreement.

Important

Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the 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.

All enquiries in connection with the Draft Letter of Offer or CAF or Abridged Letter of Offer and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and super scribed "B.N. Rathi Securities Limited - Rights Issue" on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Venture Capital And Corporate Investments Private Limited

12-10-167, Bharat Nagar,

Hyderabad – 500 018

Tel: +91 40-23818475 /76

Fax: +91 40-23868024

E-mail: info@vccilindia.com

Website: www.vccilindia.com

Contact Person: Mr. E S K Prasad / Mr. P.V. Srinivasa Rao

SEBI Registration Number: INR000001203

Corporate Identification Number: U65993TG1986PTC006936

The Rights Entitlement and the Equity Shares are not intended to be offered or sold to persons in the United States or any other jurisdiction where such offer or sale may be prohibited. 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 shares or rights to sale in the United States, the territories or possessions thereof, or a solicitation therein of an offer to buy any of the said shares or rights. Accordingly, the Letter of Offer and the CAF should not be dispatched or forwarded to or transmitted in or to, the United States at any time. Our Company and the Lead Manager reserve absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States or any other jurisdiction where such acquisition may be prohibited.

The Issue will remain open for a minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

SECTION IX

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts referred to below (not being contracts entered into in the ordinary course of business carried on by us or entered into more than two years prior to 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. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company situated at 6-3-652, IV Floor, Kautilya, Amrutha Estates, Somajiguda, Hyderabad – 500 082 between 10 a.m. and 5 p.m. on all working days from the date of this Draft Letter of Offer until the Issue Closing Date.

Material Contracts

1. Issue Agreement dated August 31, 2015 between our Company and the Lead Manager.
2. Memorandum of Understanding dated September 01, 2015 between our Company and the Registrar to the Issue.
3. Banker to the Issue Agreement dated [•] amongst our Company, the Lead Manager, the Registrar to the Issue and the Banker to the Issue.

Material Documents / Documents for Inspection

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended.
2. Certificate of Incorporation of our Company, Certificate for Commencement of Business and Certificate of Incorporation consequent upon change in name of our Company.
3. Board Resolution dated May 27, 2015 authorising this Issue.
4. Resolution passed by our shareholders dated July 18, 2015 authorizing this Issue.
5. Resolution of our Board of Directors dated August 12, 2015 finalizing the Issue Price and the Rights Entitlement Ratio.
6. Copy of Board Resolution dated September 21, 2015 appointing Ms. Sabitha Reddy, Company Secretary as Compliance Officer for the Issue.
7. Copy of letter dated September 21, 2015 addressed to BSE designating Ms. Sabitha Reddy, Company Secretary as the Compliance Officer.
8. Copy of Prospectus in respect of the public issue of equity shares of our Company during 1986 and a Copy of the Letter of Offer dated October 12, 1994 in respect of the Rights Issue of equity shares of our Company.
9. Consents of our Directors, Company Secretary and Compliance Officer, Statutory Auditors, Lead Manager, Banker to the Issue, Bankers to the Company, Legal Advisor to the Issue and the Registrar to the Issue for inclusion of their names in this Draft Letter of Offer to act in their respective capacities.
10. Consent of M/s. Seshachalam & Co., Chartered Accountants, to be named as an “expert” under Sections 2(38) and 26 of the Companies Act, 2013 dated July 24, 2015 on the audited financial statements and the Statement of Tax Benefits dated July 24, 2015.
11. The report of the Statutory Auditors, being M/s. Seshachalam & Co., Chartered Accountants, dated May 27, 2015 on the audited financial statements for the financial year ended March 31, 2015.

12. Annual Reports of our Company for the financial years ending March 31, 2015, 2014, 2013, 2012 and 2011.
13. Certificate dated September 21, 2015 from our Company as regards compliance with conditions enumerated in Para 1 of Part E under Schedule VIII of the SEBI Regulations;
14. Due Diligence Certificate dated September 21, 2015 addressed to SEBI from the Lead Manager.
15. In-principle listing approval dated [●] issued by BSE.
16. Copy of the letter dated [●] issued by RBI approving the renunciation of rights entitlement;
17. Letter no. [●] dated [●] issued by SEBI for the Issue.
18. Tripartite Agreement dated June 27, 2001 between our Company, Karvy Computershare Private Limited and NSDL.
19. Tripartite Agreement dated June 5, 2001 between our Company, Karvy Computershare Private Limited and CDSL.

Any of the contracts or documents mentioned in this Draft Letter of Offer 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 Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act or the rules or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions etc. issued by SEBI, Government of India and any other competent authority in this behalf have been duly complied with.

We further certify that all disclosures made in this Draft Letter of Offer are true and correct.

Signed by the Directors of our Company

Name	Signature
Sri. Laxminiwas Sharma (DIN: 00010899) Non Executive Chairman & Independent Director	
Sri. Hari Narayan Rathi (DIN: 00010968) Managing Director	
Sri. Chetan Rathi (DIN: 00536441) Whole-time Director Cum Chief Financial Officer	
Sri. Harishchandra Prasad Kanuri (DIN: 00012564) Independent Director	
Smt. Shanti Sree Bolleni (DIN: 07092258) Independent Director	

Sri. Chetan Rathi
Whole-time Director Cum Chief Financial Officer

Smt. Gadila Sabitha Reddy,
Company Secretary & Compliance Officer

Place: Hyderabad
Date: 21.09.2015

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