



## LOYAL EQUIPMENTS LIMITED

(Formerly known as Loyal Equipments Private Limited)

Corporate Identity Number: - U29190GJ2007PLC050607

Our Company was incorporated as Loyal Equipments Private Limited on April 20, 2007 under the provisions of Companies Act, 1956 with Registrar of Companies, Dadra and Nagar Havelli, Gujarat vide registration no. (CIN: U29190GJ2007PTC050607). Pursuant to Shareholders Resolution passed at the Extra Ordinary General Meeting held on May 02, 2015 our Company was converted into a Public Limited Company and the name of our Company was changed to "Loyal Equipments Limited" vide a fresh Certificate of Incorporation dated May 12, 2015, issued by the Registrar of Companies, Ahmedabad, Gujarat. For details of the changes in our Name and Registered Office, please see section titled "History and Certain Corporate Matters" on page 104 of this Prospectus.

Registered Office: Block No. 35/1-2-3-4, Village Zak, Dahegam, Gujarat-382330, India

Tel No: +91-2718-247236, +91-2716-269399 Fax No.: +91-2716-269033, E-mail: [cs@loyalequipments.com](mailto:cs@loyalequipments.com) Website: [www.loyalequipments.com](http://www.loyalequipments.com)

Contact Person: Ms. Komal Manoharlat Motiani (Company Secretary & Compliance officer)

PROMOTER OF OUR COMPANY: MR. RAMESHCHANDRA NATHALAL PATEL, MR. ALKESH RAMESHCHANDRA PATEL & MRS. JYOTSANABEN RAMESHCHANDRA PATEL

### THE ISSUE

PUBLIC ISSUE OF 18,00,000 EQUITY SHARES OF FACE VALUE OF ₹ 10.00 EACH OF LOYAL EQUIPMENTS LIMITED ("OUR COMPANY" OR "THE ISSUER") FOR CASH AT A PRICE OF ₹18.00 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 8.00 PER EQUITY SHARE) ("ISSUE PRICE") AGGREGATING TO ₹324.00 LAKHS ("THE ISSUE"), OF WHICH 96,000 EQUITY SHARES OF FACE VALUE OF ₹10.00 EACH FOR A CASH PRICE OF ₹ 18.00 PER EQUITY SHARE, AGGREGATING TO ₹ 17.28 LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 17,04,000 EQUITY SHARES OF FACE VALUE OF ₹ 10.00 EACH AT AN ISSUE PRICE OF ₹ 18.00 PER EQUITY SHARE AGGREGATING TO ₹ 306.72 LAKHS (IS HEREINAFTER REFERRED TO AS THE "NET ISSUE"). THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 26.47% AND 25.06%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. FOR FURTHER DETAILS, PLEASE REFER TO SECTION TITLED "TERMS OF THE ISSUE" BEGINNING ON PAGE 201 OF THIS PROSPECTUS.

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10.00 EACH AND THE ISSUE PRICE IS ₹18.00. THE ISSUE PRICE IS 1.80 TIMES OF THE FACE VALUE.

THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER XB OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 (THE "SEBI ICDR REGULATIONS"), AS AMENDED. THIS ISSUE IS A FIXED PRICE ISSUE AND ALLOCATION IN THE NET ISSUE TO THE PUBLIC WILL BE MADE IN TERMS OF REGULATION 43(4) OF THE SEBI (ICDR) REGULATIONS, 2009, AS AMENDED. FOR FURTHER DETAILS, PLEASE REFER TO SECTION TITLED "ISSUE PROCEDURE" BEGINNING ON PAGE 208 OF THIS PROSPECTUS.

Retail Individual Investors may participate in the Issue through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs"). However, investors other than Retail Individual Investors shall compulsorily participate through the ASBA process only providing details about the bank account which will be blocked by the SCSBs. In case of delay, in refund if any, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay. For further details, please refer to section titled "Issue Procedure" beginning on page 208 of this Prospectus.

### ELIGIBLE INVESTORS

For details in relation to Eligible Investors, please refer to section titled "Issue Procedure" beginning on page 208 of this Prospectus.

### RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares of the Company is ₹10.00 per equity share and the Issue Price is 1.80 times of the face value. The Issue Price (has been determined and justified by our Company in consultation with the Lead Manager as stated under the paragraph 'Basis for Issue Price' on page 64 of this Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the "Risk Factors" carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page 12 of this Prospectus.

### ISSUER'S ABSOLUTE RESPONSIBILITY

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

### LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on the SME Platform of BSE Limited ("BSE"). In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended, we are not required to obtain an in-principle listing approval for the shares being offered in this issue. However, our Company has received an in-principle approval letter dated June 26, 2015 from BSE for using its name in this offer document for listing of our shares on the SME Platform of BSE. For the purpose of this Issue, the Designated Stock Exchange will be the BSE Limited.

### LEAD MANAGER TO THE ISSUE

### REGISTRAR TO THE ISSUE



**HEM SECURITIES LIMITED**  
203, Jaipur Tower, M I Road, Jaipur – 302001, Rajasthan, India.  
Tel. No.: +91- 141 – 4051000  
Fax No.: +91- 141 – 5101757  
Website: [www.hemonline.com](http://www.hemonline.com)  
Email: [ib@hemonline.com](mailto:ib@hemonline.com)  
Investor Grievance Email: [redressal@hemonline.com](mailto:redressal@hemonline.com)  
Contact Person: Ms. Yashika Gianchandani / Ms. Reema Agarwal  
SEBI Regn. No. INM000010981

**SHAREX DYNAMIC (INDIA) PVT. LTD**  
Unit-1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai – 400072, Maharashtra.  
Tel. No.: +91-22 – 28515606/44; Fax No.: +91-22 – 28512885  
Website: [www.sharexindia.com](http://www.sharexindia.com)  
Investor Grievance Email: [investor@sharexindia.com](mailto:investor@sharexindia.com)  
Email: [info@sharexindia.com](mailto:info@sharexindia.com)  
Contact Person: Mr. K C Ajitkumar  
SEBI Regn. No. INR000002102

### ISSUE PROGRAMME

ISSUE OPENS ON: FRIDAY, JULY 03, 2015

ISSUE CLOSES ON: TUESDAY, JULY 07, 2015

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

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

#### General Terms

Term	Description
“Loyal Equipments Limited”, “Loyal”, “LEL”, “We” or “us” or “our Company” or “the Issuer”	Unless the context otherwise requires, refers to Loyal Equipments Limited, (Formerly known Loyal Equipments Private Limited) a Company originally incorporated under the Companies Act, 1956 vide a Certificate of Incorporation issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli as Loyal Equipments Private Limited.
“you”, “your” or “yours”	Prospective investors in this Issue.

#### Company Related Terms

Terms	Description
AOA / Articles / Articles of Association	Articles of Association of Loyal Equipments Limited (formerly known as Loyal Equipments Private Limited), as amended from time to time.
Auditors/ Statutory Auditors	The Auditors of Loyal Equipments Limited being J.M. Patel & Bros., Chartered Accountants.
Audit Committee	The Committee of the Board of Directors constituted as the Company’s Audit Committee in accordance with Section 177 of the Companies Act, 2013 and Clause 52 of the SME Listing Agreement to be entered into with the BSE.
Board of Directors / the Board / our Board	The Board of Directors of Loyal Equipments Limited, including all duly constituted Committees thereof.
CIN	Corporate Identification Number.
Companies Act / Act	The Companies Act, 2013 and amendments thereto. The Companies Act, 1956, to the extent of such of the provisions that are in force
Company Secretary & Compliance Officer	The Company Secretary & Compliance Officer of our Company being Ms. Komal Manoharlal Motiani.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depositories	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
DIN	Directors Identification Number.
Director(s) / our Directors	The Director(s) of Loyal Equipments Limited, unless otherwise specified.
Equity Shares	Equity Shares of the Company of Face Value of Rs.10/- each unless otherwise specified in the context thereof.
Equity Shareholders	Persons/ Entities holding Equity Shares of Our Company
Executive Directors	Executive Directors are the Whole Time Directors of our Company.
General Information Document (GID)	The General Information Document for investing in Public Issues prepared and issued in accordance with SEBI circular CIR/CFD/DIL/12/2013 dated October 23, 2013
GIR Number	General Index Registry Number.
Group Companies	The companies, firms and ventures disclosed in “ <b>Our Promoter Group and Promoter Group Entities</b> ” on page 125 promoted by the Promoters, irrespective of whether such entities are covered under the Companies Act or not.
HUF	Hindu Undivided Family.
ISIN	International Securities Identification Number. In this case being – INE876S01017
IT Act	The Income Tax Act, 1961 as amended till date
Indian GAAP	Generally Accepted Accounting Principles in India.
MOA / Memorandum / Memorandum of Association	Memorandum of Association of Loyal Equipments Limited (formerly known as Loyal Equipments Private Limited) as amended from time to time.



Terms	Description
Non Residents	A person resident outside India, as defined under FEMA Regulations, 2000
NRIs / Non-Resident Indians	A person resident outside India, as defined under FEMA Regulation and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
Peer Review Auditor	Independent Auditor having a valid Peer Review certificate in our case being S.S. Rathi & Company
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Promoters	Shall mean promoters of our Company i.e. Mr. Rameshchandra Nathalal Patel, Mr. Alkesh Rameshchandra Patel and Mrs. Jyotsanaben Rameshchandra Patel.
Promoter Group	The persons and entities constituting the promoter group pursuant to regulation 2(1) (zb) of the ICDR Regulations and disclosed in <b>“Our Promoter Group and Group Companies / Entities”</b> on page 125 of this Prospectus.
Registered Office of our Company	Block No. 35/1-2-3-4, Village Zak, Dahegam, Gujarat-382330, India.
Reserve Bank of India / RBI	Reserve Bank of India constituted under the RBI Act.
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time.
RoC	Registrar of Companies, Ahmedabad, Gujarat.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI (ICDR) Regulations /ICDR Regulation/ Regulation	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI on August 26, 2009, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations or SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time.
SEBI (Venture Capital) Regulations	Securities Exchange Board of India (Venture Capital) Regulations, 1996 as amended from time to time.
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended, including instructions and clarifications issued by SEBI from time to time.
Sub- Account	Sub- accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporate or foreign individuals.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985.
Stock Exchange	BSE Limited (SME Platform).

### **ISSUE RELATED TERMS**

Terms	Description
Allotment/Allot/Allotted	Issue of the Equity Shares pursuant to the Issue to the successful applicants.
Allottee	The successful applicant to whom the Equity Shares are being / have been issued.
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Prospectus.
Application Amount	The amount at which the Applicant makes an application for the Equity Shares of our Company in terms of Prospectus
Application Form	The Form in terms of which the Applicant shall apply for the Equity Shares of the Company.
Application Supported by Block Amount (ASBA)	Means an application for subscribing to an issue containing an authorization to block the application money in a bank account.
ASBA Account	Account maintained by an ASBA Applicant with an SCSB which will be blocked by



Terms	Description
	such SCSB to the extent of the Application Amount of the ASBA Applicant.
ASBA Applicant	Any Applicant who intends to apply through ASBA.
ASBA Application Form	The form, whether physical or electronic, used by an ASBA Applicant to make an application, which will be considered as the application for Allotment for purposes of the Prospectus.
Bankers to the Company	Kotak Mahindra Bank Limited: A 43 – Shaktidhara Society, Bapu Nagar, Ahmedabad – 380024 Gujarat, India
Bankers to the Issue / Escrow Collection Bank(s)	Indusind Bank Limited
Basis of Allotment	The basis on which the Equity Shares will be Allotted, described in “ <b>Issue Procedure – Basis of Allotment</b> ” on page 215 of the Prospectus
BSE	BSE Limited.
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the LM, the Registrar to the Issue and the Stock Exchange.
Depository / Depositories	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996.
Depository Participant / DP	A Depository Participant as defined under the Depositories Act, 1996.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Application Form used by ASBA Applicant and a list of which is available on <a href="http://www.sebi.gov.in/">http://www.sebi.gov.in/</a> .
Designated Date	The date on which funds are transferred from the Escrow Account(s) to the Public Issue Account or the Refund Account, as appropriate, and the amounts blocked by the SCSBs are transferred from the bank accounts of the ASBA Applicant to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to the Allottees.
Designated Stock Exchange	BSE Limited(SME Platform)
DP ID	Depository Participant’s Identity.
Draft Prospectus	Draft Prospectus dated June 18, 2015 issued in accordance with Section 32 of the Companies Act, 2013.
Eligible NRI	A Non Resident Indian in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Prospectus will constitute an invitation to subscribe for the Equity Shares.
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favor the Applicant (excluding the ASBA Applicant) will issue cheque or Demand Drafts in respect of the Application Amount when submitting an Application.
Escrow Agreement	Agreement dated June 25, 2015 entered into amongst the Company, Lead Manager, the Registrar, the Escrow Collection Bank(s) for collection of the Application Amounts and for remitting refunds (if any) of the amounts collected to the Applicants (excluding the ASBA Applicants) on the terms and condition thereof.
Escrow Collection Bank(s)	The Banks which are clearing members and registered with SEBI as Bankers to the Issue wherein the Escrow Account(s) of the Company will be opened.
HSL	Hem Securities Limited.
IPO	Initial Public Offering.
Issue/Issue size	The Public Issue 18,00,000 Equity shares of ₹ 10/- each at issue price of ₹ 18/- (including a premium of ₹ 8/- per share aggregating to ₹324 Lacs)
Issue Closing Date	July 07, 2015
Issue Opening Date	July 03, 2015
Issue Price	The Price at which the Equity Shares are being issued by our Company under this Prospectus being ₹ 18/- per equity share
LM/Lead Manager	Lead Manager to the Issue, in this case being Hem Securities Limited (HSL).
Listing Agreement	The SME Equity Listing Agreement to be signed between our Company and BSE Limited



Terms	Description
Market Maker	Member Brokers of BSE who are specifically registered as Market Makers with the BSE SME Platform. In our case, Hem Securities Limited (Registration No. SMEMM0024801022013) is the sole Market Maker
Market Making Agreement	The Market Making Agreement dated June 12, 2015 between our Company and Market Maker(HSL)
Market Maker Reservation Portion	The reserved portion 96,000 Equity Shares of ₹ 10 each at an Issue price of ₹ 18 each to be subscribed by Market Maker.
MOU/ Issue Agreement	The Memorandum of Understanding dated June 12, 2015 between our Company and Lead Manager
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of 17,04,000 equity shares of face value ₹ 10.00 each of Loyal Equipments Limited for cash at a price of ₹ 18/- per Equity Share (the "Issue Price"), including a share premium of ₹ 8 per equity share aggregating up to ₹ 306.72 Lacs.
Non-Institutional Investors / Applicant	Investors other than Retail Individual Investors, NRIs and QIBs who apply for the Equity Shares of a value of more than ₹ 2,00,000/-
Other Investor	Investor other than Retail Individual Investors.
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCB are not allowed to invest in this Issue.
Prospectus	The Prospectus, filed with the RoC in accordance with the provisions of Section 32 of the Companies Act, 2013.
Public Issue /Issue / Issue Size	Public Issue of 18,00,000 Equity Shares of face value ₹ 10/- each of Loyal Equipments Limited for cash at a price of ₹ 18/- per Equity Share (the "Issue Price"), including a share premium of ₹ 8/- per Equity Share aggregating up to ₹ 324.00 Lacs.
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account(s) and from the SCSBs from the bank account of the ASBA Applicant, on the Designated Date.
Qualified Institutional Buyers / QIBs	A Mutual Fund, Venture Capital Fund and Foreign Venture Capital Investor registered with the SEBI, a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the SEBI; a public financial institution as defined in Section 2(72) of the Companies Act, 2013; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of ₹ 25.00 Crore; a pension fund with minimum corpus of ₹ 25.00 Crore; 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, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.
Refund Account	Account opened with an Escrow Collection Bank from which the refunds of the whole or part of the Application Amount (excluding to the ASBA Applicants), if any, shall be made. In this case being Indusind Bank Limited.
Refund Banker(s)	The Bank(s) which are clearing member(s) and registered with the SEBI as Bankers to the Issue, at which the Refund Accounts will be opened.
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS or NEFT or the ASBA process, as applicable.
Registrar/ Registrar to the Issue	Registrar to the Issue being Sharex Dynamic (India) Private Limited.
Regulations	SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 as amended from time to time.
Retail Individual Investors	Individual investors (including HUFs, in the name of Karta and Eligible NRIs) who apply for the Equity Shares of a value of not more than ₹ 2,00,000.



Terms	Description
Registered Broker	Individuals or companies registered with SEBI as “Trading Members” (except Syndicate/Sub-Syndicate Members) who hold valid membership of either BSE or NSE having right to trade in stocks listed on Stock Exchanges, through which investors can buy or sell securities listed on stock exchanges, a list of which is available on <a href="http://www.bseindia.com/members/MembershipDirectory.aspx">http://www.bseindia.com/members/MembershipDirectory.aspx</a>
Self Certified Syndicate Bank(s) / SCSB(s)	Banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services of ASBA, including blocking of bank account, a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>
Underwriters	The LM and The Market Maker who have underwritten this Issue pursuant to the provisions of the SEBI (ICDR) Regulations and the Securities and Exchange Board of India (Underwriters) Regulations, 1993, as amended from time to time.
Underwriting Agreement	The Agreement dated June 12, 2015 entered between the Underwriters (HSL) and our Company.
Working Day	All days other than a Sunday or a public holiday (except during the Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in India are open for business.

## **COMPANY AND INDUSTRY RELATED TERMS**

### **Technical and Industry Related Terms**

Terms	Full Form
ASME	American Society of Mechanical Engineers
FIEO	Federation of Indian Export Organizations
GEB	Gujarat Electricity Board
HSB	Hartford Steam Boiler of Connecticut U.S.A.
HTRI	Heat Transfer Research Inc.
IBR	India Boiler Regulations
ID	Inside Diameter
ISO	International Organization for Standards
LPG	Liquefied Petroleum Gas
MM	Millimeter
MTRS	Meters
OD	Outside Diameter
PDIL	Projects & Development India Limited
PED	Pressure Equipment Directive
PSI	Per square inch
SAW	Submerged Arc Welder
TONS	Tonnes

## **ABBREVIATIONS**

Abbreviation	Full Form
AS / Accounting Standard	Accounting Standards as issued by the Institute of Chartered Accountants of India
A/c	Account
AGM	Annual General Meeting
ASBA	Applications Supported by Blocked Amount
AMT	Amount
AIF	Alternative Investment Funds registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended.
AY	Assessment Year
AOA	Articles of Association



Abbreviation	Full Form
B. A	Bachelor of Arts
B. Com	Bachelor of Commerce
B. E	Bachelor of Engineering
B. Sc	Bachelor of Science
B. Tech	Bachelor of Technology
BG/LC	Bank Guarantee / Letter of Credit
BSE	BSE Limited
BIFR	Board for Industrial and Financial Reconstruction
CDSL	Central Depository Services (India) Limited
CAGR	Compounded Annual Growth Rate
CAN	Confirmation of Allocation Note
CA	Chartered Accountant
CB	Controlling Branch
CC	Cash Credit
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
CS	Company Secretary
CSO	Central Statistical Organization
CS & CO	Company Secretary & Compliance Officer
CST	Central Sales Tax
CWA/ICWA	Cost and Works Accountant
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce, Government of India
DP	Depository Participant
DP ID	Depository Participant's Identification Number
EBITDA	Earnings Before Interest, Taxes, Depreciation & Amortisation
ECS	Electronic Clearing System
ESIC	Employee's State Insurance Corporation
EPS	Earnings Per Share
EGM /EOGM	Extraordinary General Meeting
ESOP	Employee Stock Option Plan
EXIM/ EXIM Policy	Export – Import Policy
FCNR Account	Foreign Currency Non Resident Account
FIPB	Foreign Investment Promotion Board
FY / Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FEMA	Foreign Exchange Management Act, 1999 as amended from time to time, and the regulations framed there under.
FCNR Account	Foreign Currency Non Resident Account
FBT	Fringe Benefit Tax
FDI	Foreign Direct Investment
FIs	Financial Institutions
FIIIs	Foreign Institutional Investors (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FPIs	“Foreign Portfolio Investor” means a person who satisfies the eligibility criteria prescribed under regulation 4 and has been registered under Chapter II of Securities And Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act,199.
FTA	Foreign Trade Agreement.
FVCI	Foreign Venture Capital Investors registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.





<b>Abbreviation</b>	<b>Full Form</b>
FV	Face Value
GoI/Government	Government of India
GDP	Gross Domestic Product
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
ICWAI	The Institute of Cost Accountants of India
IMF	International Monetary Fund
INR	Indian National Rupee
IIP	Index of Industrial Production
IPO	Initial Public Offer
ICSI	The Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
HNI	High Net Worth Individual
INR / ₹/ Rupees	Indian Rupees, the legal currency of the Republic of India
I.T. Act	Income Tax Act, 1961, as amended from time to time
IT Authorities	Income Tax Authorities
IT Rules	Income Tax Rules, 1962, as amended, except as stated otherwise
IRDA	Insurance Regulatory and Development Authority
KMP	Key Managerial Personnel
LM	Lead Manager
Ltd.	Limited
MoF	Ministry of Finance, Government of India
MOU	Memorandum of Understanding
M. A	Master of Arts
M. B. A	Master of Business Administration
M. Com	Master of Commerce
Mn	Million
M. E	Master of Engineering
M. Tech	Masters of Technology
Merchant Banker	Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
MAPIN	Market Participants and Investors Database
NA	Not Applicable
Networth	The aggregate of paid up Share Capital and Share Premium account and Reserves and Surplus(Excluding revaluation reserves) as reduced by aggregate of Miscellaneous Expenditure(to the extent not written off) and debit balance of Profit & Loss Account
NEFT	National Electronic Funds Transfer
NECS	National Electronic Clearing System
NAV	Net Asset Value
NPV	Net Present Value
NRI	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NOC	No Objection Certificate
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Bodies
P.A.	Per Annum
PF	Provident Fund
PG	Post Graduate
PAC	Persons Acting in Concert
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number



<b>Abbreviation</b>	<b>Full Form</b>
PAT	Profit After Tax
PBT	Profit Before Tax
PLI	Postal Life Insurance
POA	Power of Attorney
PSU	Public Sector Undertaking(s)
Pvt.	Private
RBI	The Reserve Bank of India
ROE	Return on Equity
R&D	Research & Development
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
INR	Rupees, the official currency of the Republic of India
SCR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SME	Small and Medium Enterprises
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
STT	Securities Transaction Tax
Sec.	Section
SPV	Special Purpose Vehicle
TAN	Tax Deduction Account Number
TRS	Transaction Registration Slip
TIN	Taxpayers Identification Number
US/United States	United States of America
USD/ US\$/ \$	United States Dollar, the official currency of the United States of America
VCF / Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.
w.e.f.	With effect from



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

**Certain Conventions**

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

In this Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Loyal Equipments Limited”, “LEL”, and “Loyal”, unless the context otherwise indicates or implies, refers to Loyal Equipments Limited (Formerly known as Loyal Equipments Private Limited). In this Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac / Lakh” means “one hundred thousand”, the word “million (mn)” means “Ten Lac / Lakh”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”. In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

**Use of Financial Data**

Unless stated otherwise, throughout this Prospectus, all figures have been expressed in thousands and Lacs. Unless stated otherwise, the financial data in the Prospectus is derived from our financial statements prepared and restated for the financial year ended 2011, 2012, 2013, 2014 and 2015.in accordance with Indian GAAP, the Companies Act and SEBI (ICDR) Regulations, 2009 included under Section titled “*Financial Information of the Company*” beginning on page 129 of this Prospectus. Our Company does not have a subsidiary. Accordingly, financial information relating to us is presented on a Standalone basis. Our fiscal year commences on April 1 of every year and ends on March 31st of every next year.

There are significant differences between Indian GAAP, the International Financial Reporting Standards (“IFRS”) and the Generally Accepted Accounting Principles in the United States of America (“U.S. GAAP”). Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus 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.

For additional definitions used in this Prospectus, see the section *Definitions and Abbreviations* on page 1of this Prospectus. In the section titled “*Main Provisions of Articles of Association*”, on page no 231 of the Prospectus defined terms have the meaning given to such terms in the Articles of Association of our Company.

**Use of Industry & Market Data**

Unless stated otherwise, industry and market data and forecast used throughout the Prospectus was obtained from internal Company reports, data, websites, Industry publications report as well as Government Publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although, we believe industry and market data used in the Prospectus is reliable, it has not been independently verified by us or the LM or any of their affiliates or advisors. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

In accordance with the SEBI (ICDR) Regulations, the section titled “*Basis for Issue Price*” on page 64 of the Prospectus includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the LM, have independently verified such information.



**Currency of Financial Presentation and Exchange Rates**

All references to "Rupees" or "INR" or "₹" are to Indian Rupees, the official currency of the Republic of India. Except where specified, including in the section titled "*Industry Overview*" throughout the Prospectus all figures have been expressed in thousands, Lakhs/Lacs, Million and Crores.

Any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Conditions and Results of Operation*" on page 12, 83 & 166 in the Prospectus, unless otherwise indicated, have been calculated based on our restated respectively financial statement prepared in accordance with Indian GAAP.

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



## FORWARD LOOKING STATEMENTS

We have included statements in the Prospectus which contain words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”. Also, statements which describe our strategies, objectives, plans or goals are also forward looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

1. Failure to comply with regulations prescribed by authorities of the jurisdictions in which we operate
2. Disruption in our manufacturing facilities.
3. Inability to successfully obtain registrations in a timely manner or at all
4. General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
5. Changes in laws and regulations relating to the industries in which we operate;
6. Disruption in supply of Raw Materials.
7. Increased in prices of Raw Material, Fuel and Power.
8. Occurrence of Environmental Problems & Uninsured Losses.
9. Increased competition in industries/sector in which we operate;
10. Our ability to successfully implement our growth strategy and expansion plans,
11. Our ability to meet our capital expenditure requirements;
12. Fluctuations in operating costs;
13. Our ability to attract and retain qualified personnel;
14. Changes in technology;
15. Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
16. Occurrence of natural disasters or calamities affecting the areas in which we have operations;
17. Conflicts of interest with affiliated companies, the promoter group and other related parties; and
18. The performance of the financial markets in India and globally; and
19. Any adverse outcome in the legal proceedings in which we are involved.

For further discussion of factors that could cause our actual results to differ, see the Section titled "*Risk Factors*", "*Our Business*" & and "*Management’s Discussion and Analysis of Financial Condition and Results of Operations*" *beginning* on page 12, 83 & 166 respectively of the Prospectus. 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, our Directors, our Officers, Lead Manager and Underwriter nor any of their respective affiliates 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 requirements, our Company, and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchange for the Equity Shares allotted pursuant to this Issue.



## **SECTION II: RISK FACTORS**

*An investment in our Equity Shares involves high degree of risk. Prospective investors should carefully consider all the information in the Prospectus, particularly the “Financial information of our Company” and the related notes, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 129, 83 and 166. respectively of this Prospectus and the risks and uncertainties described below, before making a decision to invest in our Equity Shares.*

*Any of the following risks, individually or together, could adversely affect our business, financial condition, results of operations or prospects, which could result in a decline in the value of our Equity Shares and the loss of all or part of your investment in our Equity Shares. While we have described the risks and uncertainties that our management believes are material, these risks and uncertainties may not be the only risks and uncertainties we face. Additional risks and uncertainties, including those we currently are not aware of or deem immaterial, may also have an adverse effect on our business, results of operations, financial condition and prospects.*

*This Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Prospectus. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors below. However, there are risk factors the potential effects of which are not quantifiable and therefore no quantification has been provided with respect to such risk factors. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue, including the merits and the risks involved. You should not invest in this Issue unless you are prepared to accept the risk of losing all or part of your investment, and you should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.*

### **Materiality**

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

- 1. Some events may not be material individually but may be found material collectively.*
- 2. Some events may have material impact qualitatively instead of quantitatively.*
- 3. Some events may not be material at present but may be having material impact in future.*

### **Note:**

*The risk factors as envisaged by the management along with the proposals to address the risk if any. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks described in this section.*

*In this Prospectus, any discrepancies in any table between total and the sums of the amount listed are due to rounding off. Any percentage amounts, as set forth in “Risk Factors” on page 12 and “Management Discussion and Analysis of Financial Condition and Results of Operations” on page 166 of this Prospectus unless otherwise indicated, has been calculated on the basis of the amount disclosed in the “Audited Financial Statements, as restated” prepared in accordance with the Indian Accounting Standard.*

### **INTERNAL RISK**

- 1. Our Company and our Promoter are involved in certain tax proceedings for various assessment years which may result into potential litigation and could have an impact on the business and financial results of our Company.***

*Our Company and our Promoter are involved in certain proceedings under Income Tax Act, 1961 and Gujarat Value Added Tax Act, 2003 which if determined, against the above entities could have an impact on the business and financial results of our Company. For details kindly refer chapter titled “Outstanding Litigation and Material Developments” at page no. 178 of Prospectus*



## ***Loyal Equipments Limited***

A classification of the proceedings instituted against and by our Company and Promoter, the monetary amount involved, wherever quantifiable, in these cases is mentioned in brief below.

### **Cases Pending with Income Tax Authorities against our Company**

<b>S. No.</b>	<b>Description</b>	<b>Assessment Year</b>	<b>Amount (in ₹)</b>	<b>Pending With</b>
1.	Income tax demand under Section 143(1)(a) of Income Tax Act, 1961	2010-11	99,500	Income Tax department
2.	Income tax demand under Section 220(2) of Income Tax Act, 1961	2009-10	258	Income Tax department
3.	Default in Payment of TDS, Interest and late filing of return under Section 201, 234E and 220(2) of Income Tax Act, 1961	Till 2014-15	4,57,320	Income Tax department
4.	Sales Tax demand under Section 34(2) of Gujarat Value Added Tax Act, 2003	2012-13	Unascertainable	Sales Tax demand, Gujarat
5.	Sales Tax demand under Section 32, 34 and 35 of Gujarat Value Added Tax Act, 2003	2010-11	4,19,858	Sales Tax demand, Gujarat
6.	Sales Tax demand under Section 32, 34 and 35 of Gujarat Value Added Tax Act, 2003	2010-11	3,708	Sales Tax demand, Gujarat

### **Cases Pending with Income Tax Authorities against our Promoters**

<b>S.No.</b>	<b>Name of Promoter</b>	<b>Description</b>	<b>Assessment Year</b>	<b>Amount (in ₹)</b>	<b>Pending With</b>
1.	Alkesh Rameshchandra Patel	Income Tax Demand U/s 143(1a)	2009-10	9800	Income Tax Department

**Note:** All amounts mentioned above are approximate.

We cannot provide any assurance that these matters will be decided in favour of the above mentioned entities or persons. Further, there is no assurance that similar proceedings will not be initiated against the above mentioned entities or persons in the future.

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

Our Company has received all approval and licenses for our factory situated at Block No. 35/1-2-3-4 Village Zak, Dahegam, Gujarat such as Excise Registration, Service Tax Registration, Vat Registration, Registration under Central Sales Tax, Registration under Exports/Imports IEC Number, PF Registration under PF Act, 1952 and Consent to establish from Gujarat Pollution Control Board. However our company has applied for renewal of factory License which is pending under concerned authority for approval. Also our company in is process to apply for Consent to operate under Gujarat Pollution Control Board and Registration under Shop and Establishment Act. We may be subjected to penal provision by the relevant authorities for the same, which will adversely affect our business, financial conditions and results of operations.

Further, we believe that we will be able to renew or obtain such registrations and approvals, as and when required, there can be no assurance that the relevant authorities will renew or issue any such registrations or approvals in the time frame anticipated by us or at all. Failure to obtain and renew such registrations and approvals with statutory time frame attracts penal provisions. If we are unable to renew, maintain or obtain the required registrations or approvals, it may result in the interruption of our operations and may have a material adverse effect on our revenues, profits and operations and profits.

For further details see section on “Government and Other Approvals” beginning on page 183 of the Prospectus.



**3. Our Company has allotted Equity Shares during the preceding one year from the date of the Prospectus which is lower than the Issue Price.**

In the last 12 months we have issued fresh Equity Shares to the promoters of our Company which are as follows:-

- Right issue in the ratio 1:5 dated January 5, 2015 issued 5,00,000 Equity Shares at a price of ₹10/- (face value of ₹10/- per Equity Share) which is lower than issue price.
- Bonus issue in the ratio of 2:3 dated April 28, 2015 issued 20, 00,000 Equity shares face value ₹10/- per Equity Share for consideration other than cash.

The Equity Shares allotted to investors pursuant to this Issue is being priced significantly higher due to various reasons including better performance by the Company, better economic conditions and passage of time.

For Further details of equity shares issued, please refer to the chapter titled “**Capital Structure**” beginning on page 45 of the Prospectus.

**4. We do not own the part of our registered Office from which we operate. Any dispute in relation to the rent of our premises would have a material adverse effect on our business and results of operations.**

We operate from our registered office situated at Block No 35/1-2-3-4 Village Zak, Dahegam, Gujarat 382330, which is partly owned by our Company and partly rented by Loyal Engineers Prop. Mrs. Jyotsanaben Rameshchandra Patel, one of the promoters of our Company. The premises namely Block No. 35/2-3-4 Village Zak, Dahegam, Gujarat 382330 have been taken on rent vide a Rent agreement which is not formally registered. If the owner of these premises does not renew the agreement or renews such agreements on terms and conditions that are unfavorable to our Company, it may suffer a disruption in our operations or we may have to pay increased rentals which could have a material adverse effect on our business.

We cannot assure you that we will have the right to occupy, the aforementioned premises in future, or that we will be able to continue with the uninterrupted use of this property, which may impair our operations and adversely affect our financial condition. For further details of our office premises please refer to the section titled “**Our Business**” on page 83 of this Prospectus.

**5. Our Company has not deducted and deposited Provident Fund on payment of daily wages of casual labour employed in our factory.**

As on the date May 31, 2015, our Company employed 45 full time employees including skilled and unskilled labour for administrative office and factory respectively, also the company hires casual labour in factory on daily wages basis on which the Company is not deducting and depositing provident fund as per Provident Fund Act, 1952. However no show cause notice has been issued on name of the Company but any penalty if any may arise in future due to non-compliance of provision under Provident Fund Act, 1952 may affect the financial position of the Company.

**6. Our revenues are dependent on a limited number of our customer. The loss of any of our major Customers or a decrease in the volume of orders may adversely affect our revenues and profitability.**

At present we derive most of our revenues from the orders received from the limited or few customers. In the Financial Year ended March 31, 2015, our top ten customers were contributing 100% of our Sales. Also our major sales are from our two customers in the financial year 2014-15. Our business and results of operations will be adversely affected if we are unable to develop and maintain a continuing relationship with our key customer or develop and maintain relationships with other new customers. The loss of a significant customer or a number of significant customers due to any reason whether internal or external related to their business may have a material adverse effect on our business prospects and results of operations.





7. ***Our Company has taken interest free unsecured loan from our Promoter Director Mr. Alkesh Rameshchandra Patel and Mr. Rameshchandra Nathalal Patel, The total outstanding amount of which as on May 31, 2015 is ₹ 42.00 Lacs. Accordingly in case our Promoter recalls the said loan, it may have an adverse affect on our cash flow and financial condition.***

Our Promoter Directors Mr. Alkesh Rameshchandra Patel and Mr. Rameshchandra Nathalal Patel had given an interest free unsecured loan to our Company, the total outstanding amount of which as at May 31, 2015 is ₹ 42.00 Lacs. However, as on date we have not entered into any understanding or formal agreement with the Promoter Director in respect of their lending to the Company. If the loan is recalled on a short notice, our Company may have to, on an urgent basis arrange for equivalent funds to fulfil the necessary requirements. Inability of our Company to do so may require creating a security for such loan. The occurrence of these events may have an adverse effect on our cash flow and financial conditions. For more details regarding the loan, please refer the chapter titled “***Financial Information of the Company***” beginning on page 129 of this Prospectus.

8. ***Our Promoter Group Entities are engaged in the line of business similar to our Company. There are no non - compete agreements between our Company and Promoter Group Entities. We cannot assure that our Promoters and Directors will not favour the interests of Group Entities over our interest or that the said entities will not expand which may increase our competition, which may adversely affect business operations and financial condition of our Company.***

Our Group Entity namely M/s. Loyal Engineers, Proprietorship concern of our Promoter is engaged in the similar line of business of equipments manufacturing as of our Company. Further, we have not entered into any non-compete agreement with our said entities. We cannot assure you that our Promoter who has common interest in said entities will not favour the interest of the said entities. As a result, conflicts of interests may arise in allocating business opportunities amongst our Company and our Group Entity in circumstances where our respective interests diverge. In cases of conflict, our Promoter may favour other entity in which our Promoters have interests. There can be no assurance that our Promoters or our Group Entity or members of the Promoter Group will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours. Any such present and future conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition which may adversely affect our profitability and results of operations. For further details, please refer to “***Common Pursuits***” on **Page 123** of this Prospectus. Also our Independent Director, Mr. Girish Nathubhai Desai is an Independent Non Executive Director in another Company which operates in similar line of business which may create conflict of Interest due the similar line of Business. Although our Independent Director is not holding any shares in above Company and is not interested anyway other than receipt of sitting fees, but in case of any non- adherence of code of conduct and non- fulfilment of their responsibilities in a professional and faithful manner, it may create adverse affect on our business operation and financial condition of our Company.

9. ***Our Promoters have given personal guarantees in relation to borrowings made by the Company from SIDBI and Kotak Mahindra Bank Limited. In event of default on the debt obligations, the personal guarantees may be invoked thereby adversely affecting our Promoter’s, Director’s ability to manage the affairs of our Company and consequently impact our business, prospects, financial condition and results of operations.***

Our Company has availed of Credit facility aggregating to ₹ 200.00 Lacs and ₹ 360.00 Lacs from SIDBI and Kotak Mahindra Bank Limited respectively. Basic terms and conditions of the said facility stipulate that the facility shall be secured by security of personal guarantee of our Promoters Mr. Rameshchandra Nathalal Patel, Mr. Alkesh Rameshchandra Patel and Mrs. Jyotsanaben Rameshchandra Patel. In event of default on the debt obligations, the security or personal guarantees may be invoked thereby adversely affecting the ability of our Promoters and Directors to manage the affairs of our Company and consequently impact our business, prospects, financial condition and results of operations. For further details in this regard, please refer to section titled “***Statement of Financial Indebtedness***” on page 164 of the Prospectus.

10. ***Our Company had entered into various transactions with our Promoters, Promoter Group, Directors and their Relatives and Group Entity. Our Company in the past has entered into Related Party Transactions and may continue to do so in future also, which may adversely affect our competitive edge and better bargaining power if entered with non-related parties resulting into relatively more favourable terms and conditions and better margins.***



Our Company had entered into various transactions which inter-alia includes payment of raw material, payment of rent, remuneration, loan from related party. Our Company entered into such transactions due to easy proximity and quick execution. However, there is no assurance that we could not have obtained better and more favourable terms from related parties. Also our Company may enter into such transactions in future and we cannot assure that in such an event there would be no adverse affect on results of our operations. For details please refer to **Annexure R** on **Related Party Transactions** of the Auditor's Report under Section titled "**Financial Information of the Company**" beginning on page 129 of this Prospectus.

**11. Our net cash flows from operating, investing and financing activities have been negative in some years in past. Any negative cash flow in the future may affect our liquidity and financial condition.**

Our cash flow from our investing financing activities and operating Activities have been negative in the past. Following are the details of our cash flow position during the last five financial years based on standalone restated financial statement are as follow:-

Particulars	For the year ended (₹ in '000)				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>Net Cash from Operating Activities</b>	39,134	(14,593)	15,849	3,071	7,346
<b>Net Cash used Investing Activities</b>	(38,330)	(9,840)	(9,746)	(1,535)	(1,962)
<b>Net Cash from in Financing Activities</b>	(6,508)	22,419	(4,088)	(447)	(316)

For details, please see the Chapters titled "**Financial Information of Our Company**" on page 129 of this Prospectus. Any net negative cash flows in the future could adversely affect our results of operations and consequently our revenues, profitability and growth plans.

**12. We are subject to the restrictive covenants of banks in respect of the Loan/Credit Limit and other banking facilities availed from them.**

Our financing arrangements contain restrictive covenants whereby we are required to obtain approval from our lenders, regarding, among other things such as major changes in share capital, changes in fixed assets and creation of any other charge, formulate any scheme of amalgamation, substantial change in management of the Company, extending finance to associate concerns etc. There can be no assurance that such consents will be granted or that we will be able to comply with the financial covenants under our financing arrangements. In the event we breach any financial or other covenants contained in certain of our financing arrangements, we may be required under the terms of such financing arrangements to immediately repay our borrowings either in whole or in part, together with any related costs. This may adversely impact our results of operations and cash flows.

For further details on the Cash Credit Limit and other banking facilities, please see "**Statement of Financial Indebtedness**" on page 164 of the Prospectus.

**13. Any penalty or action taken by any regulatory authorities in future for non-compliance with provisions of corporate and other law could impact the financial position of the Company to that extent.**

Our Company may have not complied with provisions of the Companies Act in respect of section 205 and section 123 of the Companies Act, 1956 and the Companies Act 2013 respectively along with Accounting Standard 6 and 10 in past. Also Our Company has not complied with the provisions of Section 129 of Companies Act, 2013, Accounting Standards 15, Section 4A of The Payment of Gratuity Act, 1972, Accounting Standard 3, 11, 18, 22, and 26 in the past. However, now the Company has made necessary provision for gratuity and has made necessary compliance in accordance with the applicable Section, Accounting Standards and laws in the re-stated financial statements of the Company. Also there are some cases where delay form are filed in Registrar of Companies for which requisite delayed fees was paid by the Company.

Although no show cause notice have been issued against the Company till date in respect of above, in the event of any cognizance being taken by the concerned Registrar of Companies in respect of above, penal actions may be taken



against the Company and its directors, in which event the financials of the Company and its directors may be adversely affected.

For further details on the same please refer section “*Financial Information of the Company*” beginning on page no. 129 of Prospectus.

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


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

**15. We are dependent on our Promoters, directors and key managerial personnel of our Company for success whose loss could seriously impair the ability to continue to manage and expand business efficiently.**

Our Promoters, Directors and key managerial personnel collectively have vast experience in the industry and are difficult to replace. They provide expertise, which enables us to make well informed decisions in relation to our business and our future prospects. However our promoters are not professionally qualified in the field in which our Company operates but they have vast experience in this field. For further details of our Directors and key managerial personnel, please refer to Section “**Our Management**” on page 108 of this Prospectus. Our success largely depends on the continued services and performance of our management and other key personnel. The loss of service of the Promoters and other senior management could seriously impair the ability to continue to manage and expand the business efficiently. Also, the loss of any of the management or other key personnel may adversely affect the operations, finances and profitability of our Company. Any failure or inability of our Company to efficiently retain and manage its human resources would adversely affect our ability to expand our business.

Further, our future performance will depend upon the skills, efforts, expertise, and continued services of these persons and our ability to attract and retain qualified senior and mid-level managers. The loss of their services or those of any other members of management could impair our ability to implement our strategy and may have a material adverse effect on our business, financial condition and results of operations.

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

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

For further details please refer to chapter titled “**Government and Other Approvals**” beginning on page 183 of the Prospectus.

**17. Our business operations may be materially & adversely affected by strikes, work stoppages or increased wage demands by our employees or those of our suppliers.**

Although we have not experienced any major disruptions to our business operations due to disputes or other problems with our work force in the past, there can be no assurance that we will not experience such disruptions in the future.



Such disruptions may adversely affect our business and results of operations and may also divert the management's attention and result in increased costs. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment.

Although our employees are not currently unionized, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of our management's attention due to union intervention, which may have a material adverse impact on our business, results of operations and financial condition. We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Shortage of skilled personnel or work stoppages caused by disagreements with employees which could have an adverse effect on our business and results of operations.

***18. The Company has not made any provision for decline or revalued in value of Investment of the Company.***

Our Company has made an investment in Shares of The Naroda Nagrik Co-operative Bank Limited for a consideration of ₹ 4,00,000 in December 2008. We have not made any provision for this Increase or decrease in the value of investments, if provision is made in future on account of permanent decrease in value of these investments, our profits would reduce to the extent of such provision. This may have an adverse impact on our results of operations and financial conditions.

***19. We have not identified any alternate source of raising the working capital mentioned as our 'Objects of the Issue'. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.***

Our Company has not identified any alternate source of funding for our working capital requirement and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds can adversely affect our growth plan and profitability. The delay/shortfall in receiving these proceeds could result in inadequacy of working capital or may result our Company to borrow funds on unfavorable terms, both of which scenarios may affect the business operation and financial performance of the Company.

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

Modernization and technology upgradation is essential to reduce costs and increase the output. Our technology and machineries may become obsolete or may not be upgraded timely, hampering our operations and financial conditions and we may lose our competitive edge. Although we believe that we have installed upgraded technology and that the chances of a technological innovation are not very high in our sector we shall continue to strive to keep our technology, plant and machinery in line with the latest technological standards. In case of a new found technology in the industrial equipment manufacturing business, we may be required to implement new technology or upgrade the machineries and other equipment's employed by us. Further, the costs in upgrading our technology and modernizing the plant and machineries are significant which could substantially affect our finances and operations. For further details, Kindly refer section titled "***Our Business***" beginning on page 83 of this Prospectus.

***21. Excessive dependence on the Kotak Mahindra Bank in respect of obtaining financial facilities.***

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



**22. We have incurred a substantial amount of indebtedness, which may adversely affect our cash flow and our ability to operate our business.**

As of May 31, 2015 we had Rs. 274.51 Lacs of principal amount of indebtedness outstanding. Our substantial indebtedness has important consequences to us such as:

- increasing our vulnerability to general adverse economic and industry conditions and adverse competitive and industry conditions and placing us at a competitive disadvantage to competitors that have less debt;
- requiring us to dedicate a substantial portion of our cash flow from operations and proceeds from any capital raising to payments on indebtedness, thereby reducing our cash flows for working capital expenditures, product development efforts, strategic acquisitions, investments and other general corporate requirements;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry and could limit our ability to pursue other business opportunities, and
- Increasing our interest expenditure, since a substantial portion of our debt bears interest at floating rates.

Our ability to meet our obligations and to repay our outstanding borrowings will depend primarily upon the cash flow generated by our business. There can be no assurance that we will generate sufficient cash to enable us to service our existing or proposed borrowings, comply with covenants or fund other liquidity needs. Furthermore, adverse developments in the Indian credit markets or a reduced perception of our creditworthiness in the credit markets could increase our debt service costs and the overall cost of our funds. Failure to meet our obligations under the financing arrangements could have an adverse effect on our cash flows, business and results of operations.

**23. Our Products are manufactured according to requirement of the customers in respect of size, use and design, and our inability to meet the requirement or preference may affect our business.**

Our Company manufactures products such as coded pressure vessels & Heat Exchangers (Ferrous & Non Ferrous), Air Cooled Heat Exchangers, Skids for Dynamic and Static Machineries, Base-Plates, Sterilizers, Chimneys and Columns, Tanks & Receivers, Site Fabrication & Erection Activities which are widely used in the industries like Petro-chemicals, Compressor Industries, Power Plants, Fertilizers, Refinery, Pharmaceuticals and Dairy Industry. We manufacture and design the products as per the needs of the customer, so that they can avail the products as per their specifications and customizations. Also our product is inspected by the customer according to their requirement, if there is any difference in required specification the same need to rectify before dispatch of products. Our inability to successfully design and manufacture the product as per the requirement will materially and adversely affect our business prospects and results of operations. For further details of our products, kindly refer section titled “**Our Business**” beginning on page 83 of this Prospectus.

**24. Any increase in or enforcement of our contingent liabilities may adversely affect our financial condition.**

Our Contingent liability towards Bank guarantee given to our customers for product supplied by our Company as on March 31, 2015 was ₹ 5.87 Lacs. If this contingent liability materializes, fully or partly, the financial condition of our Company could be affected. The details of Contingent Liability as on March 31, 2015 as follows:-

S.No.	Particulars	Amount ( ₹ in Lacs)
1.	Bank Guarantee (Gujarat Narmada Valley Fertilizers & Chemical Limited)	0.71
2.	Bank Guarantee (Reliance Industries Limited)	3.69
3.	Bank Guarantee (Linde Engineering India Limited)	1.47

For more information, regarding our contingent liabilities, please refer “Annexure U” on page 163 of the chapter titled “Financial Information of the Company” beginning on page 129 of this Prospectus.



- 25. *There is no monitoring agency appointed by Our Company and the deployment of funds are at the discretion of our Management and our Board of Directors, though it shall be monitored by our Audit Committee.***

As per SEBI (ICDR) Regulations, 2009, as amended, appointment of monitoring agency is required only for Issue size above ₹50,000.00 Lacs. Hence, we have not appointed any monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds in terms of Clause 52 of SME Listing Agreement. Further, our Company shall inform about material deviations in the utilization of Issue proceeds to the BSE Limited and shall also simultaneously make the material deviations / adverse comments of the audit committee public.

- 26. *Our insurance coverage may not adequately protect us against certain operating risks and this may have as adverse effect on the results of our business.***

We are insured for a risks associated with our manufacturing and business, through policies such as Standard Fire and Allied Perils Insurance, workers Insurance under Accident Relief Scheme and other Vehicle Insurance. We believe we have got our assets adequately insured; however 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 cover all material losses. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business and results of operations could be adversely affected.

Our policy of covering these risks through insurance may not always be effective or adequate. Failure to effectively cover ourselves against the associated risks for any of these reasons including other unforeseen circumstances could expose us to substantial costs and potentially lead to material losses. Faults in designing and installation might also require repair work, which may not be foreseen or covered by our insurance. For details on insurance policies taken by our Company please page no. 93 in chapter titled “**Our Business**” of Prospectus.

- 27. *Any customer dispute regarding our performance or workmanship may amount in delay or withholding of payment to us.***

Our Company manufactures equipments as per requirement and need of customer with customize designing and its use. In case the designing and specification of our Products does not fulfill the requirement of our customer which may leads to dissatisfaction and further consequence to which may leads to customer dispute regarding our performance or workmanship and the customer may delay or withhold payment to us, which may result in materially affecting our business.

- 28. *Our Promoters, together with our Promoter Group will continue to retain majority shareholding in our Company after the Offer, which will allow them to exercise significant control over us. We cannot assure you that our Promoters and Promoter Group will always act in the best interests of the Company or you.***

The majority of our issued and outstanding Equity Shares are currently beneficially owned by the Promoters and the Promoter Group. Upon completion of the Offer, the Promoters and Promoter Group will own 49,99,990 Equity Shares, or 73.53% of our post-Offer Equity Share capital, assuming full subscription of the Offer. Accordingly, the Promoters and the Promoter Group will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholders approval, including the composition of the Board of Directors, the adoption of amendments to our constitutional documents, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of these stockholders. The interests of the Promoters and Promoter Group as the Company’s controlling shareholders could conflict with the Company’s interests or the interests of its other shareholders. We cannot assure you that the Promoters and Promoter Group will act to resolve any conflicts of interest in the Company’s or your favour.

- 29. *We may not be able to sustain effective implementation of our business and growth strategies.***

The success of our business will depend greatly on our ability to effectively implement our business and growth strategies. We may not able to execute our strategies in future. Further, our growth strategies could place significant



demand on our management team and other resources and would require us to continuously develop and improve our operational, financial and other controls, none of which can be assured. Any failure on our part to scale up our infrastructure and management could cause disruptions to our business and could be detrimental to our long-term business outlook.

**30. *Delay in raising funds from the IPO could adversely impact the implementation schedule.***

The proposed fund requirement of working capital, as detailed in the section titled "**Objects of the Issue**" is to be Partial funded from the proceeds of this IPO. We have not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds may delay the implementation schedule. We therefore, cannot assure that we would be able to execute our future plans/strategy within the given timeframe.

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

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

**32. *We are highly dependent on smooth supply and transportation and timely delivery of our products from our manufacturing facilities to our customers. Various uncertainties and delays or non delivery of our products will affect our sales.***

We depend on transportation services to deliver our products from our manufacturing facilities to our customers. We rely on third parties to provide such services. Disruptions of transportation services because of weather related problems, strikes, lock-outs, inadequacies in road infrastructure or other events could impair our procurement of raw materials and our ability to supply our products to our customers which in turn may adversely affect our business operations and our financial condition.

**33. *Our ability to pay any dividends in future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditure.***

Our Company is paying dividend from last five years, although there is no policy of the Company for declaring dividend. The amount of our future dividend payments, if any, will depend upon our Company's future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. There can be no assurance that our Company will be able to pay dividends or not in the foreseeable future.

**34. *Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.***

Any future equity issuances by us, including a primary offering, may lead to dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences for us including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares.

**35. *You may be subject to Indian taxes arising out of capital gain.***

Under current Indian tax laws and regulations, capital gains arising from the sale of Equity Shares in an Indian Companies are generally taxable in India. Any gain realized on the sale of listed Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of Equity Shares held for more than 12 months to an Indian resident,



which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed Equity Shares held for a period of 12 months or less will be subject to short term capital gains tax in India. For more details, please refer to “*Statement of Tax Benefits*” on page 67 of this Prospectus.

- 36. *We cannot assure you that our equity shares will be listed on the SME platform of BSE in a timely manner or at all, which may restrict your ability to dispose of the equity shares.***

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain any in-principle approval for listing of our Equity Shares issued. We have only applied to BSE Limited to use its name as the Stock Exchange in this Offer Document for listing our Equity Shares on the SME Platform of BSE Limited. Permission for listing of the Equity Shares will be granted only after the Equity Shares offered in this Issue have been allotted. Approval from BSE Limited will require all relevant documents authorizing the issuing of the Equity Shares to be submitted to it. There could be a failure or delay in listing the Equity Shares on the SME Platform of BSE. Further, certain procedural and regulatory requirements of SEBI and the Stock Exchanges are required to be completed before the Equity Shares are listed and trading commences. Trading in the Equity Shares is expected to commence within 12 Working Days from the Issue closing Date. However, we cannot assure you that the trading in the Equity Shares will commence in a timely manner. Any failure or delay in obtaining the approvals would restrict your ability to dispose off your equity shares.

- 37. *The requirements of being a listed company may strain our resources.***

We are not a listed Company and have not, historically, been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the listing agreements with the Stock Exchanges which will require us to file audited annual halfyearly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies which may adversely effect the financial position of the Company.

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

Prior to the Issue, there has not been a public market for our Equity Shares. We cannot predict the extent to which investor interest will lead to the development of an active trading market on the Stock Exchanges or how liquid that market will become. If an active market does not develop, you may experience difficulty selling our Equity Shares that you purchased. The Issue Price is not indicative of prices that will prevail in the open market following the Issue. Consequently, you may not be able to sell your Equity Shares at prices equal to or greater than the Issue Price. The market price of our Equity Shares on the Stock Exchanges may fluctuate after listing as a result of several factors.

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

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors’ reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.





## EXTERNAL RISK FACTORS

### **40. *Our business is dependent on economic growth in India.***

Our performance is dependent on the health of the overall Indian economy. There have been periods of slowdown in the economic growth of India. India economic growth is affected by various factors including domestic consumption and savings, balance of trade movements primarily resulting from export demand and movements in key imports, such as oil and oil products, and annual rainfall, which affect agricultural production. For example, in the monsoon of 2009 several parts of the country experienced below average rainfall, leading to reduced farm output which impaired economic growth. In the past, economic slowdowns have harmed industries and industrial development in the country. Any future slowdown in the Indian economy could harm our business, financial condition and results of operations.

### **41. *If the rate of Indian price inflation increases, our results of operations and financial condition may be adversely affected.***

In recent years, India's wholesale price inflation index has indicated an increasing inflation trend compared to prior periods. An increase in inflation in India could cause a rise in the price of transportation, wages, raw materials or any other expenses. In particular, the prices of raw materials required for manufacturing of our products are subject to increase due to a variety of factors beyond our control, including global commodities prices and economic conditions. If this trend continues, we may be unable to reduce our costs or pass our increased costs on to our customers and our results of operations and financial condition may be materially and adversely affected.

### **42. *The extent and reliability of India's infrastructure could adversely impact our results of operations and financial conditions. Any disruption in the supply of power, raw materials and telecommunication or other services could disrupt our business process or subject us to additional costs.***

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption with its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. Disruption in basic infrastructure could negatively impact our business since we may not be able to procure raw materials on time, dispatch of finished goods as per schedule and provide timely and adequate operation and maintenance and other services to our clients. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, raw materials and telecommunication or other services are disrupted. This may result in the loss of customer, impose additional costs on us and have an adverse effect on our business, financial condition and results of operations.

### **43. *Significant differences exist between Indian GAAP and other accounting principles, such as IFRS, which may be material to investors' assessment of our financial condition.***

The financial data included in this Prospectus has been prepared in accordance with Indian GAAP. There are significant differences between Indian GAAP and IFRS. 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. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

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

A majority of the provisions and rules under the Companies Act, 2013 have come into effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital (including provisions in relation to issue of securities on a private placement basis), disclosures in offering documents, corporate governance norms, accounting policies and audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by



shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in futures trading. Further, the Companies Act, 2013 imposes greater monetary and other liability on us and our directors for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

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

**45. *Our performance is linked to the stability of policies and the political situation in India.***

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 Indian governments have pursued policies of economic liberalization and financial sector reforms. The current Government has announced its general intention to continue India's current economic and financial sector liberalization and deregulation policies. However there can be no assurance that such policies will be continued and a significant change in the government's policies in the future could affect business and economic conditions in India and could also adversely affect our business, prospects, financial condition and results of operations.

Any political instability in India may adversely affect the Indian securities markets in general, which could also adversely affect the trading price of our Equity Shares. Any political instability could delay the reform of the Indian economy and could have a material adverse effect on the market for our Equity Shares. There can be no assurance to the investors that these liberalization policies will continue under the newly elected government. Protests against privatization could slow down the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting companies in the industrial equipment manufacturing sectors, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our business.

**46. *Any downgrading of India's debt rating by a domestic or international rating agency could have a negative impact on our business.***

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of our Equity Shares.

**47. *If communal disturbances or riots erupt in India, or if regional hostilities increase, this would adversely affect the Indian economy and our business.***

Some parts of India have experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, our operational and marketing activities may be adversely affected, resulting in a decline in our income. The Asian region has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries. Since May 1999, military confrontations between countries have occurred in Kashmir. The hostilities between India and its neighboring countries are particularly threatening because India and certain of its neighbors



possess nuclear weapons. Hostilities and tensions may occur in the future and on a wider scale. Also, since 2003, there have been military hostilities and continuing civil unrest and instability in Afghanistan. There has also recently been hostility in the Korean Peninsula. In July 2006 and November 2008, terrorist attacks in Mumbai resulted in numerous casualties. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

**48. *The occurrence of natural or man-made disasters could adversely affect our results of operations and financial condition.***

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations or financial condition, including in the following respects:

Catastrophic loss of life due to natural or man-made disasters could cause us to pay benefits at higher levels and/or materially earlier than anticipated and could lead to unexpected changes in persistency rates.

A natural or man-made disaster, could result in losses in our projects, or the failure of our counterparties to perform, or cause significant volatility in global financial markets.

Pandemic disease, caused by a virus such as the “Ebola” virus, H5N1, the “avian flu” virus, or H1N1, the “swine flu” virus, could have a severe adverse effect on our business. The potential impact of a pandemic on our results of operations and financial position is highly speculative, and would depend on numerous factors, including: the probability of the virus mutating to a form that can be passed from human to human; the rate of contagion if and when that occurs; the regions of the world most affected; the effectiveness of treatment of the infected population; the rates of mortality and morbidity among various segments of the insured versus the uninsured population; our insurance coverage and related exclusions; and many other variables.

**49. *Terrorist attacks and other acts of violence or war involving India and other countries could adversely affect the financial markets, result in a loss of business confidence and adversely affect our business, prospects, financial condition and results of operations.***

There has recently been an increase in the frequency and scale of terrorism in India and globally. In November 2008, terrorists attacked two hotels, a railway station, restaurant, hospital, and other locations in Mumbai causing casualties. In July 2006, a series of seven explosions were launched by extremists on commuter trains and stations in India. Though our factory is situated at remote rural areas which are typically not the target of terrorism, our business, like other businesses, is vulnerable to terrorism, whether due to physical damage, reduced usage or increased fuel, insurance or other costs. Terrorism is inherently unpredictable and difficult to protect against. Moreover, even the threat or perception of terrorism can have devastating economic consequences. Almost all of our insurance policies specifically exclude recovery for damage that results from terrorism. Any damage to any of our businesses as a result of actual or perceived terrorist activities could reduce our revenues and/or increase our costs, which would adversely affect our business, results of operations and financial condition.

**50. *Financial instability in Indian financial markets could materially and adversely affect our results of operations and financial condition.***

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors’ reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.



**51. Regulatory changes with regard to Direct/Indirect taxes may adversely affect our performance or financial conditions.**

Regulatory changes relating to business segments in which we operate in India can have a bearing on our business. Each state in India has different local taxes and levies which may include value added tax, sales tax and octroi. Changes in these local taxes and levies may impact our profits and profitability. Any negative changes in the regulatory conditions in India could adversely affect our business operations or financial conditions.

**Prominent Notes:**

1. Public Issue Of 18,00,000 Equity Shares of Face Value of ₹ 10/- each of Loyal Equipments Limited (“LEL” or “Our Company” or “The Issuer”) for Cash at a Price of ₹ 18/- Per Equity Share (Including a Share Premium of ₹ 8/- per Equity Share) (“Issue Price”) aggregating to ₹324.00 Lacs, of which 96,000 Equity Shares of Face Value of ₹10./- each at a price of ₹18/- aggregating to ₹17.28 Lacs will be reserved for subscription by Market Maker (“Market Maker Reservation Portion”) and Net Issue to Public of 17,04,000 Equity Shares of Face Value of Rs. 10/- each at a price of ₹18/- aggregating to ₹306.72 Lacs (hereinafter referred to as the “Net Issue”) The Issue and the Net Issue will constitute 26.47% and 25.06% respectively of the Post Issue paid up Equity Share Capital of Our Company.
2. This Issue is being made for at least 25 % of the post- issue paid-up Equity Share capital of our Company, pursuant to Rule 19(2) (b) (i) of the Securities Contracts (Regulation) Rules, 1957 as amended. This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. As per Regulation 43(4) of the SEBI (ICDR) Regulations, as amended, since our is a fixed price issue ‘the allocation’ is the net issue to the public category shall be made as follows:
  - a) Minimum fifty percent to retail individual investors; and
  - b) Remaining to other than retail individual investors;
  - c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

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

3. The Net worth of our Company as on March 31, 2015 and March 31, 2014 was Rs. 641.72 Lacs and Rs. 429.84 Lacs respectively. For more information, see the section titled “**Financial Information of the Company**” beginning on page 129 of this Prospectus.
4. The NAV / Book Value per Equity Share, based on Standalone Restated Financials of our Company as March 31, 2015 and March 31, 2014 was Rs. 21.39/- and Rs. 17.19/- per equity share respectively. For more information, see the section titled “**Financial Information of the Company**” beginning on page 129 of this Prospectus.
5. The average cost of acquisition of Equity Shares by our Promoters is set out below:

Name of our Promoters	Number of Equity Shares Held	Average Cost of Acquisitions (Rs)
Mr. Rameshchandra Nathalal Patel	14,00,000	3.87
Mr. Alkesh Rameshchandra Patel	13,99,960	3.87
Mrs. Jyotsanaben Rameshchandra Patel	22,00,000	1.94

*As certified by our Statutory Auditor vide their certificate dated May 29, 2015. For Further details, please refer to “**Capital Structure**” on page 45 of this Prospectus.*

6. We have entered into various related party transactions with related parties including various Promoter group entity for the period ended March 31<sup>st</sup>, 2015. For nature of transactions and other details as regard to related party transactions section titled “**Financial Information of the Company**” - **Annexure R - Statement of Related Parties Transactions, as Restated**” on page 159 of this Prospectus.



7. No Group companies have any business or other interest in our Company, except as stated in section titled “**Financial Information of the Company - Annexure R - Statement of Related Parties Transactions, as Restated**” on page 159 and “**Our Promoters and Group Entities**” on page 124 and to the extent of any Equity Shares held by them and to the extent of the benefits arising out of such shareholding.
8. Our Company was incorporated as Loyal Equipments Private Limited on April 20, 2007 under the provisions of Companies Act, 1956 with Registrar of Companies, Dadra and Nagar Haveli, Gujarat vide registration no. (CIN: U29190GJ2007PTC050607). Pursuant to Shareholders Resolution passed at the Extra Ordinary General Meeting held on May 02, 2015 our Company was converted into a Public Limited Company and the name of our Company was changed to “Loyal Equipments Limited” vide a fresh Certificate of Incorporation dated May 12, 2015, issued by the Registrar of Companies, Ahmedabad, Gujarat.

For details of change in our name, please refer to Section titled “**History and Certain Corporate Matters**” on page 104 of this Prospectus.

9. None of our Promoters, Promoter Group, Directors and their relatives has entered into any financing arrangement or financed the purchase of the Equity Shares of our Company by any other person during the period of six months immediately preceding the date of filing of Prospectus.
10. Our Company, Promoters, Directors, Promoter Group have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI nor they have been declared as willful defaulters by RBI / Government authorities. Further, no violations of securities laws have been committed by them in the past or pending against them.
11. Investors are advised to see the paragraph titled “**Basis for Issue Price**” beginning on page 64 of this Prospectus.
12. The Lead Manager and our Company shall update this Prospectus and keep the investors / public informed of any material changes till listing of the Equity Shares offered in terms of this Prospectus and commencement of trading.
13. Investors are free to contact the Lead Manager i.e. Hem Securities Limited for any clarification, complaint or information pertaining to the Issue. The Lead Manager and our Company shall make all information available to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever.
14. In the event of over-subscription, allotment shall be made as set out in paragraph titled “**Basis of Allotment**” beginning on page 215 of this Prospectus and shall be made in consultation with the Designated Stock Exchange i.e. BSE. The Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner as set out therein.
15. The Directors / Promoters of our Company have no interest in our Company except to the extent of remuneration and reimbursement of expenses (if applicable) and to the extent of any Equity Shares of our Company held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as director, member, partner, and/or trustee, and to the extent of benefits arising out of such shareholding. For further details please see the chapter titled “**Our Management**” beginning at page 108, chapter titled “**Our Promoter Group & Promoter Group Entities**” beginning at page 125, and chapter titled “**Financial Information of the Company**” beginning at page 129 of this Prospectus.
16. No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Auditors Report. For details, please see “**Financial Information of the Company**” beginning on page 129 of this Prospectus.



## **SECTION III – INTRODUCTION**

### **SUMMARY OF OUR INDUSTRY**

#### **Global Economic Outlook**

The last two months have been increasingly challenging for the global economy, the rapid decline in oil prices, quick adjustments in exchange rates (with the US dollar appreciating and weakening of most other currencies, notably the euro), and the new quantitative easing program of the ECB are just a few examples of the economic factors at play. In addition, there is increased geopolitical uncertainty related to the Russia-Ukraine and Middle East conflicts, as well as increased concern about the economic and political future of the Euro Area and European Union.

While the overall global real GDP growth average is projected to be 3.3 percent – remaining slightly below the 3.4 percent projected last November –, the global average reflects a combination of upsides and downsides. Downward revision are primarily due to a major GDP decline in Russia (from +0.8 to –3.5 percent) and moderate declines in the Euro Area (1.6 to 1.4 percent), Japan (1.1 to 0.6 percent), and Brazil (1.5 to 0.5 percent). Upward revisions include the United States (2.6 to 2.9 percent), Mexico (2.8 to 3.5 percent), and India (5.5 to 5.9 percent).

#### **US: MODERATELY POSITIVE**

- US is projected to grow at a modest 2.9 percent in 2015,
- Profitability may come under increased pressure as the business cycle matures and cost increases are imminent.
- America’s strength in technological progress needs to help accelerate productivity.

#### **EURO-AREA: CAUTIOUS SHORT-TERM OPTIMISM, BUT DOWNSIDE RISKS ACCUMULATE**

- Despite significant downside risks, the Euro Area is projected to grow at 1.4 percent in 2015,
- The substantial QE program implemented by the European Central Bank can have a positive effect on sentiment, but whether it will produce significant effects to boost the growth outlook is debated.
- Modest recovery in domestic consumption is a likely source of growth as labour markets improve.
- However, disinflation or even deflation could bring growth rates further.

#### **ASIA-PACIFIC: CHALLENGING IN CHINA; MOSTLY POSITIVE ELSEWHERE**

- Despite softening growth rates, the Asia-Pacific region remains the leader for global growth.
- Growth rates of China and India are converging to 5.5 percent growth on average from 2015–2019.
- Despite short-term headwinds from the global economy, Southeast Asia will continue to strengthen to become a global production hub.

#### **LATIN AMERICA: UPSIDE POTENTIAL**

- Economic conditions in Latin America are unlikely to improve rapidly in 2015, with regional growth at only 1.6 percent.
- Slowing prices for commodity and energy exports provide significant downside.
- Productivity growth should build on investment, improved business confidence, and a better educated labour force.

#### **AFRICA: POSITIVE, BUT UNCERTAIN**

- GDP growth in Africa in 2015 is projected at 4.4 percent.
- Nigeria will be the strongest performer at 6.7 percent growth in 2015, but it is heavily dependent on natural resources and vulnerable to global demand conditions.
- A positive growth outlook for Africa is strongly dependent on improved institutional performance and better governance.

**(Source: <https://www.conference-board.org/data/globaloutlook/>)**



### **Global Capital Goods & Engineering equipment Industry**

Over the past years, collective demand has prompted a dramatic increase in pressure vessel production numbers. Overall annual production (all vessel types) stood at approximately 5.5 million units in 2012, valued at \$1.1 billion. With increasing demand in 2013, the global market rose to 9.7 million units, worth \$2.3 billion. The rush in demand motivated a number of vessel fabricators to significantly expand their capacity — much of which became operational this year. By 2016, this analysis forecasts that production will approach 12.5 million pressure vessels and could grow to more than 20 million units by the end of the forecast . Over the entire 2014-2023 period, predicted production of pressure vessels represents about \$45 billion in potential sales, broken down regionally as follows:

- Europe 14%
- North America <1%
- Asia-Pacific 61%
- Latin & South America 12%
- Africa <1%
- Middle East 12%

(Source: <http://www.compositesworld.com/articles/pressure-vessels-for-alternative-fuels-2014-2023>)

### **Indian Capital Goods & Engineering Equipments Sector**

Machine tool industry is considered as mother industry for capital goods sector as it supplies machinery for the entire manufacturing sector. The industry constitutes almost 800 manufacturers, largely SMEs. Various types of machine tools currently manufactured in India include General/Special Purpose Machines, Standards CNC machines, Gear cutting, Grinding, Medium sized machines, EDM, Presses, Press Brakes, Pipe Bending, Rolling, Bending, Measuring, metrology and gauging, etc. The demand for machine tools has been growing at a fast pace (nearly 16% per annum) but the domestic supply is not sufficient to meet the same. Consequently, India is highly dependent upon imports of machine tools Process Plant Equipment There are over 200 units engaged in the manufacturer of process plant machinery in the country out of which 65% are SMEs. Major process plant machineries include tanks, pressure vessels, evaporators, stirrers, heat exchangers, towers & columns, crystallizer, furnace, etc. are used in energy sector, gas, oil, refinery, chemical & petrochemical, fertilizer, paper & pulp, sugar, cement, dairy industry, etc.

Over the years, Indian capital goods manufacturers have improved in terms of technology utilisation and quality control (though it is still lower in comparison to major competing countries). Several players in the industry possess state-of-the-art technology and have added significant capacities to increase the plant size at par with global companies. Further, the manufacturers have shifted focus from mere fabrication and are present across the value chain, from design and engineering at the back-end to erection and commissioning at the front end. However, the industry lacks the know-how on process technology, which has made it dependent on Overseas process Licensors.

The Indian Engineering sector has witnessed a remarkable growth over the last few years driven by increased investments in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors of the economy, is of strategic importance to India's economy. Growth in the sector is driven by various sub-sectors such as infrastructure, power, steel, automotives, oil and gas, Chemical Industry, Pharmaceutical Industry, and Fertilizers Industries etc.

The Indian government has appointed the Engineering Export Promotion Council (EEPC) to be the apex body in charge of promotion of engineering goods, products and services from India. India exports transport equipment, capital goods, other machinery/equipment and light engineering products such as castings, forgings and fasteners to various countries of the world.

(Source: [http://www.dsir.gov.in/reports/isr1/Capital%20Goods/5\\_3.pdf](http://www.dsir.gov.in/reports/isr1/Capital%20Goods/5_3.pdf))

### **Market size**

Driven by strong demand for engineering goods, exports from India registered a double digit growth at 10.22 per cent to touch US\$ 26.4 billion in June 2014 from US\$ 24.02 billion in the corresponding month last year. This growth can be credited to the robust expansion in shipments of aircraft, spacecraft parts and automobiles. The second best performing sector was non-ferrous metals and metal products.



Engineering exports from India are expected to cross US\$ 70 billion in FY 15 registering a growth of 15 per cent over the previous fiscal, as demand in key markets such as the US and the UAE is on the rise. Apart from these traditional markets, markets in Eastern and Central European countries such as Poland also hold huge promise.

India exports its engineering goods mostly to the US and Europe, which accounts for over 60 per cent of the total exports. Recently, India's engineering exports to Japan and South Korea have also increased with shipments to these two countries rising by 16 and 60 per cent respectively.

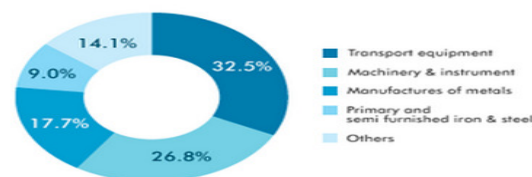
Latest update: March, 2015

**India's engineering exports**  
Indian engineering exports stood at US\$ 62.3 billion during FY14.



**Exports performance of principle commodities**

Transport equipment accounted for 32.5 per cent of the total engineering exports during FY13.



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

**Future Outlook**

The engineering sector is expected to grow in the future and has a positive outlook owing to infrastructure development, favourable government policies and new investments in power projects, metals, oil & gas, and petrochemicals industries. Further industrial and manufacturing growth will boost growth in the engineering sector.

As the export market offers more opportunities to explore, India's contribution in global engineering exports is expected to increase. Emerging trends like outsourcing of engineering services provide opportunities for growth. Engineering and design services such as new product designing, product improvement, maintenance and designing manufacturing systems are getting increasingly outsourced to Asian countries like India. It is estimated that by 2020 India can be a US\$ 40 bn market for engineering outsourcing services. In addition, Department of Commerce set a target of US\$ 125 bn for engineering exports in 2013-14. Thereafter, for the remaining three years of the 12th Five Year Plan, based on a CAGR of 20% for the major sectors of engineering exports except Industrial Machinery, Electrical Machinery and Shipbuilding, the overall export target for engineering exports at the end of the 12th Five Year Plan has been set at US\$ 222 bn. Thus, there are many opportunities for the Indian engineering sector.

(Source: - [https://www.dnb.co.in/SME\\_cluster\\_series2012\\_Nagpur/PDF/IndustryOverview.pdf](https://www.dnb.co.in/SME_cluster_series2012_Nagpur/PDF/IndustryOverview.pdf))





## **SUMMARY OF OUR BUSINESS**

*The following information should be read together with the information contained in the section titled “Risk factors”, “Industry Overview”, “Management’s discussion and analysis of financial condition and results of operation” and “Financial Information of the Company” on page 12, 75, 166 and 129 respectively of this Prospectus.*

Our Company was incorporated as Loyal Equipments Private Limited on April 20, 2007 under the provisions of Companies Act, 1956 in Registrar of Companies, Dadra and Nagar Haveli, Gujarat and establish the unit at Village Zak,, Dahegam, Gujarat for manufacturing and supplying of Coded Pressure Vessels & Heat Exchangers (Ferrous & Non Ferrous), Air Cooled Heat Exchangers, Skids for Dynamic and Static Machineries, Base-Plates, Sterilizers, Chimneys and Columns, Tanks & Receivers, Site Fabrication & Erection Activities.

Our Products are widely used in the industries like Petro-chemicals, Compressor Industries, Power Plants, Fertilizers, Refinery, Pharmaceuticals and Dairy Industry. We manufacture and design the products as per the needs of the customer, so that they can avail the products as per their specifications and customizations. We are an ISO 9001:2008 certified Company and our Quality Management Systems confirms to the standards laid down in the Industry.

We have enlisted with various governments undertaking and other parties such as Engineers India Limited and Gujarat State Petronet Ltd. as registered supplier for supply of Pressure Vessels and Heat Exchangers. Also our Company is a member of Heat Transfer Research Inc, the world’s premier source of technology information, services and software in field of process heat transfer

Further, Our Company is authorized under The American Society of Mechanical Engineers (ASME) for “U” and “U2” Stamp on Manufacture of pressure vessels and also authorized by The National Board of Boiler & Pressure Vessel Inspectors for “NB” Mark in Pressure Vessels and other pressure retaining items.

### **SALIENT FEATURES OF OUR PRODUCTS:**

- Produced from the toughest materials like steel, non ferrous materials.
- Compliance to customer Requirements
- Adherence to the Quality standards as required by monitoring agencies
- Timely Delivery
- Customization
- Consignment packaging as per specification of customer.

Our production facility is currently located in the state of Gujarat, India. Our manufactured products have presences across major states of India as well as outside India Our Major customers such as:-

- Engineers India Limited
- Dresser-Rand India Pvt. Ltd.-Ahmedabad
- Ingersoll Rand India Limited-Ahmedabad
- Kirloskar Pneumatic Co. Limited-Pune
- Larsen & Turbo Limited-Baroda
- Reliance Industries Limited-Mumbai / Jamnagar
- Alstom Projects India Limited-Baroda
- Linde Engineering (India) Limited – Baroda.
- Bharat Pumps & Compressors Limited-Naini, Allahabad
- Texas Southpiller Limited-USA



## **OUR COMPETITIVE STRENGTHS**

We believe that the following are our primary competitive strength:

### **1. Customized Product Offering:-**

Our Company offers customization facilities to the customers, so that they can avail the products as per their specifications. The companies which require the products as per their specification approach us. We design the products as per the specifications and requirements of the clients. This provides a complete satisfaction to our clients and enables us to expand our business from existing customers, as well as address a larger base of potential new customers.

### **2. Quality Assurance and Standards:-**

We believe in providing our customers the best possible quality products. We have developed quality policies of the Company to provide our client the best possible quality product. We adopt quality check to ensure the adherence to desired specifications, quality and standards. Since, our Company is dedicated towards quality products, processes and inputs; we get repetitive orders from our clients, as we are capable of meeting their quality standards.

### **3. Existing customer relationship:-**

We believe that we constantly try to address customer needs around a variety of products. Our existing customer relationships help us to get repeat business from our customers. This has helped us maintain a long term working relationship with our customers and improve our customer retention strategy. We believe that our existing relationship with our customers represents a competitive advantage in gaining new customers and increasing our business.

### **4. Existing relationship with suppliers:-**

We have acquired raw materials from several suppliers and have contacts with them for a long time. We believe that our strong relationships with suppliers will enable us to continue to grow our business. Due to our relationships with our suppliers, we get quality and timely supplies of raw materials. This enables us to manage our inventories and supply quality products on timely basis to our customers. This in turn has enabled us to generate repeat business.

## **OUR BUSINESS STRATEGY**

### **1. Meeting Customer requirements:**

Our Company intends is to provide the customer with 100% satisfaction. We clearly understand the requirement and specification of the products required by the clients. Based on these requirements and specification products are designed and developed, customization is done wherever required. The products are manufactured using good quality material procured from reliable sources so that the customers receive the products with the best possible quality standards within the stipulated time frame.

### **2. Adopting automation in production process:**

We possess sound manufacturing facility which is assisted by our production team. The manufacturing unit is outfitted with the requisite machines, tools and equipments. The production process are designed and carried out as per the industry standards.

### **3. To build-up a professional organization:-**

As an organization, we believe in transparency and commitment in our work and with our suppliers, customers, government authorities, banks, financial institutions etc. We have an experienced and technically sound team for taking care of our day to day operations. We also consult with external agencies on a case to case basis on technical and financial aspects of our business.



**4. Optimal Utilization of Resources:-**

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



**SUMMARY OF OUR FINANCIALS**

**ANNEXURE - I  
RESTATED STATEMENT OF ASSETS AND LIABILITIES**

(₹ in 000')

Particulars	As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>I. EQUITY AND LIABILITIES</b>					
<b>Shareholder's Funds</b>					
Share Capital	30000	25000	5000	5000	5000
Reserves and Surplus (excluding Revaluation Reserves, if any)	34172	17984	23405	11630	8636
<b>Share Application Money Pending Allotment</b>	-	-	-	-	-
<b>Non Current Liabilities</b>					
Long-term Borrowings	13217	16767	993	2014	1104
Deferred tax liabilities (Net)	1,937	80	186	-	322
Other Long Term Liabilities	-	-	-	-	-
Long-term Provisions	1849	1681	1543	1469	637
<b>Current Liabilities</b>					
Short-term Borrowings	19924	-	-	366	5597
Trade Payables	15061	29774	23618	15063	17386
Other Current Liabilities	5850	5657	1613	1334	1159
Short-term Provisions	1616	6612	6459	3914	2954
<b>Total</b>	<b>123627</b>	<b>103554</b>	<b>62817</b>	<b>40790</b>	<b>42795</b>
<b>II. Assets</b>					
<b>Non Current Assets</b>					
Fixed assets					
(i) Tangible Assets	51848	22489	19162	10905	10678
(ii) Intangible Assets	140	312	551	769	921
(iii) Capital Work-In-Progress	-	-	-	-	-
(iv) Intangible Assets Under Development	-	-	-	-	-
Non Current Investments	400	400	470	470	470
Deferred Tax Assets (Net)	-	-	-	73	-
Long-term Loans and Advances	-	-	-	-	-
<b>Current assets</b>					
Current Investments	-	-	-	-	-
Inventories	49209	41143	26133	14823	13036
Trade Receivables	14146	618	2347	5921	10550
Cash and Cash Equivalents	1106	6809	8824	6809	5721
Short-term Loans and Advances	6210	31246	4577	542	979
Other Current Assets	569	537	752	478	441
<b>Total</b>	<b>123,627</b>	<b>103,554</b>	<b>62,817</b>	<b>40,790</b>	<b>42,795</b>
Note:- The above statement should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure IV, II and III.					



**ANNEXURE – II**  
**RESTATED STATEMENT OF PROFIT AND LOSS**

(₹ in 000')

Particulars	For the Period/Year ended				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Revenue from Operations (Gross)	164258	105361	102617	89076	74648
Less: Excise Duty	15690	11497	11281	7911	6456
Net Revenue From Operation	148568	93864	91336	81165	68191
Other income	153	381	544	398	352
<b>Total Revenue</b>	<b>A 148721</b>	<b>94246</b>	<b>91880</b>	<b>81563</b>	<b>68544</b>
Expenses:					
Cost of Material Consumed	84818	57243	55958	50531	42878
Purchases of Stock in Trade	0	4120	0	0	0
Changes in inventories of finished goods, WIP and Stock-in-Trade	-8066	-15011	-11310	-1787	-2915
Employee benefits expense	19403	14483	12004	9670	7188
Finance costs	2621	449	182	299	262
Depreciation and amortization expense	9222	3084	2200	1857	1614
Other expenses	11497	14310	10866	12670	10082
<b>Total Expenses</b>	<b>B 119495</b>	<b>78679</b>	<b>69900</b>	<b>73240</b>	<b>59109</b>
Profit before exceptional and extraordinary items and tax (A-B)	<b>C 29226</b>	15567	21979	8323	9435
Exceptional/Prior Period item	0	0	0	0	0
Profit before extraordinary items and tax	29226	15567	21979	8323	9435
Extraordinary item	0	0	0	0	0
Profit Before Tax	29226	15567	21979	8323	9435
Provision for Tax					
- Current Tax	7601	5283	7040	2838	3113
- Deferred Tax Liability / (Asset)	1857	-106	259	-395	322
Short/(Excess) Tax adjustment of prior years	0	0	0	0	1323
<b>Restated profit after tax for the period from continuing operations</b>	<b>19769</b>	<b>10390</b>	<b>14681</b>	<b>5880</b>	<b>4677</b>
Profit/ (Loss) from Discontinuing operation	0	0	0	0	0
Tax expenses of discontinuing operations	0	0	0	0	0
<b>Restated profit for the period</b>	<b>19769</b>	<b>10390</b>	<b>14681</b>	<b>5880</b>	<b>4677</b>

Note: The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, and cash flows appearing in Annexure IV, I and III.



**ANNEXURE – III**  
**RESTATED CASH FLOW STATEMENT**

(₹ in 000')

Particulars	For the Period/Year ended				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net Profit before tax	29,226	15,567	21,979	8,323	9,435
Adjustment for :					
Interest on Fixed Deposit	109	333	445	350	304
Dividend Income	40	48	48	48	48
Depreciation	9,222	3,084	2,200	1,857	1,614
Provision of Gratuity	168	138	74	832	637
Interest on Borrowed Fund	2,147	449	182	299	262
Operating profit before working capital changes	40,614	18,856	23,942	10,913	11,596
Adjustment for :					
(Increase)/Decrease in Inventories	(8,066)	(15,011)	(11,310)	(1,787)	(2,915)
(Increase)/Decrease in Trade Receivables	(13,529)	1,730	3,574	4,629	(1,955)
(Increase)/Decrease in Short Term loans and advances	25,037	(26,669)	(4,036)	437	5,195
(Increase)/Decrease in Other Current Assets	(31)	216	(275)	(36)	(75)
Increase/(Decrease) in trade payables	(14,712)	6,156	8,556	(2,324)	(8,154)
Increase/(Decrease) in Short Term Borrowings	19,924	-	(366)	(5,231)	5,597
Increase/(Decrease) in other current liabilities	193	4,044	279	175	596
	<b>8,816</b>	<b>(29,535)</b>	<b>(3,578)</b>	<b>(4,136)</b>	<b>(1,710)</b>
<b>Cash generated from / (used in) operations</b>	<b>49,430</b>	<b>(10,679)</b>	<b>20,364</b>	<b>6,777</b>	<b>9,885</b>
Income Tax paid	(10,296)	(3,915)	(4,515)	(3,706)	(2,539)
Net cash generated from/(used in) operating activities - (A)	<b>39,134</b>	<b>(14,593)</b>	<b>15,849</b>	<b>3,071</b>	<b>7,346</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of tangible fixed assets	(38,479)	(10,292)	(10,239)	(1,933)	(2,314)
Sale (Purchase) of long-term investments	-	70	-	-	-
Interest Income on Fixed Deposit	109	333	445	350	304
Dividend Income	40	48	48	48	48
<b>Net cash (used in) Investing Activities - (B)</b>	<b>(38,330)</b>	<b>(9,840)</b>	<b>(9,746)</b>	<b>(1,535)</b>	<b>(1,962)</b>



<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of Share Capital	5,000	10,000	-	-	-
Repayment of Long Term borrowings	(3,549)	15,773	(1,020)	910	(55)
Interest on Borrowed Fund	(2,147)	(449)	(182)	(299)	(262)
Proposed Dividend Paid (Including Dividend Distribution Tax)	(5,811)	(2,906)	(2,886)	(1,057)	-
<b>Net cash(used in) / from financing activities - (C)</b>	<b>(6,508)</b>	<b>22,419</b>	<b>(4,088)</b>	<b>(447)</b>	<b>(316)</b>
Net Increase/(decrease) in Cash & Cash Equivalents (A+B+C)	(5,704)	(2,015)	2,015	1,088	5,068
Cash and cash equivalents at the beginning of the year	6,809	8,824	6,809	5,721	653
<b>Cash and cash equivalents at the end of the year</b>	<b>1,106</b>	<b>6,809</b>	<b>8,824</b>	<b>6,809</b>	<b>5,721</b>

**Notes:-**

(₹ in 000')

1. Components of cash and cash equivalents:					
<b>Particulars</b>	<b>31/03/2015</b>	<b>31/03/2014</b>	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
Cash on hand	384	564	377	90	130
Balances with scheduled banks:					
In current accounts	128	3828	3143	1759	670
in Deposits with Scheduled Bank	593	2417	5305	4960	4921
Total Cash and cash equivalents	1106	6809	8824	6809	5721
2. The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard -3 on Cash Flow Statement, specified under the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014).					
3. Figures in Brackets represents outflow.					
4. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses as appearing in Annexure IV, I and II.					



### THE ISSUE

<b>PRESENT ISSUE IN TERMS OF THIS PROSPECTUS</b>	
<b>Equity Shares Offered:</b> Public Issue of Equity Shares by our Company	18,00,000 Equity Shares of ₹ 10/- each for cash at a price of ₹18 /- per share aggregating ₹ 324.00 Lacs
<b>Issue Reserved for the Market Makers</b>	96,000 Equity Shares of ₹ 10/- each for cash at a price of ₹ 18 /- per share aggregating ₹ 17.28 Lacs
<b>Net Issue to the Public*</b>	17,04,000 Equity Shares of ₹ 10/- each for cash at a price of ₹ 18 /- per share aggregating ₹ 306.72 Lacs
	<b>of which</b>
	8,56,000 Equity Shares of ₹ 10/- each at a premium of ₹ 8/- per Equity Share will be available for allocation for allotment to Retail Individual Investors of up to ₹ 2.00 Lacs
	8,48,000 Equity Shares of ₹ 10/- each at a premium of ₹ 8 /- per Equity Share will be available for allocation for allotment to Other Investors of above ₹ 2.00 Lacs
<b>Equity Shares outstanding prior to the Issue</b>	50,00,000 Equity Shares of face value of ₹10 each
<b>Equity Shares outstanding after the Issue</b>	68,00,000 Equity Shares of face value of ₹10 each
<b>Objects of the Issue</b>	Please see the chapter titled “ <i>Objects of the Issue</i> ” on page 58 of this Prospectus

This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details please refer to “**Issue Structure**” on page 206 of this Prospectus.

\*As per Regulation 43(4) of the SEBI (ICDR) Regulations, as amended, the present issue is a fixed price issue ‘the allocation’ is the net offer to the public category shall be made as follows:

- a) Minimum fifty percent to retail individual investors; and
- b) Remaining to other than Retail Individual Investors.

The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

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





### GENERAL INFORMATION

Our Company was incorporated as Loyal Equipments Private Limited on April 20, 2007 under the provisions of Companies Act, 1956 with Registrar of Companies, Dadra and Nagar Haveli, Gujarat vide registration no. (CIN: U29190GJ2007PTC050607). Pursuant to Shareholders Resolution passed at the Extra Ordinary General Meeting held on May 02, 2015 our Company was converted into a Public Limited Company and the name of our Company was changed to “Loyal Equipments Limited” vide a fresh Certificate of Incorporation dated May 12, 2015, issued by the Registrar of Companies, Ahmedabad, Gujarat. The Corporate Identification Number of our Company is U29190GJ2007PLC050607.

#### Brief Company and Issue Information:

<b>Registered Office &amp; Factory</b>	Block No. 35/1-2-3-4, Village Zak, Dahegam, Gujarat-382330, India Tel No:+91-2718-247236, +91-2716-269399 Fax No.: +91-2716-269033
<b>Date of Incorporation</b>	April 20, 2007
<b>Corporate Identification No.</b>	U29190GJ2007PLC050607
<b>Address of Registrar of Companies</b>	Registrar of Companies, Ahmedabad, Gujarat. ROC Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013, Gujarat, India. Tel No: +91-079-27437597, Fax No:+91-079- 27438371
<b>Name of the Stock Exchange</b>	SME Platform of BSE Limited P.J. Tower, Dalal Street, Fort, Mumbai – 400001, Maharashtra, India
<b>Issue Programme</b>	Issue Opens on : July 03, 2015 Issue Closes on : July 07, 2015
<b>Company Secretary &amp; Compliance Officer</b>	<b>Ms. Komal Manoharlal Motiani</b> <b>Loyal Equipments Limited</b> Block No. 35/1-2-3-4, Village Zak, Dahegam, Gujarat-382330, India Tel No:+91-2718-247236, Fax No.: +91-2716-269033 E-mail: <a href="mailto:cs@loyalequipments.com">cs@loyalequipments.com</a> Website: <a href="http://www.loyalequipments.com">www.loyalequipments.com</a>

*Note: Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post- Issue related problems, such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders.*

*All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the SCSBs, giving full details such as name, address of applicant, application number, number of Equity Shares applied for, amount paid on application and designated branch or the collection centre of the SCSB where the ASBA Application Form was submitted by the ASBA Applicants.*

**For all issue related queries, and for Redressal of complaints, Applicants may also write to the Lead Manager. All complaints, queries or comments received by Stock Exchange / SEBI shall be forwarded to the Lead Manager, who shall respond to the same.**

**Board of Directors of Our Company:** The Board of Directors of our Company consists of:

<b>Name</b>	<b>Designation</b>	<b>Address</b>	<b>DIN</b>
Mr. Rameshchandra Nathalal Patel	Chairman cum Whole Time Director	6, Chitrakoot Bungalows, Nr. Surdhara Soc, Dahegamrd, Naroda, Ahmedabad-382330, Gujarat, India	01307699
Mrs. Jyotsanaben Rameshchandra Patel	Whole time Director	6, Chitrakoot Bungalows, Nr. Surdhara Soc, Dahegamrd, Naroda, Ahmedabad-382330, Gujarat, India	01307770
Mr. Alkesh Rameshchandra Patel	Managing Director	6, Chitrakoot Bungalows, Nr. Surdhara Soc, Dahegamrd, Naroda, Ahmedabad-382330, Gujarat, India	02672297
Mr. Babubhai Bhulabhai	Independent Director	51, Sudhara Bungalows, opp. T.V. Tower, Drive In	00116495



Patel		Road, Bodakdev, Ahmedabad – 380054 Gujarat.	
Mr. Girish Nathubhai Desai	Independent Director	1 Pushpa Deep, 23 Pushpakunj, Soc, Kankaria, Ahmedabad, 380028, Gujarat, India	02824731
Mr. Kalpesh Lalitchandra Joshi	Independent Director	B-103, Vasant Vihar tower, Daffnala, Shahibaug, Ahmedabad – 380004 Gujarat, India	07210197

For further details of the Directors of Our Company, please refer to the chapter titled “Our Management” on page 108 of this Prospectus.

**Details of Key Intermediaries pertaining to this Issue and Our Company:**

Lead Manager of the Issue	Legal Advisor to the Issue
<p><b>HEM SECURITIES LIMITED</b> 203, Jaipur Tower, M.I. Road, Jaipur, Rajasthan Tel: 91-0141-4051000 Fax – 91-141-5101757 <b>Website:</b> <a href="http://www.hemonline.com">www.hemonline.com</a> <b>Email:</b> <a href="mailto:ib@hemonline.com">ib@hemonline.com</a> <b>Investor Grievance Email:</b> <a href="mailto:redressal@hemonline.com">redressal@hemonline.com</a> <b>Contact Person:</b> Ms. Yashika Gianchandani / Ms. Reema Agarwal <b>SEBI Regn. No.</b> INM000010981</p>	<p><b>ZENITH INDIA LAWYERS</b> B-1242, Palam Vihar Gurgaon-122017 Haryana India <b>Tel:</b> + 91-11-26146792, +91-9899016169 <b>Email:</b> <a href="mailto:rajranibhalla@gmail.com">rajranibhalla@gmail.com</a> <b>Contact Person:</b> Mrs. Raj Rani Bhalla</p>
Registrar to the Issue	Bankers to the Company
<p><b>SHAREX DYNAMIC (INDIA) PVT. LTD</b> Unit-1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai – 400072, Maharashtra. <b>Tel. No.:</b> 91-22 – 28515606/44 <b>Fax No.:</b> 91-22 – 28512885 <b>Website:</b> <a href="http://www.Sharexindia.com">www.Sharexindia.com</a> <b>Investor Grievance Email:</b> <a href="mailto:investor@sharexindia.com">investor@sharexindia.com</a> <b>Email:</b> <a href="mailto:info@sharexindia.com">info@sharexindia.com</a> <b>Contact Person:</b> Mr. K C Ajitkumar <b>SEBI Regn. No.</b> INR000002102</p>	<p><b>Kotak Mahindra Bank Limited</b> <b>Address:</b> A 43- Shaktidhara Society, Bapu Nagar, Ahmedabad-380024, Gujarat, India <b>Tel. No:</b> +91-79-39139158-61 <b>Fax No.:</b> +91-79-39139157 <b>Email – id:</b> <a href="mailto:Ayan.mukherjee@kotak.com">Ayan.mukherjee@kotak.com</a> <b>Contact Person:</b> Mr. Ayan Mukherjee</p>
Statutory Auditors	Peer Review Auditor
<p><b>M/S. J.M. Patel &amp; Bros.,</b> <b>Chartered Accountants</b> 204-205-206, Harsh Avenue, Second Floor Navjivan Press Road off Ashram Road, Navijan Post, Ahmedabad-380014 Gujarat Tel No:+91-079-27541460, 27541560 <b>Email:</b> <a href="mailto:jmpatelca@yahoo.co.in">jmpatelca@yahoo.co.in</a> <b>Contact Person:</b> CA Jaswant Mannilal Patel</p>	<p><b>S. S. RATHI &amp; CO</b> <b>CHARTERED ACCOUNTANTS</b> 502, Shree Shiv dutta Apartment, Near Lalit Restaurant, Station Road, Goregaon (West), Mumbai-400062, Maharashtra, India. Tel. No.: +91 - 22 – 2879 7415 Fax No.: +91 - 22 - 2879 7415 Website: <a href="http://www.ssrca.com">www.ssrca.com</a> Email: <a href="mailto:ssrathica@gmail.com">ssrathica@gmail.com</a>, <a href="mailto:ravi@ssrca.com">ravi@ssrca.com</a> Contact Person: CA. Ravi K Jagetiya</p>
Bankers to the Issue {Escrow Collection Bank(s) & Refund Bank(s)}	
<p>Indusind Bank Limited PNA House, 4th Floor, Plot no. 57 &amp; 57/1, Road no. 17, Near SRL, MIDC, Andheri (E); Mumbai- 400 093 Tel: +91 (22) 61069248, Fax: +91 (22) 66238021 Website: <a href="http://www.indusind.com">www.indusind.com</a> E-mail: <a href="mailto:suresh.esaki@indusind.com">suresh.esaki@indusind.com</a> Contact Person: Mr. Suresh Esaki SEBI Registration No. - INBI00000002</p>	



### **Statement of Inter se allocation of responsibilities**

Since Hem Securities Limited is the sole Lead Manager to this Issue, a statement of inter se allocation responsibilities among Lead Manager's is not required.

### **Self Certified Syndicate Banks (“SCSBs”)**

The list of Designated Branches that have been notified by SEBI to act as SCSB for the ASBA process is provided on [www.sebi.gov.in/pmd/scsb.pdf](http://www.sebi.gov.in/pmd/scsb.pdf). For more information on the Designated Branches collecting ASBA Forms, see the above mentioned SEBI link.

### **Brokers to the Issue**

All members of the recognized stock exchanges would be eligible to act as Brokers to the Issue.

### **Credit Rating**

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

### **IPO Grading**

Since the issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009 there is no requirement of appointing an IPO Grading agency.

### **Debenture Trustees**

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

### **Monitoring Agency**

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the Issue size is below ₹ 50000.00 Lacs.

However, as per the Clause 52 of the SME Listing Agreement to be entered into with the Stock Exchange upon listing of the Equity Shares and the Corporate Governance Requirements, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

### **Expert**

Except for the reports in the section “*Financial Information of the Company*”, “*Statement of Financial Indebtedness*” and “*Statement of Tax Benefits*” on page 129 , 164 and page 67 of the Prospectus from the Peer Review Auditors and Statutory Auditor respectively, our Company has not obtained any expert opinions.

### **Appraising Entity**

No appraising entity has been appointed in respect of any objects of this Issue.

### **Underwriting**

The Company and the Lead Manager to the Issue hereby confirm that the Issue is 100% Underwritten. The Issue is 100% underwritten by the Lead Manager – Hem Securities Limited in the capacity of Underwriter to the issue.

Pursuant to the terms of the Underwriting Agreement dated June 12, 2015 entered into by us with Underwriter – Hem Securities Limited, the obligations of the Underwriter are subject to certain conditions specified therein. The Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the BSE. The Details of the Underwriting commitments are as under:



Details of the Underwriter	No. of shares underwritten	Amount Underwritten (₹ in Lacs)	% of the Total Issue Size Underwritten
<b>Hem Securities Limited</b> 203, Jaipur Tower, M.I. Road, Jaipur, Rajasthan Tel: 91-0141-4051000 Fax – 91-141-5101757 Web: <a href="http://www.hemonline.com">www.hemonline.com</a> Email: <a href="mailto:underwriter@hemonline.com">underwriter@hemonline.com</a> Contact Person: Mr. Anil Bhargava SEBI Regn. No. INM000010981	18,00,000* Equity Shares of ₹ 10/- being issued at ₹ 18/- each	324.00	100%

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

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

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

Our Company has entered into Market Making Agreement dated June 12, 2015 with the following Market Maker to fulfill the obligations of Market Making for this issue:

<b>Name</b>	Hem Securities Ltd.
<b>Correspondence Address:</b>	203, Jaipur Tower, M.I. Road, Jaipur – 302 001, Rajasthan, India
<b>Tel No.:</b>	+ 91 - 141 – 4051000
<b>Fax No.:</b>	+ 91 - 141 – 5101757
<b>E-mail:</b>	<a href="mailto:mm@hemonline.com">mm@hemonline.com</a>
<b>Website:</b>	<a href="http://www.hemonline.com">www.hemonline.com</a>
<b>Contact Person:</b>	Mr. Anil Bhargava
<b>SEBI Registration No.:</b>	INB011069953
<b>BSE Market Maker Registration No.:</b>	SMEMM0024801022013

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

#### **Following is a summary of the key details pertaining to the Market making arrangement:**

1. The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
2. The minimum depth of the quote shall be ₹ 1, 00,000. However, the investors with holdings of value less than ₹ 1,00,000 shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
3. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
4. There would not be more than five Market Makers for a scrip at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.



5. On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.
6. The Market Maker may also be present in the opening call auction, but there is no obligation on him to do so.
7. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
8. The Market Maker(s) shall have the right to terminate said arrangement by giving a three months notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s).

In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations, 2009. Further our Company and the Lead Manager reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five or as specified by the relevant laws and regulations applicable at that particulars point of time. The Market Making Agreement is available for inspection at our registered office from 11.00 a.m. to 5.00 p.m. on working days.

9. **Risk containment measures and monitoring for Market Makers:** BSE SME Exchange will have all margins, which are applicable on the BSE main board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.
10. **Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to ₹ 250 Crores, the applicable price bands for the first day shall be:
  - In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
  - In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.
  - Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading. The following spread will be applicable on the BSE SME Exchange/ Platform.

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

11. **Punitive Action in case of default by Market Makers:** BSE SME Exchange will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.



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

12. Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for market makers during market making process has been made applicable, based on the issue size and as follows:

<b>Issue Size</b>	<b>Buy quote exemption threshold (including mandatory initial inventory of 5% of the Issue Size)</b>	<b>Re-Entry threshold for buy quote (including mandatory initial inventory of 5% of the Issue Size)</b>
Up to ₹20 Crore	25%	24%
₹ 20 to ₹ 50 Crore	20%	19%
₹ 50 to ₹ 80 Crore	15%	14%
Above ₹ 80 Crore	12%	11%

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



### CAPITAL STRUCTURE

Set forth below are the details of the Equity Share Capital of our Company as on the date of this Prospectus.

(₹ in Lacs, except share data)

Sr. No.	Particulars	Aggregate Value at Face Value	Aggregate Value at Issue Price
A	<b>Authorized Share Capital</b> 80,00,000 Equity Shares having Face Value of ₹ 10/- each	800.00	-
B	<b>Issued, Subscribed &amp; Paid-up Share Capital prior to the Issue</b> 50,00,000 Equity Shares having Face Value of ₹ 10/- each	500.00	-
C	<b>Present Issue in terms of this Prospectus*</b> 18,00,000 Equity Shares having Face Value of ₹ 10/- each at a Premium of ₹ 8/- per share	180.00	324.00
	<b>Which Comprises</b>		
I.	<b>Reservation for Market Maker portion</b> 96,000 Equity Shares of ₹10/- each at a premium of ₹ 8/- per Equity Share	9.60	17.28
II.	<b>Net Issue to the Public</b> 17,04,000 Equity Shares of ₹10/- each at a premium of ₹ 8 /- per Equity Share	170.40	306.72
	<b>of which</b>		
	8,56,000 Equity Shares of ₹ 10/- each at a premium of ₹ 8 /- per Equity Share will be available for allocation for allotment to Retail Individual Investors of up to ₹ 2.00 Lacs	85.60	154.08
	8,48,000 Equity Shares of ₹ 10/- each at a premium of ₹ 8/- per Equity Share will be available for allocation for allotment to Other Investors of above ₹ 2.00 Lacs	84.80	152.64
D	<b>Paid up Equity capital after the Issue</b> 68,00,000 Equity Shares having Face Value of ₹10/- each	680.00	--
E	<b>Securities Premium Account</b> Before the Issue After the Issue		Nil 144.00

\*The present Issue of 18,00,000 Equity Shares in terms of Prospectus has been authorized pursuant to a resolution of our Board of Directors dated May 15, 2015 and by special resolution passed under Section 62(1) (c) of the Companies Act, 2013 at the Extra Ordinary General Meeting of the members held on May 19, 2015.

**Classes of Shares:** Our Company has only one class of share capital i.e. Equity Shares of ₹ 10/- each only.

#### Notes to Capital Structure

##### 1. Details of Increase/Changes in Authorized Share Capital of our Company:

Date of Meeting	Changes in Authorized Share Capital
Incorporation	Authorised Capital with ₹ 1,00,000/- divided into in 10,000 Equity Shares of ₹10/- each.
23-Nov-2010	Increase in the authorized share capital of the Company from ₹ 1,00,000/- divided into 10,000 Equity Shares of ₹ 10/- each to ₹ 50,00,000/- divided into 5,00,000 Equity Shares of ₹ 10/- each.
16-Nov-2013	Increase in the authorized share capital of the Company from ₹ 50,00,000/- divided into 5,00,000 Equity Shares of ₹ 10/- each to ₹ 3,00,00,000/- divided into 30,00,000 Equity Shares of ₹ 10/- each.
28-Apr-2015	Increase in the authorized share capital of the Company from ₹ 3,00,00,000/- divided into 30,00,000 Equity Shares of ₹ 10/- each to ₹ 8,00,00,000/- divided into 80,00,000 Equity Shares of ₹ 10/- each.



## 2. Equity Share Capital History of our Company:

Date of Allotment / Date of Fully Paid Up	No. of Equity Shares allotted	Cumulative No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Cumulative Securities Premium Account (₹)	Cumulative Paid-up Capital (₹)	Consideration	Nature of Issue and Category of Allottees
Upon Incorporation	10000	10,000	10	10	NIL	1,00,000	Cash	Subscription to MOA <sup>(i)</sup>
20-Jan-2011	4,90,000	5,00,000	10	-	NIL	50,00,000	Bonus Issue in the ratio of 49:1*	Bonus Issue <sup>(ii)</sup>
16-Nov-2013	10,00,000	15,00,000	10	-	NIL	15,00,000	Bonus Issue in the ratio of 2:1**	Bonus Issue <sup>(iii)</sup>
19-Dec-2013	5,00,000	20,00,000	10	10	NIL	20,00,000	Cash	Further Allotment <sup>(iv)</sup>
10-Mar-2014	5,00,000	25,00,000	10	10	NIL	25,00,000	Cash	Further Allotment <sup>(v)</sup>
05-Jan-2015	5,00,000	30,00,000	10	10	NIL	30,00,000	Right issue in the ratio of 1:5***	Right Issue <sup>(vi)</sup>
28-Apr-2015	20,00,000	50,00,000	10	-	NIL	50,00,000	Bonus Issue in the ratio of 2:3****	Bonus Issue <sup>(vii)</sup>

\* Bonus issue of 4,90,000 shares in ratio of (49:1) dated January 20, 2011 has been issued by Capitalization of Reserve & Surplus of the Company.

\*\* Bonus issue of 10,00,000 shares in ratio of (2:1) dated November 16, 2013 has been issued by Capitalization of Reserve & Surplus of the Company.

\*\*\* Right issue of 5,00,000 shares in ratio of (1:5) dated January 05, 2015

\*\*\*\* Bonus issue of 20,00,000 shares in ration of (2:3) dated April 28, 2015 has been issued by Capitalization of Reserve & Surplus of the Company.

### Notes:

#### (i) The Subscribers to the Memorandum of Association of Our Company were

Name	No. of Equity Shares
Mrs. Jyotsanaben Rameshchandra Patel	6000
Mr. Rameshchandra Nathalal Patel	2000
Mr. Alkesh Rameshchandra Patel	2000
<b>TOTAL</b>	<b>10000</b>

#### (ii) Bonus issue of 4,90,000 Equity Shares in ratio of 49:1 (49 Bonus shares for every 1 shares held) to

Name	No. of Equity Shares
Mrs. Jyotsanaben Rameshchandra Patel	294000
Mr. Rameshchandra Nathalal Patel	98000
Mr. Alkesh Rameshchandra Patel	98000
<b>TOTAL</b>	<b>490000</b>

Note: No Part of Bonus shares have been allotted out of Revaluation Reserve





**(iii) Bonus issue of 10,00,000 Equity Shares in ratio of 2:1 (2 Bonus shares for every 1 shares held) to**

<b>Name</b>	<b>No. of Equity Shares</b>
Mrs. Jyotsanaben Rameshchandra Patel	600000
Mr. Rameshchandra Nathalal Patel	200000
Mr. Alkesh Rameshchandra Patel	200000
<b>TOTAL</b>	<b>1000000</b>

*Note: No Part of Bonus shares have been allotted out of Revaluation Reserve*

**(iv) Further allotment of 5,00,000 Equity Shares to**

<b>Name</b>	<b>No. of Equity Shares</b>
Mrs. Jyotsanaben Rameshchandra Patel	100000
Mr. Rameshchandra Nathalal Patel	200000
Mr. Alkesh Rameshchandra Patel	200000
<b>TOTAL</b>	<b>500000</b>

**(v) Further allotment of 5,00,000 Equity shares to**

<b>Name</b>	<b>No. of Equity Shares</b>
Mrs. Jyotsanaben Rameshchandra Patel	100000
Mr. Rameshchandra Nathalal Patel	200000
Mr. Alkesh Rameshchandra Patel	200000
<b>TOTAL</b>	<b>500000</b>

**(vi) Right Issue of 5,00,000 Equity Shares in ratio of 1:5 to**

<b>Name</b>	<b>No. of Equity Shares</b>
Mrs. Jyotsanaben Rameshchandra Patel	220000
Mr. Rameshchandra Nathalal Patel	140000
Mr. Alkesh Rameshchandra Patel	140000
<b>TOTAL</b>	<b>500000</b>

**(vii) Bonus issue of 20,00,000 Equity Shares in ratio of 2:3 (2 Bonus shares for every 3 shares held) to**

<b>Name</b>	<b>No. of Equity Shares</b>
Mrs. Jyotsanaben Rameshchandra Patel	880000
Mr. Rameshchandra Nathalal Patel	560000
Mr. Alkesh Rameshchandra Patel	560000
<b>TOTAL</b>	<b>2000000</b>

*Note: No Part of Bonus shares have been allotted out of Revaluation Reserve*

**3. Details of Allotment made in the last two (2) years preceding the date of the Prospectus:**

Except for the allotment of Bonus shares as mentioned in point no (iii) & (vii) which were issued out of Reserve & Surplus of the Company for consideration other than cash and further allotment as mentioned above in point no. (iv), (v) & (vi) which were issued for cash, no equity shares has been issued in last 2 years.

**4. Details of Equity Shares issued for consideration other than cash:**

As on date, our Company has not issued any Equity Shares for consideration other than cash as mentioned above in sub point no (ii), (iii) & (vii) of note no. 2 above.



Date	No's of shares allotted	Face Value (Rs)	Issue Price (Rs)	Reasons	Benefit Accrued
20-Jan-11	4,90,000 <sup>1</sup>	10 <sup>2</sup>	NIL	Bonus Issue (49:1)	Expansion of Capital
16-Nov-13	10,00,000 <sup>1</sup>	10 <sup>2</sup>	NIL	Bonus Issue (2:1)	Expansion of Capital
28-Apr-15	20,00,000 <sup>1</sup>	10 <sup>2</sup>	NIL	Bonus Issue (2:3)	Expansion of Capital

<sup>1</sup>For details of persons to whom the aforementioned bonus shares have been allotted, please refer point no. 2(ii), (iii) & (vii) of **Capital structure at page no. 45** of this Prospectus.

<sup>2</sup>Above allotment of shares have been made out of free reserves available for distribution to shareholders and no part of revaluation reserve has been utilized for the purpose.

##### 5. Capital Build up in respect of shareholding of Our Promoters:

Date of Allotment /Transfer of Fully Paid-up Shares	Consideration	Nature of Issue	No of Equity Shares*	Face Value	Issue Price/Acquisition Price/Transfer Prices	Cumulative no. of Equity shares	% Pre-Issue paid up capital	% Post issue paid up capital	Source of fund
<b>Mrs. Jyotsanaben Rameshchandra Patel</b>									
Upon Incorporation	Cash	Subscriber to the MOA	6000	10	10	6000	0.12	0.09	Own Fund
20-Jan-11	-	Bonus Issue	294000	10	-	300000	6.00	4.41	-
16-Nov-13	-	Bonus Issue	600000	10	-	900000	18.00	13.24	-
19-Dec-13	Cash	Allotment	100000	10	10	1000000	20.00	14.71	Own Fund
10-Mar-14	Cash	Allotment	100000	10	10	1100000	22.00	16.18	Own Fund
05-Jan-15	Cash	Right Issue	220000	10	10	1320000	26.40	19.41	Own Fund
28-Apr-15	-	Bonus Issue	880000	10	-	2200000	44.00	32.35	-
<b>Mr. Rameshchandra Nathalal Patel</b>									
Upon Incorporation	Cash	Subscriber to the MOA	2000	10	10	2000	0.04	0.03	Own Fund
20-Jan-11	-	Bonus Issue	98000	10	-	100000	2.00	1.47	-
16-Nov-13	-	Bonus Issue	200000	10	-	300000	6.00	4.41	-
19-Dec-13	Cash	Allotment	200000	10	10	500000	10.00	7.35	Own Fund
10-Mar-14	Cash	Allotment	200000	10	10	700000	14.00	10.29	Own Fund
05-Jan-15	Cash	Right Issue	140000	10	10	840000	16.80	12.35	Own Fund
28-Apr-15	-	Bonus Issue	560000	10	-	1400000	28.00	20.59	-
<b>Mr. Alkesh Rameshchandra Patel</b>									
Upon Incorporation	Cash	Subscriber to the MOA	2000	10	10	2000	0.04	0.03	Own Fund
20-Jan-11	-	Bonus Issue	98000	10	-	100000	2.00	1.47	-
16-Nov-13	-	Bonus Issue	200000	10	-	300000	6.00	4.41	-



19-Dec-13	Cash	Allotment	200000	10	10	500000	10.00	7.35	Own Fund
10-Mar-14	Cash	Allotment	200000	10	10	700000	14.00	10.29	Own Fund
05-Jan-15	Cash	Right Issue	140000	10	10	840000	16.80	12.35	Own Fund
28-Apr-15	-	Bonus Issue	560000	10	-	1400000	28.00	20.59	-
30-Apr-15	Cash	Transfer	(40)	10	10	1399960	27.99	20.59	-

\*None of the shares has been pledged by our Promoters

**6. Details of the Pre and Post Issue Shareholding of our Promoters and Promoter Group and Others is as below:**

S.No	Names	Pre IPO		Post IPO	
		Shares Held	% Shares Held	Shares Held	% Shares Held
<b>Promoters</b>					
1	Mrs. Jyotsanaben Rameshchandra Patel	2200000	44.00	2200000	32.35
2	Mr. Rameshchandra Nathalal Patel	1400000	28.00	1400000	20.59
3	Mr. Alkesh Rameshchandra Patel	1399960	27.99	1399960	20.59
<b>TOTAL (A)</b>		<b>4999960</b>	<b>99.99</b>	<b>4999960</b>	<b>73.53</b>
<b>Promoter Group</b>					
4	Mrs. Hemaben Mahesh Kumar Patel	10	0.00	10	0.00
5	Mrs. Parulben Alkeshkumar Patel	10	0.00	10	0.00
6	Mr. Kalpesh Hasmukhbhai Patel	10	0.00	10	0.00
<b>TOTAL (B)</b>		<b>30</b>	<b>0.00</b>	<b>30</b>	<b>0.00</b>
<b>Others</b>					
7	Amitkumar Chandubhai Patel	10	0.00	10	0.00
<b>TOTAL (C)</b>		<b>10</b>	<b>0.01</b>	<b>10</b>	<b>0.01</b>
<b>GRAND TOTAL (A+B+C)</b>		<b>5000000</b>	<b>100.00</b>	<b>5000000</b>	<b>73.54</b>

**7. The following shares held by Promoters are locked-in as Promoter's Contribution:**

Date of Allotment of Fully Paid-up Shares	Consideration	Nature of Issue/ Acquisition	No of Equity Shares	Face Value	Issue Price/Acquisition Price/ Transfer Prices	% Pre-Issue paid up capital	% Post issue paid up capital
<b>Mrs. Jyotsanaben Rameshchandra Patel</b>							
Upon Incorporation	Cash	Subscriber to the MOA	6000	10	10	0.12	0.09
20-Jan-11	-	Bonus Issue	294000	--	--	5.88	4.32
16-Nov-13	-	Bonus Issue	600000	--	--	12.00	8.82
19-Dec-13	Cash	Allotment	100000	10	10	2.00	1.47
<b>Mr. Rameshchandra Nathalal Patel</b>							
19-Dec-13	Cash	Allotment	200000	10	10	4.00	2.94
10-Mar-14	Cash	Allotment	200000	10	10	4.00	2.94
<b>TOTAL</b>			<b>14,00,000</b>			<b>28.00</b>	<b>20.58</b>



All Equity Shares, which are being locked in are not ineligible for computation of Minimum Promoters Contribution as per Regulation 33 of the SEBI ICDR Regulations and are being locked in for 3 years as per Regulation 36(a) of the SEBI ICDR Regulations i.e. for a period of three years from the date of allotment of Equity Shares in this issue.

No Equity Shares proposed to be locked-in as Minimum Promoters Contribution have been issued out of revaluation reserve or for consideration other than cash and revaluation of assets or capitalization of intangible assets, involved in such transactions.

The entire pre-issue shareholding of the Promoters, other than the Minimum Promoters contribution which is locked in for three years, shall be locked in for a period of one year from the date of allotment in this Issue.

Our Promoters, Mrs. Jyotsanaben Rameshchandra Patel and Mr. Rameshchandra Nathalal Patel have, by a written undertaking, consented to have 10,00,000 and 4,00,000 Equity Shares held by them respectively to be locked in as Minimum Promoters Contribution for a period of three years from the date of allotment in this Issue and will not be disposed / sold / transferred by the promoters during the period starting from the date of filing the Prospectus with SME Platform of BSE till the date of commencement of lock-in period as stated in the Prospectus. The Equity Shares under the Promoters contribution will constitute 20.58% of our post-issue paid up share capital.

Our Promoters have also consented that the Promoters contribution under Regulation 32 of the SEBI ICDR Regulations will not be less than 20% of the post issue paid up capital of our Company.

**Eligibility of Share for “Minimum Promoters Contribution in terms of clauses of Regulation 33 (1) of SEBI (ICDR) Regulations, 2009**

<b>Reg. No.</b>	<b>Promoters’ Minimum Contribution Conditions</b>	<b>Eligibility Status of Equity Shares forming part of Promoter’s Contribution</b>
33(1) (a) (i)	Specified securities acquired during the preceding three years, if they are acquired for consideration other than cash and revaluation of assets or capitalisation of intangible assets is involved in such transaction	Eligible
33 (1) (a) (ii)	Specified securities acquired during the preceding three years, resulting from a bonus issue by utilization of revaluation reserves or unrealized profits of the issuer or from bonus issue against Equity Shares which are ineligible for minimum promoters’ contribution	Eligible
33 (1) (b)	Specified securities acquired by promoters during the preceding one year at a price lower than the price at which specified securities are being offered to public in the initial public offer	Eligible
33 (1) (c)	Specified securities allotted to promoters during the preceding one year at a price less than the issue price, against funds brought in by them during that period, in case of an issuer formed by conversion of one or more partnership firms, where the partners of the erstwhile partnership firms are the promoters of the issuer and there is no change in the management: Provided that specified securities, allotted to promoters against capital existing in such firms for a period of more than one year on a continuous basis, shall be eligible	Eligible
33 (1) (d)	Specified securities pledged with any creditor.	Eligible

**Details of Share Capital Locked In For One Year**

In terms of Regulation 36(b) and 37 of the SEBI ICDR Regulations, in addition to the Minimum Promoters contribution which is locked in for three years, as specified above, the entire pre-issue equity share capital constituting 36,00,000 Equity Shares shall be locked in for a period of one year from the date of allotment of Equity Shares in this Issue.



The Equity Shares which are subject to lock-in shall carry inscription ‘**non-transferable**’ along with the duration of specified non-transferable period mentioned in the face of the security certificate. The shares which are in dematerialized form, if any, shall be locked-in by the respective depositories. The details of lock-in of the Equity Shares shall also be provided to the Designated Stock Exchange before the listing of the Equity Shares.

**Other requirements in respect of lock-in:**

- a) In terms of Regulation 39 of the SEBI ICDR Regulations, the locked in Equity Shares held by the Promoters, as specified above, can be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution provided that the pledge of Equity Shares is one of the terms of the sanction of the loan. Provided that securities locked in as minimum promoter contribution may be pledged only if, in addition to fulfilling the above requirements, the loan has been granted by such bank or institution, for the purpose of financing one or more of the objects of the Issue.
- b) In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked in as per Regulation 36 or 37 of the SEBI ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.
- c) Further in terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by the Promoters may be transferred to and amongst the Promoter Group or to new promoters or persons in control of the Issuer subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.

**8. Our Shareholding Pattern**

The table below presents the current shareholding pattern of our Company as per clause 37 of the SME Equity Listing Agreement.

Category code	Category of shareholder	No. of shareholders	Total no. of shares Pre Issue	% of Total	Number of shares held in dematerialized form	Pre Issue shareholding as a % of total number of shares		Post Issue shareholding as a % of total number of shares			Shares Pledged or otherwise encumbered	
						As a % of (A+B)	As a % of (A+B+C)	Total no. of shares Post Issue	As a % of (A+B)	As a % of (A+B+C)	Number of Shares	As a % of Share holding
(A)	<b>Promoter and Promoter Group</b>											
(1)	Indian											
(a)	Individuals/ Hindu Undivided Family	6	49,99,990	99.99	49,99,990	99.99	99.99	49,99,990	73.53	73.53	Nil	Nil
(b)	Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil



Category code	Category of shareholder	No. of shareholders	Total no. of shares Pre Issue	% of Total	Number of shares held in dematerialized form	Pre Issue shareholding as a % of total number of shares		Post Issue shareholding as a % of total number of shares			Shares Pledged or otherwise encumbered	
						As a % of (A+B)	As a % of (A+B+C)	Total no. of shares Post Issue	As a % of (A+B)	As a % of (A+B+C)	Number of Shares	As a % of Share holding
	<b>Sub-Total (A)(1)</b>	<b>6</b>	<b>49,99,990</b>	<b>99.99</b>	<b>49,99,990</b>	<b>99.99</b>	<b>99.99</b>	<b>49,99,990</b>	<b>73.53</b>	<b>73.53</b>	<b>Nil</b>	<b>Nil</b>
(2)	Foreign											
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total (A) (2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>Total Shareholding of Promoters and Promoter group (A)= A(1)+(A)(2)</b>	<b>6</b>	<b>49,99,990</b>	<b>99.99</b>	<b>49,99,990</b>	<b>99.99</b>	<b>99.99</b>	<b>49,99,990</b>	<b>73.53</b>	<b>73.53</b>	<b>Nil</b>	<b>Nil</b>
<b>(B)</b>	<b>Public shareholding</b>											
(1)	Institutions											
(a)	Mutual Funds/UTI	Nil	Nil	Nil	Nil	Nil	Nil	18,00,010	26.47	26.47	Nil	Nil
(b)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil	Nil				Nil	Nil
(c)	Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil				Nil	Nil
(d)	VentureCapital Funds	Nil	Nil	Nil	Nil	Nil	Nil				Nil	Nil
(e)	Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil				Nil	Nil
(f)	Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil	Nil				Nil	Nil
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil				Nil	Nil
(h)	Nominated investors	Nil	Nil	Nil	Nil	Nil	Nil				Nil	Nil
(i)	Market Makers	Nil	Nil	Nil	Nil	Nil	Nil				Nil	Nil



Category code	Category of shareholder	No. of shareholders	Total no. of shares Pre Issue	% of Total	Number of shares held in dematerialized form	Pre Issue shareholding as a % of total number of shares		Post Issue shareholding as a % of total number of shares			Shares Pledged or otherwise encumbered	
						As a % of (A+B)	As a % of (A+B+C)	Total no. of shares Post Issue	As a % of (A+B)	As a % of (A+B+C)	Number of Shares	As a % of Share holding
(h)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil				Nil	Nil
	<b>Sub-Total (B) (1)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>				<b>Nil</b>	<b>Nil</b>
<b>(2)</b>	<b>Non- institutions</b>											
(a)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil				Nil	Nil
(b)	Individuals - Individual shareholders holding Nominal share capital up to Rs. 1 lakh.	1	10	0.01	10	0.01	0.01				Nil	Nil
	Individual shareholders holding Nominal share capital in excess of Rs. 1 lakh.	...	...	...	...	...	...				...	...
(c)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil				Nil	Nil
	<b>Sub-Total (B) (2)</b>	<b>1</b>	<b>10</b>	<b>0.01</b>	<b>10</b>	<b>0.01</b>	<b>0.01</b>	<b>18,00,010</b>	<b>26.47</b>	<b>26.47</b>	<b>Nil</b>	<b>Nil</b>
	<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	<b>1</b>	<b>10</b>	<b>0.01</b>	<b>10</b>	<b>0.01</b>	<b>0.01</b>	<b>18,00,010</b>	<b>26.47</b>	<b>26.47</b>	<b>Nil</b>	<b>Nil</b>
	<b>TOTAL (A) +( B)</b>	<b>7</b>	<b>50,00,000</b>	<b>100.00</b>	<b>50,00,000</b>	<b>100.00</b>	<b>100.00</b>	<b>68,00,000</b>	<b>100.00</b>	<b>100.00</b>	<b>Nil</b>	<b>Nil</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>											
(a)	Promoters and Promoter Group	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>7</b>	<b>50,00,000</b>	<b>100.00</b>	<b>50,00,000</b>	<b>100.00</b>	<b>100.00</b>	<b>68,00,000</b>	<b>100.00</b>	<b>100.00</b>	<b>Nil</b>	<b>Nil</b>

We have received ISIN INE876S01017 from CDSL and NSDL.

### 9. The Top Ten Shareholders of our Company and their Shareholding is set forth below:-

As on the date of the Prospectus, our Company has 7 (Seven) shareholders.

- a) Our top ten shareholders as on the date of filing of this Prospectus and 10 days prior filing of this Prospectus are as follows:



S. No.	Names	Shares Held (Face Value of Rs. 10 each)	% shares held
1	Mrs. Jyotsanaben Rameshchandra Patel	2200000	44.00
2	Mr. Rameshchandra Nathalal Patel	1400000	28.00
3	Mr. Alkesh Rameshchandra Patel	1399960	27.99
4	Mrs. Hemaben Mahesh Kumar Patel	10	0.00
5	Mrs. Parulben Alkeshkumar Patel	10	0.00
6	Mr. Kalpesh Hasmukhbhai Patel	10	0.00
7	Amitkumar Chandubhai Patel	10	0.01

b) Details of top ten shareholders of our Company as on two years prior to the date of filing of this Prospectus are as follows:

S. No.	Names	Shares Held (Face Value of Rs. 10/- each)*	% shares held**
1	Mrs. Jyotsanaben Rameshchandra Patel	300000	60.00
2	Mr. Rameshchandra Nathalal Patel	100000	40.00
3	Mr. Alkesh Rameshchandra Patel	100000	40.00

\* Details of shares held on 15.06.2015

\*\* % held has been calculated based on the pre Issue paid up capital of our Company.

10. As on the date of Prospectus, the public shareholders holding more than 1% of the pre-Issue share capital of our Company is Nil.

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

S. No.	Name of Shareholder	Promoter/Promoter Group/Director	Number of Equity Shares Subscribed to/ Acquired	Number of Equity Shares sold	Subscribed/Acquired/Transferred
1	Mrs. Jyotsanaben Rameshchandra Patel	Promoter cum Director	600000	-	Allotted (Bonus)
			100000	-	Acquired
			100000	-	Acquired
			220000	-	Acquired
			880000	-	Allotted (Bonus)
2	Mr. Rameshchandra Nathalal Patel	Promoter cum Director	200000	-	Allotted (Bonus)
			200000	-	Acquired
			200000	-	Acquired
			140000	-	Acquired
			560000	-	Allotted (Bonus)
3	Mr. Alkesh Rameshchandra Patel	Promoter cum Managing Director	200000	-	Allotted (Bonus)
			200000	-	Acquired
			200000	-	Acquired
			140000	-	Acquired
			560000	-	Allotted (Bonus)
			-	40	Transferred

12. Except as provided below, there are no Equity Shares purchased/acquired or sold by our Promoters, Promoter Group and/or by our Directors and their immediate relatives within six months immediately preceding the date of filing of Prospectus are.





S. No.	Name of Shareholder	Promoter/Promoter Group/Director	Number of Equity Shares Subscribed to/Acquired/Sold	Nature of Transaction	Price at which Shares are Subscribed/Acquired/Sold (Rs)
1	Mrs. Jyotsanaben Rameshchandra Patel	Promoter cum Director	220000	Acquired	10.00
			880000	Allotted as Bonus in the ratio of 2:3	--
2	Mr. Rameshchandra Nathalal Patel	Promoter cum Director	140000	Acquired	10.00
			560000	Allotted as Bonus in the ratio of 2:3	--
3	Mr. Alkesh Rameshchandra Patel	Promoter cum Managing Director	140000	Acquired	10.00
			560000	Allotted as Bonus in the ratio of 2:3	--
			40	Transferred	10.00
4	Mrs. Hemaben Mahesh Kumar Patel	Promoter Group member	10	Purchased	10.00
5	Mrs. Parulben Alkesh kumar Patel	Promoter Group member	10	Purchased	10.00
6	Mr. Kalpesh Hasmukhbhai Patel	Promoter Group member	10	Purchased	10.00

13. Detail of Equity Shares issued by our Company at a price lower than the Issue price during the preceding one year from the date of this Prospectus.

Date of Issue	No. of Equity shares Issued	Face Value (in Rs. )	Issue Price (in ₹ )	Consideration	To whom allotted
5-Jan-2015	5,00,000	10	10*	Cash	Mrs. Jyotsanaben Rameshchandra Patel
					Mr. Rameshchandra Nathalal Patel
					Mr. Alkesh Rameshchandra Patel
28-Apr-2015	20,00,000	10	Allotted as Bonus in the ratio of 2:3	Bonus	Mrs. Jyotsanaben Rameshchandra Patel
					Mr. Rameshchandra Nathalal Patel
					Mr. Alkesh Rameshchandra Patel

\*The issue price has been ₹ 10/- being the Face value of the shares of the Company.

14. None of our Promoters, Promoter Group, Directors and their relatives has entered into any financing arrangement or financed the purchase of the Equity Shares of our Company by any other person during the period of six months immediately preceding the date of filing of Prospectus.
15. As on the date of filing of this Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments which would entitle Promoters or any shareholders or any other person any option to acquire our Equity Shares after this Initial Public Offer.
16. As on the date of this Prospectus, the Issued Share Capital of our Company is fully paid up.
17. Our Company has not raised any bridge loan against the proceeds of the Issue.
18. Since the entire issue price per share is being called up on application, all the successful applicants will be allotted fully paid-up shares.



19. As on the date of this Prospectus, none of the shares held by our Promoters / Promoters Group are subject to any pledge.
20. Neither, we nor our Promoters, Directors and the LM to this Issue have entered into any buyback and / or standby arrangements and / or similar arrangements for the purchase of our Equity Shares from any person.
21. The LM and their associates do not hold any Equity Shares in our Company as on the date of filing of Prospectus.
22. We here by confirm that there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of the Prospectus until the Equity Shares offered have been listed or application moneys refunded on account of failure of Issue.
23. Our Company does not presently intend or propose to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. This is except if we enter into acquisition or joint ventures or make investments, in which case we may consider raising additional capital to fund such activity or use Equity Shares as a currency for acquisition or participation in such joint ventures or investments.
24. None of our Equity Shares have been issued out of revaluation reserve created out of revaluation of assets.
25. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to 3 year lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
26. Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the LM and Designated Stock Exchange i.e. BSE. Such inter-se spill over, if any, would be affected in accordance with applicable laws, rules, regulations and guidelines.
27. In case of over-subscription in all categories the allocation in the issue shall be as per the requirements of Regulation 43 (4) of SEBI (ICDR) Regulations, 2009 and its amendments from time to time.
28. At any given point of time there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
29. Our Company shall comply with such disclosure and accounting norms as may be specified by BSE, SEBI and other regulatory authorities from time to time.
30. As on the date of this Prospectus, we do not have any Employees Stock Option Scheme / Employees Stock Purchase Scheme.
31. We have Seven Shareholders as on the date of filing of the Prospectus.
32. Till date our Company has not made any allotted of Equity Shares pursuant to any scheme approved under section 391-394 of the Companies Act, 1956.
33. Our Promoters and Promoter Group will not participate in this Issue.
34. This Issue is being made through Fixed Price method.
35. Except as stated in this Prospectus, our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.



36. No person connected with the Issue shall offer any incentive, whether direct or indirect, in the nature of discount, commission, and allowance, or otherwise, whether in cash, kind, services or otherwise, to any Applicant.
37. There are no safety net arrangements for this public issue.
38. We shall ensure that transactions in Equity Shares by the Promoters and members of the Promoter Group, if any, between the date of registering this Prospectus with the RoC and the Issue Closing Date are reported to the Stock Exchanges within 24 hours of such transactions being completed.



### OBJECTS OF THE ISSUE

The Issue includes a fresh Issue of 18,00,000 Equity Shares of our Company at an Issue Price of ₹18/- per Equity Share. We intend to utilize the proceeds of the Issue to meet the following objects:

1. To meet Working Capital Requirement
2. To Meet the Issue Expenses

(Collectively referred as the “objects”)

We believe that listing will enhance our corporate image and visibility of brand name of our Company. We also believe that our Company will receive the benefits from listing of Equity Shares on the SME Platform of BSE.

Our Company is primarily in the business of manufacturing and supply of Coded Pressure Vessels & Heat Exchangers (Ferrous & Non Ferrous), Skids for Dynamic and Static Machineries, Base-Plates, Sterilizers, Chimneys and Columns, Tanks & Receivers, Site Fabrication & Erection Activities. The main objects clause of our Memorandum enables our Company to undertake its existing activities and these activities which have been carried out until now by our Company are valid in terms of the objects clause of our Memorandum of Association.

#### Requirement of Funds:-

The following table summarizes the requirement of funds:

S.No	Particulars	Amt (₹ in Lacs)
1.	To Meet Working Capital Requirement	284.00
2.	Public Issue Expenses	40.00
	<b>Gross Issue Proceeds</b>	324.00
	<b>Less: Issue Expenses</b>	40.00
	<b>Net Issue Proceeds</b>	284.00

**Utilisation of Net Issue Proceeds:** The Net Issue Proceeds will be utilised for following purpose:

S.No	Particulars	Amt (₹ in Lacs)
1.	To Meet Working Capital Requirement	284.00
	<b>Total</b>	<b>284.00</b>

**Means of Finance: -** We intend to finance our Objects of Issue through Net Issue Proceeds which is as follows:

Particulars	Amt (₹ in Lacs)
Net Issue Proceeds	284.00
<b>Total</b>	<b>284.00</b>

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

The fund requirement and deployment is based on internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in the light of changes in external circumstances or costs or other financial conditions and other external factors.

In case of any increase in the actual utilization of funds earmarked for the Objects, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals. If the actual utilization



towards any of the Objects is lower than the proposed deployment such balance will be used for future growth opportunities including funding existing objects, if required. In case of delays in raising funds from the Issue, our Company may deploy certain amounts towards any of the above mentioned Objects through a combination of Internal Accruals or Unsecured Loans (Bridge Financing) and in such case the Funds raised shall be utilized towards repayment of such Unsecured Loans or recouping of Internal Accruals. However, we confirm that no bridge financing has been availed as on date, which is subject to being repaid from the Issue Proceeds.

We further confirm that no part proceed of the Issue shall be utilised for repayment of any Part of unsecured loan outstanding as on date of Prospectus

As we operate in competitive environment, our Company may have to revise its business plan from time to time and consequently our fund requirements may also change. Our Company’s historical expenditure may not be reflective of our future expenditure plans. Our Company may have to revise its estimated costs, fund allocation and fund requirements owing to various factors such as economic and business conditions, increased competition and other external factors which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of the Company’s management.

For further details on the risks involved in our business plans and executing our business strategies, please see the section titled “Risk Factors” beginning on page 12 of the Prospectus.

**Details of Use of Issue Proceeds:**

**1. To Meet Working Capital Requirement**

Our business is working capital intensive and we are required to provide sufficient credit period to our customers. Considering the existing and future growth, the total working capital needs of our Company, as assessed based on the internal workings of our Company is expected to reach ₹ 940.65 Lacs for FY 2015- 2016. The Company has sanctioned the working capital Limit from Kotak Mahindra Bank Limited amounting Rs. 360.00 Lacs and will be meet the requirement to the extent of ₹ 284.00 Lacs from the Net Proceeds of the Issue and balance from borrowings at an appropriate time as per the requirement.

Basis of Estimation of Working Capital requirement and Estimated Working Capital requirement are as follows:

(Rs in Lacs)

S. No.	Particulars	Actual (Restated)	Actual (Restated)	Provisional
		31-March-14	31-March-15	31-March-16
I	<b>Current Assets</b>			
	Inventories	411.43	492.09	600.00
	Trade receivables	6.18	141.46	400.00
	Cash and cash equivalents	68.09	11.06	87.00
	Short Term Loans and Advances	--	--	--
	Other Current Assets	317.83	67.78	294.28
	<b>Total(A)</b>	<b>803.53</b>	<b>712.39</b>	<b>1381.28</b>
II	<b>Current Liabilities</b>			
	Short – Term Loans and Advances	--	42.00	42.00
	Trade payables	297.74	150.61	160.00
	Short Term Provisions	66.86	17.09	180.15
	Other Current Liabilities	55.83	57.57	58.48
	<b>Total (B)</b>	<b>420.43</b>	<b>267.27</b>	<b>440.63</b>
III	<b>Total Working Capital Gap (A-B)</b>	<b>383.10</b>	<b>445.12</b>	<b>940.65</b>
IV	<b>Funding Pattern</b>			
	Short term borrowing from Bank	--	157.24	360.00
	Internal Accruals	383.10	287.88	296.65
	<b>IPO Proceeds</b>			<b>284.00</b>

**Justification:**

S. No.	Particulars
<b>Inventories</b>	We expect Inventory levels of Finished Goods to maintain at 175 days for FY 2015-16 due to our production cycle and maintaining required level of inventory
<b>Debtors</b>	We expect Debtors Holding days to be at 75 days for FY 2015-16 based on increased sales and better credit Management policies ensuring timely recovery of dues.
<b>Creditors</b>	In future, we expect our Creditors to increase at 65 days due to increase in purchase of raw materials and credit received by them

**Public Issue Expenses**

The estimated Issue related expenses includes Issue Management Fee, Underwriting and Selling Commissions, Printing and Distribution Expenses, Legal Fee, Advertisement Expenses, Registrar's Fees, Depository Fee and Listing Fee. The total expenses for this Issue are estimated to be approximately ₹ 40 Lacs which is 12.35 % of the Issue Size. All the Issue related expenses shall be met out of the proceeds of the Issue and the break-up of the same is as follows:

All the Issue related expenses shall be met out of the proceeds of the Issue and the break-up of the same is as follows:

Activity	(Rs .in Lacs)
Payment to Merchant Banker including underwriting and selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars, etc and other out of pocket expenses	34.00
Printing and Stationery and postage expenses	2.00
Advertising and Marketing expenses	2.00
Other expenses	2.00
<b>Total Estimated Issue Expenses</b>	<b>40.00</b>

**Proposed Schedule of Implementation:**

The proposed year wise break up of deployment of funds and Schedule of Implementation of Net Issue Proceeds is as under:  
(₹ In Lakhs)

S. No.	Particulars	Amount to be deployed and utilized in F.Y. 15-16
1.	To Meet Working Capital Requirement	284.00
	<b>Total</b>	<b>284.00</b>

**Funds Deployed and Source of Funds Deployed:**

Our Statutory Auditors M/s. J M Patel & Bros, Chartered Accountants vide their certificate dated May 29, 2015 have confirmed that as on date of certificate the following funds have been deployed for the proposed object of the Issue:

Particulars	Amt (₹ in Lacs)
Issue Expenses	5.30
<b>Total</b>	<b>5.30</b>



**Sources of Financing for the Funds Deployed:**

Our Statutory Auditors M/s. J M Patel & Bros, Chartered Accountants vide their certificate dated May 29, 2015 have confirmed that as on date of certificate the following funds have been deployed for the proposed object of the Issue:

<b>Particulars</b>	<b>Amt (₹ in Lacs)</b>
Internal Accruals	5.30
<b>Total</b>	<b>5.30</b>

**Appraisal**

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

**Shortfall of Funds**

Any shortfall in meeting the fund requirements will be met by way of internal accruals and or unsecured Loans.

**Bridge Financing Facilities**

As on the date of this Prospectus, we have not raised any bridge loans which are proposed to be repaid from the Net Proceeds.

**Monitoring Utilization of Funds**

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

**Interim Use of Proceeds**

Our management, in accordance with the policies established by our Board of Directors, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds of the Issue for the purposes described above, we may invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in working capital loan accounts and other investment grade interest bearing securities as may be approved by the Board of Directors. Such investments would be in accordance with the investment policies approved by our Board of Directors from time to time and at the prevailing commercial rates at the time of investment.

**Variation in Objects**

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



**Other confirmations**

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





## BASIC TERMS OF ISSUE

### Authority for the Present Issue

This Issue in terms of the Prospectus has been authorized by the Board of Directors pursuant to a resolution dated May 15, 2015 and by the shareholders pursuant to a special resolution in an Extra Ordinary General Meeting held on May 19, 2015 under section 62 (1) (c) of the Companies Act, 2013.

### Terms of the Issue

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

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

<b>Face Value</b>	Each Equity Share shall have the face value of ₹ 10.00 each.
<b>Issue Price</b>	Each Equity Share is being offered at a price of ₹ 18/- each and is 1.8 times of Face Value.
<b>Market Lot and Trading Lot</b>	The Market lot and Trading lot for the Equity Share is 8000 (EightThousand) and the multiple of 8000; subject to a minimum allotment of 8000 Equity Shares to the successful applicants.
<b>Terms of Payment</b>	100% of the issue price of ₹ 18/- each shall be payable on Application. For more details please refer “Term of the Issue” beginning to page 201 of the Prospectus.
<b>Ranking of the Equity Shares</b>	The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividends with the existing Equity Shares of the Company. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, please see “ <i>Main Provisions of Articles of Association</i> ” on page 231 of the Prospectus.

### MINIMUM SUBSCRIPTION

In accordance with Regulation [106P] (1) of SEBI ICDR Regulations, this Issue is 100% underwritten. Also, in accordance with explanation to Regulation [106P] (1) of SEBI ICDR Regulations the underwriting shall not be restricted up to the minimum subscription level.

If our Company does not receive the subscription of 100% of the Issue including devolvement of Underwriters within 60 (Sixty) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 (eight) days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed in the Companies Act.

Further, In accordance with Regulation [106R] of SEBI ICDR Regulations, no allotment shall be made pursuant to the Issue, if the number of prospective allottees is less than 50 (fifty).

For further details, please refer to section titled “*Terms of the Issue*” beginning on page 201 of the Prospectus.



### BASIS FOR ISSUE PRICE

Investors should read the following summary with the section titled “**Risk Factors**”, the details about our Company under the section titled “**Our Business**” and its financial statements under the section titled “**Financial Information of the Company**” beginning on page no. 12, page no. 83 and page no.129 respectively of the Draft Prospectus. The trading price of the Equity Shares of our Company could decline due to these risks and the investor may lose all or part of his investment.

The Issue Price has been determined by the Company in consultation with the LM on the basis of the key business strengths of our Company. The face value of the Equity Shares is ₹ 10.00 each and the Issue Price is ₹ 18.00 which is 1.8 times of the face value.

### QUALITATIVE FACTORS

- Diversified Product Portfolio
- Quality Assurance and Standards
- Existing Customer Relationship
- Existing Relationship with Suppliers

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to sections titled “**Our Business**” beginning on page no. 83 of the Prospectus.

### QUANTITATIVE FACTORS

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

#### 1. Basic & Diluted Earnings per share (EPS), as adjusted:

S. No	Period	Basic & Diluted (₹)	Weights
1.	FY 2012-13	7.85	1
2.	FY 2013-14	2.95	2
3.	FY 2014-15	4.15	3
	<b>Weighted Average</b>	<b>4.37</b>	

Notes:

- i. The figures disclosed above are based on the restated financial statements of the Company.
- ii. The face value of each Equity Share is ₹ 10.00.
- iii. Earnings per Share has been calculated in accordance with Accounting Standard 20 – “Earnings per Share” issued by the Institute of Chartered Accountants of India.
- iv. The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in Annexure IV.

#### 2. Price Earning (P/E) Ratio in relation to the Issue Price of ₹ 18.00 :

S. No	Particulars	P/E
1	P/E ratio based on the Basic & Diluted EPS, as adjusted for FY 2014-15	4.33
2	P/E ratio based on the Weighted Average EPS, as adjusted for FY 2014-15	4.12

#### Peer Group P/ E\*

S. No	Particulars	P/E
1	Highest (BEML Limited)	661.7
2	Lowest (Thejo Engg. Limited)	7.7
	<b>Industry Composite (Engineering)</b>	<b>35.8</b>

\*Source: Capital Market dated May 25 – June 07, 2015, 2015; Vol: XXX/07 Engineering



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

S. No	Period	RONW (%)	Weights
1.	FY 2012-13	51.68%	1
2.	FY 2013-14	24.17%	2
3.	FY 2014-15	30.81%	3
	<b>Weighted Average</b>	<b>32.07%</b>	

\*Restated Profit after tax/Net Worth

**4. Minimum Return on Net Worth after Issue to maintain Pre-Issue EPS**

(a) Based on Basic and Diluted EPS, as adjusted of FY 2014-15 of ₹ 4.15 at the Issue Price of ₹ 18.00 :

- 29.24 % on the restated financial statements.

(b) Based on Weighted Average Basic and Diluted EPS, as adjusted of ₹ 4.37 at the Issue Price of ₹ 18.00 :

- 30.75 % on the restated financial statements.

**5. Net Asset Value (NAV) per Equity Share :**

Sr. No.	As at	NAV Standalone (₹)
1.	March 31, 2013	56.81
2.	March 31, 2014	17.19
3.	March 31, 2015	21.39
4.	NAV after Issue	14.20
	<b>Issue Price</b>	<b>18.00</b>

**6. Comparison of Accounting Ratios with Industry Peers<sup>1</sup>**

S. No.	Name of Company	Results Type	Face Value (₹)	EPS (₹)	PE	RoNW (%)	NAV per Share (₹)
1.	Patels Airtemp (India) Limited	Standalone	10	12.2	10.7	9.8	105.4
2.	ISGEC Heavy Engineering Ltd.	Standalone	10	194.8	31.6	14.7	1047.3
3.	GMM Pfaudler Ltd	Standalone	2	11.7	21.5	12.7	87.5
4.	Loyal Equipments Limited	Standalone	10	4.15	4.33	30.81	21.39

<sup>1</sup> \*Source: Capital Market dated May 25 – June 07, 2015, 2015; Vol: XXX/07 Engineering

<sup>2</sup> Based on March 31, 2015 restated financial statements

<sup>3</sup> Basic & Diluted Earnings per share (EPS), as adjusted

<sup>4</sup> Price Earning (P/E) Ratio in relation to the Issue Price of ₹ 18.00

The peer group identified is broadly based on the different products lines that we are into but our scale of operations is not comparable to them.

7. The face value of our shares is ₹ 10.00 per share and the Issue Price is of ₹ 18.00 per share is 1.8 times of the face value.

8. Our Company in consultation with the Lead Manager believes that the Issue Price of ₹ 18.00 per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the risk factors and



financials of the Company including important profitability and return ratios, as set out in the Auditors' Report in the offer Document to have more informed view about the investment.

Investors should read the above mentioned information along with section titled "***Our Business***", "***Risk Factors***" and "***Financial Information of the Company***" beginning on page no. 83, page no.12 and page no. 129 respectively including important profitability and return ratios, as set out in "***Annexure Q***" to the Financial Information of the Company on page no 158 of the Prospectus to have a more informed view.



**STATEMENT OF TAX BENEFITS**

To,

**The Board of Directors,  
Loyal Equipments Limited,  
Block No. 35/1-2-3-4, Village Zak,  
Dahegam, Gujarat-382330**

Dear Sirs,

**Sub: Statement of Possible Tax Benefits Available to the Company and its shareholders with regards to Initial Public Offer of Loyal Equipments Limited**

We hereby report that the enclosed statement provides the possible tax benefits available to the Company and to the shareholders of the Company under the Income tax Act, 1961, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. 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 discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax-advice. 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) Company or its shareholders will continue to obtain these benefits in future; or
- (ii) The conditions prescribed for availing the benefits has been/ would be met with.

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.

No assurance is given that the revenue authorities will concur with the views expressed herein.

**For J.M. PATEL & BROS,  
Chartered Accountants  
FRN:107707W**

Sd/-

**Jaswant Manilal Patel  
Proprietor  
M. No. 030161**

**Date: May 29, 2015  
Place: Ahmedabad**



**THE FOLLOWING KEY TAX BENEFITS ARE AVAILABLE TO THE COMPANY AND THE PROSPECTIVE SHAREHOLDERS UNDER THE CURRENT DIRECT TAX LAWS IN INDIA.**

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

**I. Special Benefits available to Company:** There are no special tax benefits available to the Company.

**II. Special Benefits available to the Shareholders of Company:** There are no special tax benefits available to the Equity Shareholders.

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

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

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

**I. Benefits available to the Company**

1. **Depreciation:** As per the provisions of Section 32 of the Act, the Company is eligible to claim depreciation on tangible and specified intangible assets (held if any) as explained in the said section and the relevant Income Tax rules there under.
2. **Dividend Income :** Dividend income, if any, received by the Company from its investment in shares of another domestic Company will be exempt from tax under Section 10(34) read with Section 115-O of the Income Tax Act, 1961.
3. **Income from Mutual Funds / Units:** As per section 10(35) of the Act, the following income shall be exempt in the hands of the Company:
  - Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
  - Income received in respect of units from the Administrator of the specified undertaking; or
  - Income received in respect of units from the specified company.

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

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

4. **Income from Long Term Capital Gain:** As per section 10(38) of the Act, long term capital gains arising to the Company from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the Company. For this purpose, “Equity Oriented Fund” means a fund –
  - a. Where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and
  - b. Which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.
5. As per section 115JB, the Company will not be able to reduce the income to which the provisions of section 10(38) of the Act apply while calculating “book profits” under the provisions of section 115JB of the Act and will be required to pay Minimum Alternative Tax as follows-



Book Profit	AY – 2016-17		
	Tax	Surcharge	Cess
If book profit is less than or equal to Rs. 1 Crore	18.50	-	3.00
If book profit is more than 1 crore but does not exceed Rs. 10 crore	18.50	7.00	3.00
If book profit is more than Rs. 10 Crore	18.50	12.00	3.00

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

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

7. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long-term specified asset” within a period of 6 months after the date of such transfer. If only a part of the capital gains is invested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. Provided that the investment made in the long-term specified asset during any financial year does not exceed Fifty Lac rupees. Provided further that the investment made by an assessee in the long-term specified asset, from capital gains arising from 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 does not exceed fifty lakh rupees. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

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

- a. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
  - b. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, and notified by the Central Government in the Official Gazette for the purposes of this section.
8. As per section 111A of the Act, short-term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge plus education cess plus secondary and higher education cess)
9. **Preliminary Expenses :** Under Section 35D of the Act, the company will be entitled to the deduction equal to 1/5th of the Preliminary expenditure of the nature specified in the said section, including expenditure incurred on present issue, such as Brokerage and other charges by way of amortization over a period of 5 successive years, subject to stipulated limits.
10. **Credit for Minimum Alternate Taxes (“MAT”) :** Under Section 115JAA (2A) of the Income Tax Act, 1961, tax credit shall be allowed in respect of any tax paid (MAT) under Section 115JB of the Income Tax Act, 1961 for any Assessment Year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Income Tax Act, 1961. Such MAT credit shall not



be available for set-off beyond 10 assessment years immediately succeeding the assessment year in which the MAT credit initially arose.

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

1. As per section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the Company is exempt from tax in the hands of the shareholders.
2. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

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

3. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.
4. As per section 112 of the Act, if the shares of the company are listed on a recognized stock exchange, taxable long-term capital gains, if any, on sale of the shares of the Company (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge plus education cess plus secondary and higher education cess) after considering indexation benefits or at 10% (plus applicable surcharge plus education cess plus secondary and higher education cess) without indexation benefits, whichever is less.
5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long-term specified asset" within a period of 6 months after the date of such transfer. If only a part of the capital gains is invested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. Provided that the investment made in the long-term specified asset during any financial year does not exceed Fifty Lac rupees. Provided further that the investment made by an assessee in the long-term specified asset, from capital gains arising from 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 does not exceed fifty lakh rupees. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

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

- a. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
  - b. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, and notified by the Central Government in the Official Gazette for the purposes of this section.
6. Under Section 54F of the Income Tax Act, 1961 and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the Income Tax Act, 1961) arising to an Individual or a





Hindu Undivided Family („HUF“) on transfer of shares of the company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of a residential house property within a period of 3 years after the date of such transfer.

7. Under Section 111A of the Income Tax Act, 1961 and other relevant provisions of the Income Tax Act, 1961, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the company would be taxable at a rate of 15 percent (plus applicable surcharge plus education cess plus secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the Income Tax Act, 1961, would be subject to tax as calculated under the normal provisions of the Income Tax Act, 1961.
8. As per section 36(1)(xv) of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered in the course of the business will be eligible for deduction from the income chargeable under the head —Profits and Gains of Business or Profession if income arising from taxable securities transaction is included in such income.

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

1. Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115-O of the Income Tax Act, 1961. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the Income Tax Act, 1961 will also be exempt from tax under Section 10(35) of the Income Tax Act, 1961, received on the shares of the Company is exempt from tax.
2. As per section 10(38) of the Act, long-term capital gains arising to the shareholders from the transfer of a long-term capital asset being an equity share in the Company, where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the shareholder.
3. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.
4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long-term specified asset” within a period of 6 months after the date of such transfer. If only a part of the capital gains is invested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. Provided that the investment made in the long-term specified asset during any financial year does not exceed Fifty Lac rupees. Provided further that the investment made by an assessee in the long-term specified asset, from capital gains arising from 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 does not exceed fifty lakh rupees. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

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

2006:

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



5. Under Section 54F of the Income Tax Act, 1961 and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the Income Tax Act, 1961) arising to an individual or a

Hindu Undivided Family („HUF“) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of a residential house property within a period of 3 years after the date of such transfer.

6. Under Section 111A of the Income Tax Act, 1961 and other relevant provisions of the Income Tax Act, 1961, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge plus education cess plus secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a company, other than those covered by Section 111A of the Income Tax Act, 1961, would be subject to tax as calculated under the normal provisions of the Income Tax Act, 1961.
7. Under section 115-C (e) of the Act, the Non-Resident Indian shareholder has an option to be governed by the provisions of Chapter XIII of the Act viz. “Special Provisions Relating to Certain Incomes of Non-Residents” which are as follows:
- i) As per provisions of section 115D read with section 115E of the Act, where shares in the Company are acquired or subscribed to in convertible foreign exchange by a Non-Resident Indian, capital gains arising to the nonresident on transfer of shares held for a period exceeding 12 months, shall (in cases not covered under section 10(38) of the Act) be concessionaly taxed at the flat rate of 10% (plus applicable surcharge plus education cess plus secondary and higher education cess) (without indexation benefit but with protection against foreign exchange fluctuation).
  - ii) As per section 115F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to a Non-Resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from income tax, if the net consideration is reinvested in specified assets within six months from the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
  - iii) As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
  - iv) As per section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for the assessment year in which he is first assessable as a Resident, under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
  - v) As per section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provision of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XIII shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance the other provisions of the Act.
8. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.



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

1. Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115-O of the Income Tax Act, 1961. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the Income Tax Act, 1961 will also be exempt from tax under Section 10(35) of the Income Tax Act, 1961 received on the shares of the Company is exempt from tax.
2. As per section 10(38) of the Act, long-term capital gains arising to the FIIs from the transfer of a long-term capital asset being an equity share in the Company or a unit of equity oriented fund where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the FIIs.
3. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the section 10(38) of the Act at the following rates:

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

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

4. In case of long-term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.
5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long-term specified asset” within a period of 6 months after the date of such transfer. If only a part of the capital gains is invested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. Provided that the investment made in the long-term specified asset during any financial year does not exceed Fifty Lac rupees. Provided further that the investment made by an assessee in the long-term specified asset, from capital gains arising from 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 does not exceed fifty lakh rupees. However, if the assessee transfers or converts the long-term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long-term specified asset is transferred or converted into money.

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- a. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or
- b. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, and notified by the Central Government in the Official Gazette for the purposes of this section.
6. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.
7. However, where the equity shares form a part of its stock-in-trade, any income realized in the disposition of such equity



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

#### **V. Venture Capital Companies/Funds**

Under Section 10(23FB) of the Income Tax Act, 1961, any income of Venture Capital company / funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per Section 115U of the Income Tax Act, 1961, any income derived by a person from his investment in venture capital companies / funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

#### **VI. Mutual Funds**

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

#### **Tax Treaty Benefits**

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

**Benefits available under the Gift Tax Act:** Gift tax is not leviable in respect of any gifts made on or after 1st October 1998. Therefore, any gift of shares of the Company will not attract gift tax in the hands of the donor.

#### **Notes:**

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



**SECTION IV – ABOUT THE ISSUER COMPANY**

**INDUSTRY OVERVIEW**

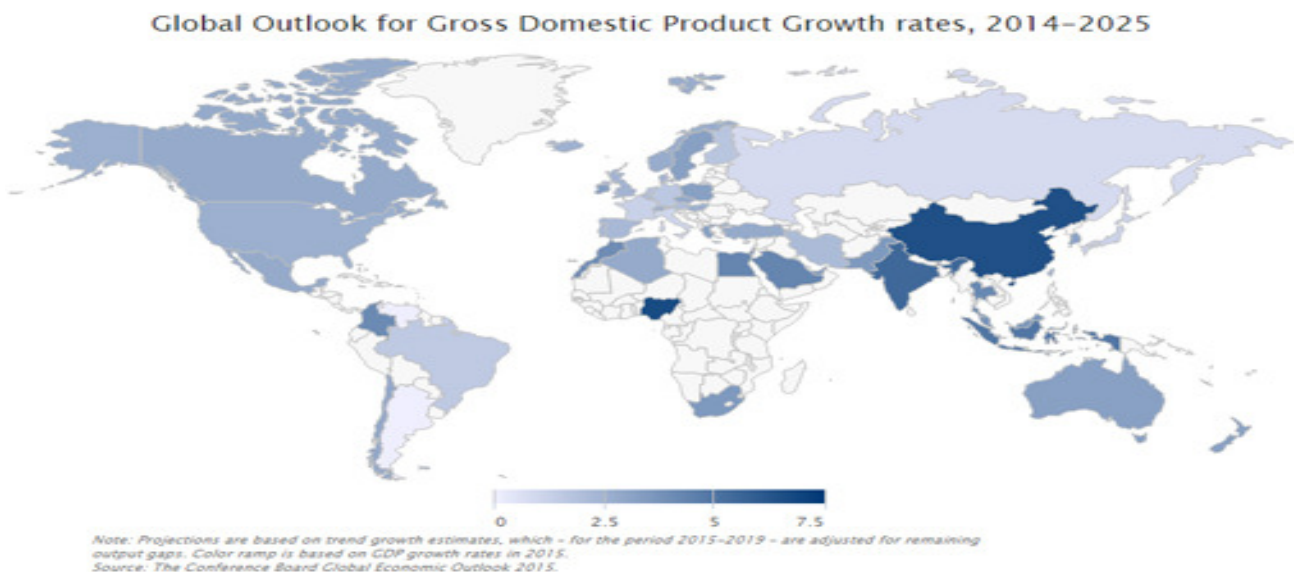
**Global Economic Outlook**

The last two months have been increasingly challenging for the global economy, leading to some significant adjustments in The Conference Board Global Economic Outlook. The changes are to a large extent the result of greater volatility and uncertainty, and they present a higher risk for the global economy in 2015. The rapid decline in oil prices, quick adjustments in exchange rates (with the US dollar appreciating and weakening of most other currencies, notably the euro), and the new quantitative easing program of the ECB are just a few examples of the economic factors at play. In addition, there is increased geopolitical uncertainty related to the Russia-Ukraine and Middle East conflicts, as well as increased concern about the economic and political future of the Euro Area and European Union.

While the overall global real GDP growth average is projected to be 3.3 percent – remaining slightly below the 3.4 percent projected last November –, the global average reflects a combination of upsides and downsides. Downward revision are primarily due to a major GDP decline in Russia (from +0.8 to –3.5 percent) and moderate declines in the Euro Area (1.6 to 1.4 percent), Japan (1.1 to 0.6 percent), and Brazil (1.5 to 0.5 percent). Upward revisions include the United States (2.6 to 2.9 percent), Mexico (2.8 to 3.5 percent), and India (5.5 to 5.9 percent). The adjustments to India, however, do not reflect the recent substantial statistical upward revisions in India’s GDP growth measures, the reliability of which is still debated.

The United States will continue to register stronger growth than its peers, but the expansionary phase will show signs of maturing, causing a moderation in profitability and a variety of cost pressures. European economies have more scope to recover, and the recently announced QE program may help improve business and consumer confidence, and the weakened euro could help offset negative effects from slower exports to emerging markets. However, Europe’s dysfunctional policy environment to accelerate growth through investment and reforms could make the recovery look moderate compared to the United States. China will continue its “soft fall” growth trajectory, as already limited government stimuli will have less effect despite recent monetary easing, and expose the weakening of China’s creditworthiness more clearly. Other major emerging markets will continue to grow, but their pace will vary depending on the net impact of declining oil prices and exchange rate depreciations, as well as progress of their own reform agendas. New geographies for growth, such as Africa and parts of Asia, offer opportunities to build sustainable growth models but they also bring challenges on economic, legal, and institutional fronts.

Relative to the base scenario for the outlook, downsides to the global outlook could come from possible intensified political and economic risks. Upsides relate to the ability of policy and business to invest in people, raise productivity, and rebuild trust and confidence, but they may need significantly more time than the current year to materialize.



**Source: <https://www.conference-board.org/data/globaloutlook/>**



## Business Outlook

### US: MODERATELY POSITIVE

- US is projected to grow at a modest 2.9 percent in 2015,
- Profitability may come under increased pressure as the business cycle matures and cost increases are imminent.
- America's strength in technological progress needs to help accelerate productivity.

### EURO-AREA: CAUTIOUS SHORT-TERM OPTIMISM, BUT DOWNSIDE RISKS ACCUMULATE

- Despite significant downside risks, the Euro Area is projected to grow at 1.4 percent in 2015,
- The substantial QE program implemented by the European Central Bank can have a positive effect on sentiment, but whether it will produce significant effects to boost the growth outlook is debated.
- Modest recovery in domestic consumption is a likely source of growth as labour markets improve.
- However, disinflation or even deflation could bring growth rates further.



**Source: IMF economic outlook update 2015**

### ASIA-PACIFIC: CHALLENGING IN CHINA; MOSTLY POSITIVE ELSEWHERE

- Despite softening growth rates, the Asia-Pacific region remains the leader for global growth.
- Growth rates of China and India are converging to 5.5 percent growth on average from 2015–2019.
- Despite short-term headwinds from the global economy, Southeast Asia will continue to strengthen to become a global production hub.

### LATIN AMERICA: UPSIDE POTENTIAL

- Economic conditions in Latin America are unlikely to improve rapidly in 2015, with regional growth at only 1.6 percent.
- Slowing prices for commodity and energy exports provide significant downside.
- Productivity growth should build on investment, improved business confidence, and a better educated labour force.



## **AFRICA: POSITIVE, BUT UNCERTAIN**

- GDP growth in Africa in 2015 is projected at 4.4 percent.
- Nigeria will be the strongest performer at 6.7 percent growth in 2015, but it is heavily dependent on natural resources and vulnerable to global demand conditions.
- A positive growth outlook for Africa is strongly dependent on improved institutional performance and better governance.

(Source: <https://www.conference-board.org/data/globaloutlook/>)

## **Indian Economy Outlook**

The Indian economy crossed the one trillion US dollar GDP mark in FY08 consequent to the high growth witnessed since the second half of the last decade. The big push that India received during 1990's through the initiation of wide-ranging structural reforms had catapulted the economy to a high growth path. Though it had taken some time for the reform to bring about the required structural changes, it eventually expanded the opportunities for economic activity immensely which resulted in more rapid growth. The set of industrial, trade and financial sector reforms and the consolidation of government finances which encouraged private investment activity had played a major role in driving the growth. The growth rate of the Indian economy accelerated sharply to over 8.0% in FY04 and witnessed an average annual growth of around 9.5% during the period FY06 – FY08.

The high growth recorded during this period had raised the aspirations of achieving a double digit growth rate. The growth trajectory of the Indian economy suffered a setback when the economy slowed down due to the impact of the global financial crisis. The crisis revealed that the emerging market economies (EMEs) were not completely decoupled from the advanced economies. The crisis in fact brought to fore the extent of interlinkages of the EMEs with the developed economies through trade, finance and confidence channels. However, India was one of the fastest economies to recover from the 2008 global financial crisis. India remained remarkably resilient from the global economic turmoil in 2008 owing to strong domestic fundamentals. The fiscal as well as monetary measures which were taken to boost the domestic consumption led the economy to register a high growth rate of 8.4% for the two consecutive years of FY10 and FY11.

However, just when the world economy was recovering from the global financial crisis another crisis in the nature of sovereign debt in Euro Area resurfaced derailing the pace of recovery of the global economy. India's growth also weakened considerably and slumped down to a nine year low of 6.5% during FY12 with the deceleration evident in all segments of GDP i.e. agriculture, industry and services. Notwithstanding some impact from the global slowdown, the economic imbalances created out of the elevated inflation, high interest rates, mounting fiscal deficit and huge current account deficit had set in vicious circles restraining India's growth momentum.

In fact, the pace of recovery from the current slowdown had been prolonged contrary to what was expected. In order to pull out the Indian economy from the vicious circles, the policy landscape will have to evolve to act as a catalyst to unravel the growth potential so that India can again embark on the high growth path. After witnessing the Hindu rate of growth for the first three decades post-independence, the Indian economy received its first "big push" with the first phase of economy, which helped it to move on to a higher growth trajectory.





Chart I.1 India to become a US\$ 5 trillion economy by 2020



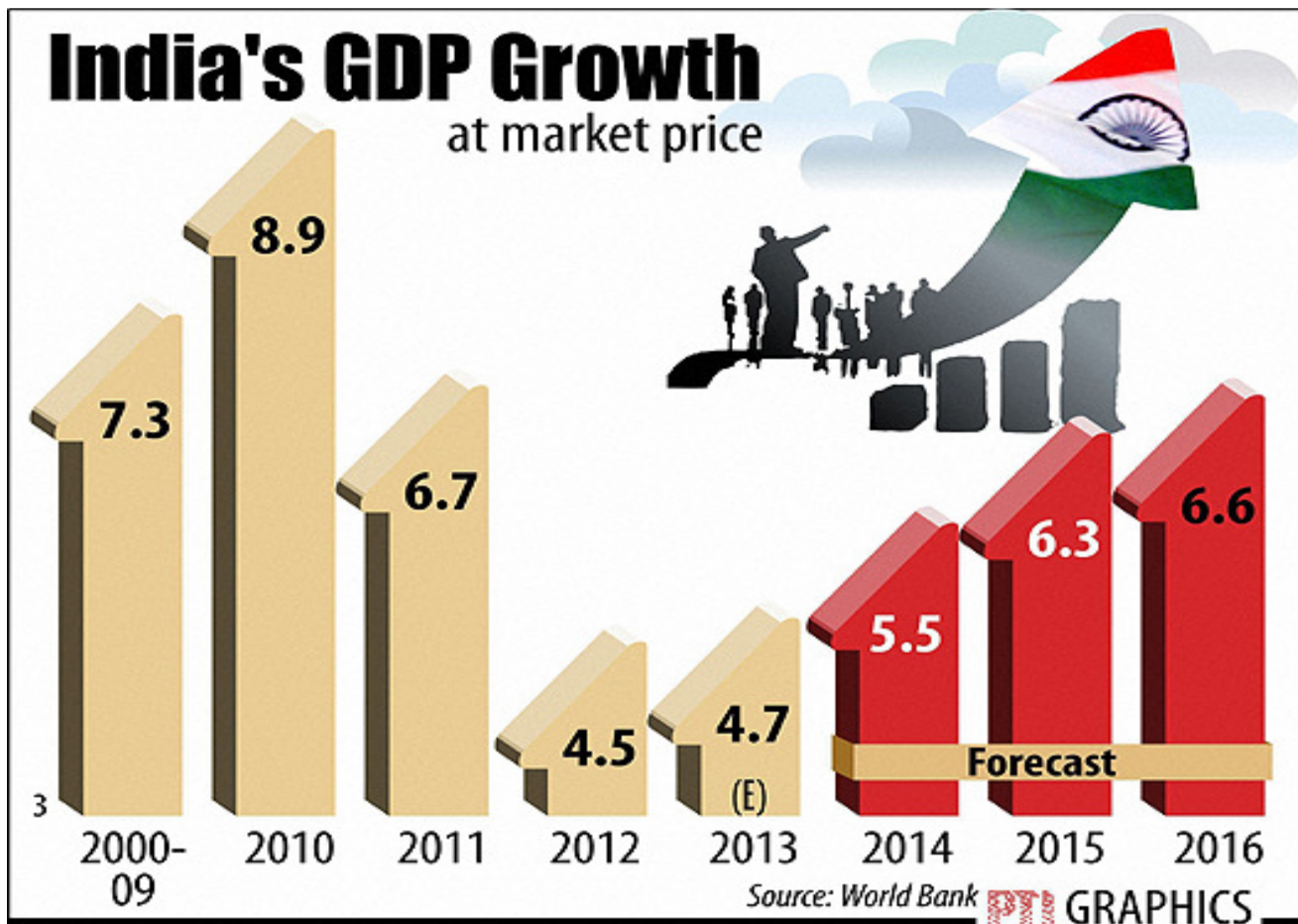
Note: GDP figures are at MP Current Prices; GDP figures from FY13 are D&B forecasts  
 Source: CSO, RBI and D&B India

**India’s growth to be driven by a rapidly expanding services sector**

The services sector is currently undergoing considerable moderation in growth due to the weak global growth prospects and sustained slowdown in the industrial sector which in turn has led to reduced demand for services. The services sector which grew remarkably, clocking an average growth of 10.3% during FY06-FY10 has moderated and is growing in single digit. The growth in the services sector fell to 9.4% during FY11 from 10.5% during FY10 and is expected to moderate further to 8.5% during FY13. We anticipate the services sector to gain traction thereafter. Notwithstanding, the continued strain on the growth of the services sector till FY15, it is expected to achieve a double digit growth by around FY19 and record a growth level of 10.2% by FY20. India’s economic growth during the current decade is expected to be driven by the buoyancy in the services sector. The increase in traction in the services sector would come from some stability from the turmoil in the external environment and resurgence in the industrial activity. While the growth in trade, hotels, transport and communication segment is expected to drive the growth, it would be the strong growth in the financing, insurance, real estate & business services segment which would lead to the higher growth in the services sector. According to D&B’s estimates, growth in services sector is expected to average at 9.3% during FY11-FY20, largely driven by robust growth in financing, insurance, real estate & business services segment. The thrust in infrastructure, increased focus in services export, major initiatives for financial inclusion in the country and increase in per capita income would help in boosting the services sector. The proposed measures in the 12th plan to sustain the IT-ITeS industry’s growth momentum through creating an enabling policy environment, supporting the small and medium enterprises, providing competitive edge through fiscal benefits, creating innovation fund and incubation, building world-class infrastructure in identified tier II & tier III cities would provide a considerable push to the sector.

**Source: [dnb.co.in/India 2020 economy outlook](http://dnb.co.in/India_2020_economy_outlook)**





### Global Capital Goods & Engineering equipment Industry

Major process plant machineries include tanks, pressure vessels, evaporators, stirrers, heat exchangers, towers & columns, crystallizer, furnace, etc. are used in energy sector, gas, oil, refinery, chemical & petrochemical, fertilizer, paper & pulp, sugar, cement, dairy industry, etc.

High-pressure gas storage vessels represent one of the biggest and fastest-growing markets for advanced composites. In 2013, according to Chris Red, principal at Composites Forecasts and Consulting (Mesa, AZ, US), construction of pressure vessels of all types (metal, composite and metal/composite hybrids) represented more than US\$2 billion in global sales. That same year, pressure vessel manufacturers accounted for 6-7% of the estimated 65,000 MT of global demand for carbon fibers. Although they are used in self-contained breathing apparatuses and provide oxygen and gas storage on aerospace vehicles, the primary end-markets for composite-reinforced pressure vessels are bulk transportation of compressed natural gas (CNG) products, and fuel storage in passenger cars, buses and trucks with powertrains dependent on CNG and hydrogen alternatives to gasoline and diesel.

Demand for alternative fuels is growing, in large part, because the extraction of natural gas from shale reserves has contributed to lower prices in North America and parts of Europe. In the North American market, for example, the cost of natural-gas fuels currently runs about 40% less than diesel, per diesel gallon equivalent. In addition, increasingly stringent emissions regulations, including the European Union's Euro 6 Standard, which became effective early in 2014, are making diesel-powered buses and commercial vehicles more expensive for operators. Impending regulations are improving the marketability not only of CNG but also of hydrogen — after a period of relative dormancy — for fuel-cell powered vehicles.

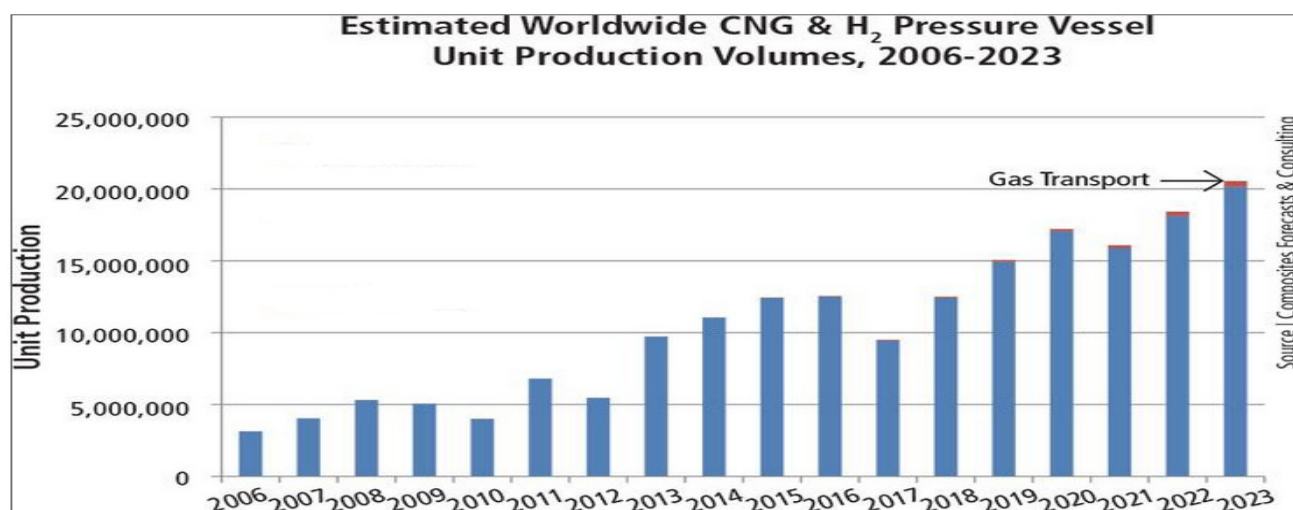


Although past promises about the marketability of pressure vessels for hydrogen (H<sub>2</sub>) storage in automobile fuel-cell powered drive trains systems were received with well-deserved skepticism, 13 automotive OEMs now have released FCV demonstrators and test fleets. The number of new-build FCVs is expected to double compare to 2013, totalling about 4,000 in 2014.

(Source - <http://www.compositesworld.com/articles/the-markets-pressure-vessels-2015>)

Over the past years, collective demand has prompted a dramatic increase in pressure vessel production numbers. Overall annual production (all vessel types) stood at approximately 5.5 million units in 2012, valued at \$1.1 billion. With increasing demand in 2013, the global market rose to 9.7 million units, worth \$2.3 billion. The rush in demand motivated a number of vessel fabricators to significantly expand their capacity — much of which became operational this year. By 2016, this analysis forecasts that production will approach 12.5 million pressure vessels and could grow to more than 20 million units by the end of the forecast . Over the entire 2014-2023 period, predicted production of pressure vessels represents about \$45 billion in potential sales, broken down regionally as follows:

- Europe 14%
- North America <1%
- Asia-Pacific 61%
- Latin & South America 12%
- Africa <1%
- Middle East 12%



(Source: <http://www.compositesworld.com/articles/pressure-vessels-for-alternative-fuels-2014-2023>)

### **Indian Capital Goods & Engineering Equipments Sector**

The capital goods sector can be broadly classified into following major segments: Machine tools, Process plant machinery, Electrical machinery, Textile machinery and Earth Moving, Construction & Mining machinery. A brief analysis of major segments has been done hereunder.

Machine Tools industry is considered as mother industry for capital goods sector as it supplies machinery for the entire manufacturing sector. The industry constitutes almost 800 manufacturers, largely SMEs. Various types of machine tools currently manufactured in India include General/Special Purpose Machines, Standards CNC machines, Gear cutting, Grinding, Medium sized machines, EDM, Presses, Press Brakes, Pipe Bending, Rolling, Bending, Measuring, metrology and gauging, etc. The demand for machine tools has been growing at a fast pace (nearly 16% per annum) but the domestic supply is not sufficient to meet the same. Consequently, India is highly dependent upon imports of machine tools.

Process Plant Equipment There are over 200 units engaged in the manufacturer of process plant machinery in the country out of which 65% are SMEs. Major process plant machineries include tanks, pressure vessels, evaporators, stirrers, heat



exchangers, towers & columns, crystallizer, furnace, etc. are used in energy sector, gas, oil, refinery, chemical & petrochemical, fertilizer, paper & pulp, sugar, cement, dairy industry, etc.

The Indian capital goods industry has been historically dominated by PSEs in segments like heavy engineering, machine tools and boiler manufacturing while private players are predominant in manufacture of industrial machinery such as cement, sugar, textile and other machinery. In terms of the market share and output concentration, there are a few companies at the top (primarily PSEs), followed by some large private companies and MNCs, and finally a large number of SMEs at the bottom. Over the years, Indian capital goods manufacturers have improved in terms of technology utilisation and quality control (though it is still lower in comparison to major competing countries). Several players in the industry possess state-of-the-art technology and have added significant capacities to increase the plant size at par with global companies. Further, the manufacturers have shifted focus from mere fabrication and are present across the value chain, from design and engineering at the back-end to erection and commissioning at the front end. However, the industry lacks the know-how on process technology, which has made it dependent on Overseas process Licensors.

(Source: [http://www.dsir.gov.in/reports/isr1/Capital%20Goods/5\\_3.pdf](http://www.dsir.gov.in/reports/isr1/Capital%20Goods/5_3.pdf))

The Indian Engineering sector has witnessed a remarkable growth over the last few years driven by increased investments in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors of the economy, is of strategic importance to India's economy. Growth in the sector is driven by various sub-sectors such as infrastructure, power, steel, automotives, oil and gas, Chemical Industry, Pharmaceutical Industry, and Fertilizers Industries etc.

The Indian government has appointed the Engineering Export Promotion Council (EEPC) to be the apex body in charge of promotion of engineering goods, products and services from India. India exports transport equipment, capital goods, other machinery/equipment and light engineering products such as castings, forgings and fasteners to various countries of the world.

**Market size**

Driven by strong demand for engineering goods, exports from India registered a double digit growth at 10.22 per cent to touch US\$ 26.4 billion in June 2014 from US\$ 24.02 billion in the corresponding month last year. This growth can be credited to the robust expansion in shipments of aircraft, spacecraft parts and automobiles. The second best performing sector was non-ferrous metals and metal products.

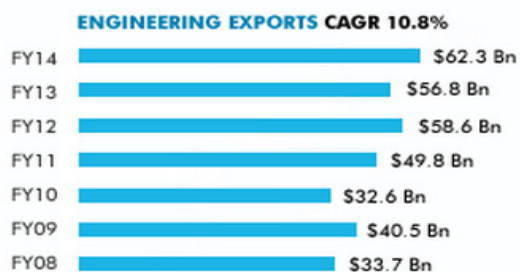
Engineering exports from India are expected to cross US\$ 70 billion in FY 15 registering a growth of 15 per cent over the previous fiscal, as demand in key markets such as the US and the UAE is on the rise. Apart from these traditional markets, markets in Eastern and Central European countries such as Poland also hold huge promise.

India exports its engineering goods mostly to the US and Europe, which accounts for over 60 per cent of the total exports. Recently, India's engineering exports to Japan and South Korea have also increased with shipments to these two countries rising by 16 and 60 per cent respectively.

Latest update: March, 2015

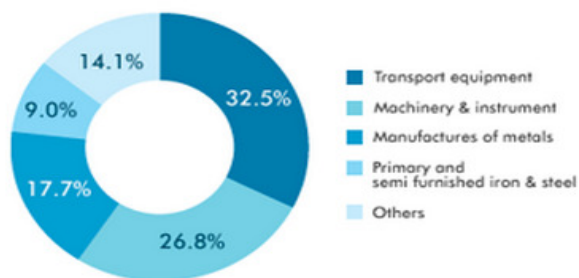
**India's engineering exports**

Indian engineering exports stood at US\$ 62.3 billion during FY14.



**Exports performance of principle commodities**

Transport equipment accounted for 32.5 per cent of the total engineering exports during FY13.



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



## **Future Outlook**

The engineering sector is expected to grow in the future and has a positive outlook owing to infrastructure development, favourable government policies and new investments in power projects, metals, oil & gas, and petrochemicals industries. Further industrial and manufacturing growth will boost growth in the engineering sector.

As the export market offers more opportunities to explore, India's contribution in global engineering exports is expected to increase. Emerging trends like outsourcing of engineering services provide opportunities for growth. Engineering and design services such as new product designing, product improvement, maintenance and designing manufacturing systems are getting increasingly outsourced to Asian countries like India. It is estimated that by 2020 India can be a US\$ 40 bn market for engineering outsourcing services. In addition, Department of Commerce set a target of US\$ 125 bn for engineering exports in 2013-14. Thereafter, for the remaining three years of the 12th Five Year Plan, based on a CAGR of 20% for the major sectors of engineering exports except Industrial Machinery, Electrical Machinery and Shipbuilding, the overall export target for engineering exports at the end of the 12th Five Year Plan has been set at US\$ 222 bn. Thus, there are many opportunities for the Indian engineering sector.

(Source - [https://www.dnb.co.in/SME\\_cluster\\_series2012\\_Nagpur/PDF/IndustryOverview.pdf](https://www.dnb.co.in/SME_cluster_series2012_Nagpur/PDF/IndustryOverview.pdf))



## **OUR BUSINESS**

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Prospectus, including the information contained in “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial information of the Company” on page 12, 166 and 129, respectively. The financial figures used in this section, unless otherwise stated, have been derived from our Company’s restated audited financial statements. Further, all references to “Loyal Equipments Limited”, ‘the Company’, ‘our Company’ and ‘the Issuer’ and the terms ‘we’, ‘us’ and ‘our’, are to Loyal Equipments Limited.*

Our Company was incorporated as Loyal Equipments Private Limited on April 20, 2007 under the provisions of Companies Act, 1956 in Registrar of Companies, Dadra and Nagar Havelli, Gujarat and establish the unit at Village Zak, Dahegam, Gujarat for manufacturing and supplying of Coded Pressure Vessels & Heat Exchangers (Ferrous & Non Ferrous), Air Cooled Heat Exchangers, Skids for Dynamic and Static Machineries, Base-Plates, Sterilizers, Chimneys and Columns, Tanks & Receivers, Site Fabrication & Erection Activities.

Our Products are widely used in the industries like Petro-chemicals, Compressor Industries, Power Plants, Fertilizers, Refinery, Pharmaceuticals and Dairy Industry. We manufacture and design the products as per the needs of the customer, so that they can avail the products as per their specifications and customizations. We are an ISO 9001:2008 certified company and our Quality Management Systems confirms to the standards laid down in the Industry.

We have enlisted with governments undertaking and other parties such as Engineers India Limited, and Gujarat State Petronet Ltd., as registered supplier for supply of Pressure Vessels and Heat Exchangers. Also our Company is a member of Heat Transfer Research Inc, the world’s premier source of technology information, services and software in field of process heat transfer

Further, Our Company is authorized under The American Society of Mechanical Engineers (ASME) for “U” and “U2” Stamp on Manufacture of pressure vessels and also authorized by The National Board of Boiler & Pressure Vessel Inspectors for “NB” Mark in Pressure Vessels and other pressure retaining items.

### **SALIENT FEATURES OF OUR PRODUCTS:**

- Produced from the toughest materials like steel, non ferrous materials.
- Compliance to customer Requirements
- Adherence to the Quality standards as required by monitoring agencies
- Timely Delivery
- Customization
- Consignment packaging as per specification of customer.

Our production facility is currently located in the state of Gujarat, India. Our manufactured products have presences across major states of India as well as outside India Our Major customers such as:-





- Engineers India Limited
- Dresser-Rand India Pvt. Ltd.-Ahmedabad
- Ingersoll Rand India Limited-Ahmedabad
- Kirloskar Pneumatic Co. Limited-Pune
- Larsen & Turbo Limited-Baroda
- Reliance Industries Limited-Mumbai / Jamnagar
- Alstom Projects India Limited-Baroda
- Linde Engineering (India) Limited – Baroda.
- Bharat Pumps & Compressors Limited-Naini, Allahabad
- Texas Southpiller Limited-USA






**OUR PRODUCTS PORTFOLIO:-**

We have developed wide variety of Products as below:-

S. No.	Product		Description and uses
1.	Coded Pressure Vessels (Ferrous & Non-Ferrous)		<p>Pressure vessels are used to hold liquids or gases at specified pressures. Pressure vessels are used in manufacturing and process equipment, refineries and petrochemical plants, submarines, spacecraft and in all hydraulic and pneumatic systems.</p>
2.	Heat Exchangers (Ferrous & Non-Ferrous)		<p>A heat exchanger is a piece of equipment built for efficient heat transfer from one medium to another. They are widely used in heating equipments, refrigeration, air conditioning, powerplants, chemical plants, petrochemical plants, petroleum refineries, natural gas processing and sewage treatment</p>
3.	Air Cooled Heat Exchanges (Ferrous & Non Ferrous)		<p>Air Cooled Heat Exchangers are widely used in power plants, chemical plants, petrochemical plants, petroleum refineries, Fertilizers, natural gas processing, and refrigeration, air conditioning plant.</p>
4.	Skids For Dynamic And Static Machineries		<p>Skids are mainly used in Refineries and petrochemical plants, Fertilizers, Compressor Industries</p>



5.	Base-Plates		<p>Base-Plates are used for Driver &amp; Driven Mounting for Reciprocating &amp; Rotary Equipments.</p>
6.	Chimneys And Columns		<p>Chimneys &amp; Columns are mainly used in Refineries and petrochemical plants, Fertilizers</p>
7.	Tanks & Receivers		<p>Tanks &amp; Receivers are mainly used in Refineries and petrochemical plants, Fertilizers</p>
8.	Site Fabrication & Erection Activities		<p>We also undertake some site fabrication and erection activities relating to the establishment of the equipments at the client premises.</p>

**OUR LOCATION:**

<p><b>Registered Office &amp; Factory</b></p>	<p>Block No. 35/1-2-3-4, Village Zak, Dahegam, Gujarat-382330 Tel - +91-02718-247236</p>
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**MANUFACTURING PROCESS FLOW CHARTS:-**

Activities undertaken by us for manufacturing are summarized in the following chart:-



**STEPS INVOLVED IN MANUFACTURING PROCESS ARE:-**

1. **Engineering and Design work:** - This is the design and development phase and it involves transformation of the customer / Market requirements into specification, products and processes. The design are recorded, planned, reviewed, validated, verified and approved. We make use of the latest designing software for product design like Microprotal, PV Elite, Nozzle Pro, HTRI, Autocad Version 2010.
2. **Material Planning Purchase and Inspection:** - Planning for the material is done based on the designs and customer requirement. Then, vendors are selected based on the material required and the track record of the vendor. The material once received is passed through quality inspection to check for the desired quality and production standards.
3. **Marking and Cutting:** - Metal plates of the required dimensions and materials are used. They are marked and cut on to CNC machine into the required length and breadth as per the design.
4. **Bending:** - The plates are then placed into the bending machines. The bending machine presses the ends of the sheets into the required shapes as per the design of the product.





5. **Setup & Welding:** - The ends of the sheets are joined in this process. Welding is one of the important processes in the manufacturing and much care is taken during welding process.
6. **Final Touch up - Grinding:** - Grinding is used to remove all the imperfection and it also reduces the tare weight of the product. It smoothens the product and provide a polished look to the product,
7. **Painting and Sand Blasting:** - Most of the sandblasting work is outsourced to different vendor. Painting is one of our special processes. Painting is done to protect the product from getting rust or corrosion.
8. **Quality Control Check:** - We have installed the instruments and equipments necessary for the Quality control. In-process and final product inspection is done using the appropriate statistical techniques. The products are tested for achieving maximum customer satisfaction in terms of quality as well as meeting the regulatory and legal requirements.
9. **Inspection and Testing by Clients:** - Once the products are manufactured, the products are also inspected by the customer. Once the product clears all the checks it is ready for dispatch.
10. **Dispatch:** - After all the quality control check and final inspection by the client the product is ready to deliver. Products are dispatched to the customer considering the delivery schedule along with all the supportive documents asked by the customer along with the product.

### **OUR COMPETITIVE STRENGTHS**

We believe that the following are our primary competitive strength:

#### **1. Customized Product Offering:-**

Our Company offers customization facilities to the customers, so that they can avail the products as per their specifications. The companies which require the products as per their specification approach us. We design the products as per the specifications and requirements of the clients. This provides a complete satisfaction to our clients and enables us to expand our business from existing customers, as well as address a larger base of potential new customers.

#### **2. Quality Assurance and Standards:-**

We believe in providing our customers the best possible quality products. We have developed quality policies of the company to provide our client the best possible quality product. We adopt quality check to ensure the adherence to desired specifications, quality and standards. Since, our Company is dedicated towards quality products, processes and inputs; we get repetitive orders from our clients, as we are capable of meeting their quality standards.

#### **3. Existing customer relationship:-**

We believe that we constantly try to address customer needs around a variety of products. Our existing customer relationships help us to get repeat business from our customers. This has helped us maintain a long term working relationship with our customers and improve our customer retention strategy. We believe that our existing relationship with our customers represents a competitive advantage in gaining new customers and increasing our business.

#### **4. Existing relationship with suppliers:-**

We have acquired raw materials from several suppliers and have contacts with them for a long time. We believe that our strong relationships with suppliers will enable us to continue to grow our business. Due to our relationships with our suppliers, we get quality and timely supplies of raw materials. This enables us to manage our inventories and supply quality products on timely basis to our customers. This in turn has enabled us to generate repeat business.



**OUR BUSINESS STRATEGY**

**1. Meeting Customer requirements:**

Our Company intends is to provide the customer with 100% satisfaction. We clearly understand the requirement and specification of the products required by the clients. Based on these requirements and specification products are designed and developed, customization is done wherever required. The products are manufactured using good quality material procured from reliable sources so that the customers receive the products with the best possible quality standards within the stipulated time frame.

**2. Adopting automation in production process:**

We possess sound manufacturing facility which is assisted by our production team. The manufacturing unit is outfitted with the requisite machines, tools and equipments. The production process are designed and carried out as per the industry standards.

**3. To build-up a professional organization:-**

As an organization, we believe in transparency and commitment in our work and with our suppliers, customers, government authorities, banks, financial institutions etc. We have an experienced and technically sound team for taking care of our day to day operations. We also consult with external agencies on a case to case basis on technical and financial aspects of our business.

**4. Optimal Utilization of Resources:-**

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

**SWOT ANALYSIS:**

<p><b><u>STRENGTHS</u></b></p> <ul style="list-style-type: none"> <li>✓ Quality Product</li> <li>✓ Cordial Relationship with Customers, Suppliers and Employees</li> <li>✓ Product costing benefits.</li> <li>✓ On time shipment</li> </ul>	<p><b><u>WEAKENESSES</u></b></p> <ul style="list-style-type: none"> <li>✓ Working Capital Intensive Business</li> </ul>
<p><b><u>OPPORTUNITIES</u></b></p> <ul style="list-style-type: none"> <li>✓ Huge Growth Potential in Domestic and International Market</li> <li>✓ Product customization &amp; innovation</li> </ul>	<p><b><u>THREATS</u></b></p> <ul style="list-style-type: none"> <li>✓ Increased Competition from Local &amp; Big Players.</li> <li>✓ Change in Government Policies</li> </ul>

**CAPACITY UTILISATION:-**

Particulars	Unit	Existing				Proposed			
		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total Production Capacity	Tons Per year	236	236	250	275	275	300	325	350



## Loyal Equipments Limited

Capacity Utilisation (in %)		100%	100%	100%	100%	100%	100%	100%	100%
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### PLANT & MACHINERY:-

Stated below are the brief details of some of the major equipments utilized at our units:-

S. No.	Name/Description of the Machinery	Make/Model	Year of Purchase	Vendor
1	Crab Unit	SR No. CB/88/15/77	2007	B.N. Engineers
2	Welding Machine	1500 A SAW m/c Tractor mounted welding head m/c	2007	BTH Electricals
3	Rectifier Welding Machine	600 Amp 3 Phase Rectifier with 10 Mtr. Remote	2008	Accurate Engineering
4	Hydraulic Mobile Crane	Crane Hydra 14, 3P SB	2009	Escorts Construction Equipments Limited
5	Pipe Cutting Machine	Fully Hydraulic Hacksaw Machine 13" Capacity	2010	Raney Trading & Mfg Co.
6	CNC Cutting Machine	1300x3300x750MM	2012	Pro-Arc welding & cutting system Pvt.Ltd.
7	Lath Machine	12'x12" Centre HeightX 104mm Spindle Hole	2012	Raney Trading & Mfg Co.
8	Magnetic Lifters	814-O MAG ASSLY 811-O MAG ASSLY 812-O MAG ASSLY	2012	Permanent Magnets Limited
9	CNC Cutting Machine	HPR130-CNC Retorfit	2013	Ador Fontech Ltd.
10	Drill Machine	RM65	2013	HMT Machine Tools Ltd.
11	Tube Finning Machine	40/45FT QC Racks Sr No. C52865	2014	McELROY -USA
12	Sand Blasting Kit	K-250	2014	Kulmec Compressor
13	Welding Machine	Ex. D&H Supra INV MIG 400 Sr No. 14090500733	2014	Rajiv Machine Tools
14	Welding Machine	Ex. D&H Supra INV MIG 400 Sr No. 14090500804	2014	Rajiv Machine Tools
15	Welding Robots	10-011-974 Kuku Robots KR16-2	2014	Kuka Robotics (India) Pvt. Ltd.
16	Cleaning Station	PRS 600 & PRA	2014	Jay EngitechPvt. Ltd.
17	Welding Machine	PW TIG 400 A Sr. No. 2014081632	2015	Parag Electrodes Agencies Pvt. Ltd.

### SOFTWARE

Below is the list of different Software Assistance used for designing and developments are:

- Microprotal Software for Mechanical Design.
- PV Elite - Software for Mechanical Design.
- HTRI – Software for Process Design.
- Nozzle Pro –Software for Finite Element Analysis
- Drawings: Auto cad version 2010.



**COLLABORATIONS/TIE UPS/ JOINT VENTURES:** As on date of the Prospectus, we do not have any Collaboration/Tie Ups/ Joint Ventures.

**EXPORT OBLIGATION:** Our Company does not have any export obligation as on date.

**SALES AND MARKETING:-**

Marketing is an important function of our organization. We sell our products throughout India our success lies in the strength of our relationship with our customers who have been associated with our Company for a long period. Our promoters, Mr. Rameshchandra Nathalal Patel and Mr. Alkesh Rameshchandra Patel, through their vast experience and good rapport with clients owing to timely and quality delivery of products plays an instrumental role in creating and expanding a work platform for our Company. To retain our customers, we regularly interact with them and focus on gaining an insight into the designs and other additional needs of such customers. With large sales potential, low infrastructure costs, raw material proximity and the availability of expertise of our Promoters, we plan to grow geographically.

***Marketing Strategy:***

We intend to focus on following marketing strategies:

1. Focus on existing markets and increasing our customer base.
2. Emphasizing on providing Value Added Services.
3. Continuously holding markets Trends.
4. Production according to Customer`s Requirement

**COMPETITION:-**

Our Industry is fragmented consisting of large established players and small niche players. We face substantial competition for our products from other manufacturers in domestic market. Our competition varies for our products and regions. We compete with other manufacturers on the basis of product range, product quality, product designing and product price including factors, based on reputation, regional needs, and customer convenience. While these factors are key parameters in client`s decisions matrix in purchasing goods; product designing, product range, product quality and product price is often the deciding factor in most deals. Some of our major competitors are:-

- Patels Airtemp (India) Limited
- ISGEC Heavy Engineering Ltd.
- GMM Pfaudler Ltd

**Certifications**

We have well defined stringent quality standards with a customer focus. We continuously strive to improve quality of products processes and safety requirements. We have received enlistment with various clients and other certification such as:-

- We are an ISO 9001:2008 certified company and our Quality Management Systems confirms to the standards laid down in the Industry.
- We have enlisted with various governments undertaking and other parties such as Engineers India Limited, Gujarat State Petronet Ltd., Projects & Development India Limited and Gujarat Narmada Valley Fertilizers Co. Ltd. as registered supplier for supply of Pressure Vessels and Heat Exchangers.
- Our Company is authorized under The American Society of Mechanical Engineers (ASME) for “U” and “U2” Stamp on Manufacture of pressure vessels.
- Our Company is a member of Heat Transfer Research Inc, the world`s premier source of technology information, services and software in field of process heat transfer.
- We are authorized by The National Board of Boiler & Pressure Vessel Inspectors for “NB” Mark in Pressure Vessels and other pressure retaining items.



**Infrastructure & Utilities:**

***Raw Materials:***

For manufacturing of our products we use the materials like, Low temperature steels High yield point carbon steels, Stainless steels, Non-ferrous materials required for various processes, Overlaying and lining. Suppliers of the products are selected and evaluated based on their ability to supply the required quality and quantity, past performance and customer requirements. The list of major suppliers based on the transaction with our Company for the year ending on 31 March 2015 is as follows:-

<b>Name</b>	<b>Value (₹ in Lakhs )</b>	<b>As % of total</b>
R D Forge	101.19	12.87
Shah Brothers Ispat Pvt. Ltd.	95.82	12.19
Sanghvi Forging and Engineering Limited	89.23	11.35
Steel Dealers	83.08	10.57
BRG Iron and Steel Company Pvt. Ltd.	63.10	8.02
Lal Metal Forge Limited	39.92	5.08
Jindal Stainless Steelway Limited	35.92	4.57
Deepak Steels	25.21	3.21
Semi Steel (India)	24.96	3.17
Multi Fastners Pvt. Ltd.	22.25	2.83
<b>Total</b>	<b>580.68</b>	<b>73.85%</b>

**Power:** The requirement of power for our operations, like power for lighting and operating the machinery/equipment is met through the Gujarat Electricity Board. The electricity connection from Gujarat Electricity Board is obtained by our Company.

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

**Manpower:** We believe that our employees are key contributors to our business success. To achieve this, we focus on attracting and retaining the best possible talent. Our Company looks for specific skill-sets, interests and background that would be an asset for its kind of business.

**Employee Profile:** As on the date of Prospectus we employ 45 full-time employees at our manufacturing premises. Focusing on the growth and stability in the long range we have employed in our Company a prudent mix of the experienced and youth which gives us the dual advantage. Our work force, work processes and skilled resources together with our management team have enabled us to successfully implement our growth plans.

**PROPERTY:-**


**Intellectual Property**

Our Company has also applied for registration dated May 18, 2015 of its trademarks for our key brands and related products which add significant value and are important to our business. Further the details and status of our logo and trade are as below:-

**Trademarks registered/Applied in the name of our Company**

Set forth below are the trademarks registered in the name of our Company. Under the Trademarks Act, 1999:



S. No	Brand Name/Logo Trademark	Class	Nature of Trademark	Owner	Application No. & Date	Remark
1	Trademark	7		LOYAL EQUIPMENTS LIMITED	2964850 dated 18/05/2015	The status of the application was applied dated 18/05/2015
		35			2964869 dated 18/05/2015	The status of the application was applied dated 18/05/2015
		42			2964835 dated 18/05/2015	The status of the application was applied dated 18/05/2015

**The Details of Domain Name registered on the name of the Company is:-**

S.N o.	Domain Name and ID	Sponsoring Registrar and IANA ID	Registrant Name, and Address	Creation Date	Registration Expiry Date
1.	<a href="http://www.loyalequipments.com">www.loyalequipments.com</a> 1574669340	PDR Ltd. D/B/A Publicdomainregistry.com IANA ID : 303	Mr. Alkesh Patel, Block No. 35-1/2/3/4 near Ankur Polymer, Zak	05/11/2009	05/11/2015

**IMMOVABLE PROPERTY**

Details of our properties are as follows: -

**Registered & Corporate Office**

S. No.	Details of the Property	Use	Owned/ Leased/License	Licensor/Lessor/Vendor	Consideration/ Lease Rental/ License Fees (₹)
1.	Block No. 35/1, Village Zak, Dahegam, Gujarat-382330	Currently the premises are used as Registered Office	Owned	Mr. Bhavesh Hasmukh bhai Ojha and Mr. Jayesh Kumar Babulal Patel, Director of M/s Associate Thermal Spray Private Limited.	Registered Sale deed dated July 4, 2008 executed between Mr. Bhavesh hasmukh bhai Ojha and Mr. Jayesh kumar Babulal Patel , Director of M/s Associate Thermal Spray Private Limited and Mr. Rameshchandra Nathalal Patel, Mrs. Jyotsanaben Rameshchandra Patel and Mr. Alkesh Rameshchandra Patel, Director of M/s Loyal Equipments Private Limited in consideration of ₹ 43,11,000.
2.	Block No. 35/2-3-4, Village Zak, Dahegam, Gujarat-382330	Currently the premises are used as Corporate Office	Rented	Rent Agreement between Mrs. Jyotsanaben Rameshchandra Patel Proprietor of M/s Loyal Engineers and Mr. Rameshchandra Nathalal Patel Director of M/s Loyal Equipments Private Limited dated January 30, 2014	Original Rent agreement dated July 30, 2007 and further latest amended on January 30, 2014 executed between Mrs, Jyotsanaben Rameshchandra Patel Proprietor of M/s Loyal Engineers and Mr. Rameshchandra Nathalal Patel Director of M/s Loyal Equipments Private Limited on revised rent of Rs. 1,50,000 per month. This rent Agreement shall remain in force upto 31.03.2030.



**INSURANCE:**

We maintain adequate insurance policies for our moveable and immovable properties. We have obtained Standard Fire and Special Perils Policy for our factory and registered office. We maintain insurance covering our movable and immovable assets. Our Company has 10 (Ten) Insurance policies in total and the details of all the insurance policies maintained by us are as follows:

S. No	Policy No.	Name of the Insurer	Description of Policy	Assets Insured	Address of the Properties where the insured assets are situated	Sum Insured /IDV (Rs)	Date of Expiry of Policy	Premium Paid (Rs)
1.	0000000002980814	SBI General Insurance	Standard Fire and Special Perils Policy	Buildings, Plant and Machinery, furniture fixtures and Stock	Village Zak, Block No. 35/1-2-3-4 Ta Dahegam Dist. Gandhinagar, Gujarat - 382330	5,00,00,000	15 June, 2016	Rs. 50,000/-
2.	3005/I-34555729/00/000	ICICI Lombard	Two Wheeler Vehicle Package Policy	Honda Motorcycle and Activa GJ01SG 7021	6, Chitrkut Bunglows, Near Sudhara Society, Opposite Tirupati Bunglows Naroda, Ahmedabad, Gujarat-382330	39,482/-	23 March, 2016	Rs 1537/-
3.	3001/100517528/00/000	ICICI Lombard	Car Package Policy	Hyundai i10 Magna 1.2 GJ01KH 8391	6, Chitrkut Bunglows, Near Sudhara Society, Opposite Tirupati Bunglows Naroda, Ahmedabad, Gujarat-382330	2,64,000/-	05 April, 2016	Rs. 5597/-
4.	3001/100517552/00/000	ICICI Lombard	Car Package Policy	Maruti SX4 GJ18AC 9039	6, Chitrkut Bunglows, Near Sudhara Society, Opposite Tirupati Bunglows Naroda, Ahmedabad, Gujarat-382330	4,13,640/-	26 March, 2016	Rs 18890/-
5.	3001/100517554/00/000	ICICI Lombard	Car Package Policy	Toyota Innova VX GJ18AC 9078	6, Chitrkut Bunglows, Near Sudhara Society, Opposite Tirupati Bunglows Naroda, Ahmedabad, Gujarat-382330	6,64,373/-	26 March, 2016	Rs15908/-
6.	OG-15-2202-1802-00058079	Bajaj Allianz	Two Wheeler	Bajaj Discover	6, Chitrkut Bunglows, Near	22,402/-	29 Decem	Rs.464/-



			Package Policy	GJ18AN 6793	Sudhara Society, Opposite Tirupati Bunglows Naroda, Ahmedabad, Gujarat-382330		ber,20 15	
7.	OG-15-2202-1802-00058078	Bajaj Allianz	Two Wheeler Package Policy	Bajaj Discover GJ18AN 6782	6, Chitrkut Bunglows, Near Sudhara Society, Opposite Tirupati Bunglows Naroda, Ahmedabad, Gujarat-382330	22,402/-	29 December,20 15	Rs.464/-
8.	OG-15-2234-1801-00000903	Bajaj Allianz	Car Package Policy	Wagon R GJ18AM 8423	6, Chitrkut Bunglows, Near Sudhara Society, Opposite Tirupati Bunglows Naroda, Ahmedabad, Gujarat-382330	2,87,06 7/-	07 September, 2015	Rs. 1429/-
9.	OG-15-2234-1801-00000902	Bajaj Allianz	Car Package Policy	Wagon R GJ18AM 9710	6, Chitrkut Bunglows, Near Sudhara Society, Opposite Tirupati Bunglows Naroda, Ahmedabad, Gujarat-382330	2,87,06 7/-	07 September, 2015	Rs. 1429/-
10.	OG-15-2234-1811-00000005	Bajaj Allianz	Commercial Vehicle Policy	Hydra-10 Hydraulic Mobile Crane	6, Chitrkut Bunglows, Near Sudhara Society, Opposite Tirupati Bunglows Naroda, Ahmedabad, Gujarat-382330	5,49,29 0/-	25 September, 2015	Rs. 7347/-





## **KEY INDUSTRY REGULATION AND POLICIES**

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our business. The information detailed in this Chapter has been obtained from the various legislations, including rules and regulations promulgated by the regulatory bodies and the bye laws of the respective local authorities that are available in the public domain. The regulations and policies set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice. For details of Government Approvals obtained by the Company in compliance with these regulations, see section titled “*Government and Other Approvals*” beginning on page 183 of this Prospectus.

### **Important General laws:**

#### **The Foreign Exchange Management Act, 1999 (FEMA) and Regulations framed thereunder.**

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications there under, and the policy prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India. As laid down by the FEMA Regulations no prior consents and approvals are required from the Reserve Bank of India, for Foreign Direct Investment under the ‘automatic route’ within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (“FEMA Regulations”) to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India and Foreign Exchange Management (Export of Goods and Services) Regulations, 2000 for regulation on exports of goods and services.

#### **The Foreign Trade (Development & Regulation) Act, 1992**

The Foreign Trade (Development & Regulation) Act, 1992, provides for the development and regulation of foreign trade by facilitating imports into and augmenting exports from India and for matters connected therewith or incidental thereto.

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

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

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

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

#### **The Indian Boilers Act, 1923**

The Indian Boilers Act, 1923 was enacted with the objective to provide for the safety of life and property of persons from the danger of explosions of steam boilers and for achieving uniformity in registration and inspection during operation and maintenance of boilers in India. Under Indian Boilers Act, 1923 Indian Boiler Regulations, 1950 have been framed. These Regulations deal with the materials, procedure & inspection techniques to be adopted for the manufacture of boilers



& boiler mountings & fittings. The boilers are inspected by the inspectorate as per the procedure laid thereunder and if found satisfactory, a Certificate is issued for operation for a maximum period of 12 months.

#### **The Indian Contract Act, 1872 (“Contract Act”)**

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

#### **The Consumer Protection Act, 1986(COPRA)**

The Consumer Protection Act, 1986 (“COPRA”) aims at providing better protection to the interests of consumers and for that purpose makes provisions for the establishment of authorities for the settlement of consumer disputes. The COPRA provides a mechanism for the consumer to file a complaint against a trader or service provider in cases of unfair trade practices, restrictive trade practices, defects in goods, deficiency in services; price charged being unlawful and goods being hazardous to life and safety when used. The COPRA provides for a three tier consumer grievance redressal mechanism at the national, state and district levels. Non compliance of the orders of these authorities attracts criminal penalties.

#### **The Legal Metrology Act, 2009**

Legal Metrology Act, 2009 was enacted with the objectives to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. This act replaced the Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, with effect from March 1, 2011.

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

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

#### **Tax Related Legislations**

##### **Central Sales Tax Act, 1956(“CST Act”)**

The CST Act formulates principles for determining (a) when a sale or purchase takes place in the course of inter-state trade or commerce; (b) when a sale or purchase takes place outside a State and(c) when a sale or purchase takes place in the course of imports into or export from India. This Act provides for levy, collection and distribution of taxes on sales of goods in the course of inter-state trade or commerce and also declares certain goods to be of special importance in inter-State trade or commerce and specifies the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. Central Sales tax is levied on inter State sale of goods. Sale is considered to be inter-state when (a) sale occasions movement of goods from one State to another or (b) is effected by transfer of documents during their movement from one State to another.



A sale or purchase of goods shall be deemed to take place in the course of inter-state trade or commerce if the sale or purchase is affected by a transfer of documents of title to the goods during their movement from one state to another. When the goods are handed over to the carrier, he hands over a receipt to the seller. The seller sends the receipt to buyer. The buyer gets delivery of goods on submission of the receipt to the carrier at other end. The receipt of carrier is 'document of title of goods'. Such document is usually called Lorry Receipt (LR) in case of transport by Road or Air Way Bill (AWB) in case of transport by air. Though it is called Central Sales Tax Act, the tax collected under the Act in each State is kept by that State only. Central Sales Tax is payable in the State from which movement of goods commences (that is, from which goods are sold). The tax collected is retained by the State in which it is collected. The Central Sales Tax Act is administered by sales tax authorities of each State. The liability to pay tax is on the dealer, who may or may not collect it from the buyer.

### **Income-Tax Act, 1961 (“IT Act”)**

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

### **Service Tax Act**

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

### **The Central Excise Act, 1944**

Excise duty imposes a liability on a manufacturer to pay excise duty on production or manufacture of goods in India. The Central Excise Act, 1944 is the principal legislation in this respect, which provides for the levy and collection of excise and also prescribes procedures for clearances from factory once the goods have been manufactured etc. Additionally, the Central Excise Tariff Act, 1985 prescribes the rates of excise duties for various goods.

### **Gujarat Value Added Tax Act, 2003 (GJ VAT Act)**

VAT is the most progressive way of taxing consumption rather than business. Gujarat Value Added Tax Act, 2003 has come into effect from 25<sup>th</sup> January 2005. VAT is a multi-stage tax on goods that is levied across various stages of production and supply with credit given for tax paid at each stage of Value addition. VAT is a system of multi-point levy on each of the entities in the supply chain with the facility of set-off input tax whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is essentially a consumption tax applicable to all commercial activities involving the production and distribution of goods, and each State that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register themselves and obtain a registration number.

### **The Customs Act, 1962**

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get itself registered and obtain an IEC (Importer Exporter Code).



## **Laws relating to Employment and labour**

### **The Industrial (Development and Regulation) Act, 1951(IDRA)**

The IDRA has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defence equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking which is exempt from licensing is required to file an Industrial Entrepreneurs Memorandum ("IEM") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

### **The Industrial Disputes Act, 1947(ID Act)**

The ID Act provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the appropriate Government may refer the dispute to a labor court, tribunal or arbitrator, to prevent the occurrence or continuance of the dispute, or a strike or lock-out while a proceeding is pending. The labor courts and tribunals may grant appropriate relief including ordering modification of contracts of employment or reinstatement of workmen. Government of Gujarat has notified the Industrial Disputes (Gujarat Amendment) Act, 2004 which came into force from February 10, 2004, for its application to the state of Gujarat.

### **The Industrial Employment Standing Orders Act, 1946**

Every establishment employing more than 100 employees is required to formulate rules and regulations for its employees and the same should be submitted for approval to the Deputy Labor Commissioner.

### **The Factories Act, 1948**

The Factories Act defines a 'factory' to be any premises including the precincts thereof, on which on any day in the previous 12 months, 10 or more workers are or were working and in which a manufacturing process is being carried on or is ordinarily carried on with the aid of power; or where at least 20 workers are or were working on any day in the preceding 12 months and on which a manufacturing process is being carried on or is ordinarily carried on without the aid of power. State governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories.

The Factories Act provides that the 'occupier' of a factory (defined as the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors) shall ensure the health, safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions. If there is a contravention of any of the provisions of the Factories Act or the rules framed there under, the occupier and manager of the factory may be punished with imprisonment or with a fine or with both.

### **The Employees (Provident Fund and Miscellaneous Provisions) Act, 1952(EPF Act)**

The EPF Act applies to factories employing over 20 employees and such other establishments and industrial undertakings as notified by the Government of India from time to time. It requires all such establishments to be registered with the State provident fund commissioner and requires such employers and their employees to contribute in equal proportion to the employees' provident fund the prescribed percentage of basic wages and dearness and other allowances payable to employees. The EPF Act also requires the employer to maintain registers and submit a monthly return to the State provident fund commissioner.



### **The Employees State Insurance Act, 1948(ESI Act)**

The ESI Act provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

### **The Payment of Gratuity Act, 1972(Gratuity Act)**

The Gratuity Act establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in which ten or more employees are employed or were employed on any day of the preceding twelve months, as notified by the Central Government from time to time. Penalties are prescribed for non-compliance with statutory provisions.

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed ₹ 1 million.

### **The Minimum Wages Act, 1948, (Gujarat Amendment Act 22 of 1961)**

The MWA provides a framework for State governments to stipulate the minimum wage applicable to a particular industry. The Gujarat Amendment Act came into force from 18 May 1961. The minimum wage may consist of a basic rate of wages and a special allowance; or a basic rate of wages and the cash value of the concessions in respect of supplies of essential commodities; or an all inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any. Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government. Contravention of the provisions of this legislation may result in imprisonment for a term up to six months or a fine up to ₹ 500 or both.

### **The Payment of Bonus Act, 1965(“POB Act”)**

The POB Act provides for payment of minimum bonus to factory employees and every other establishment in which 20 or more persons are employed and requires maintenance of certain books and registers and filing of monthly returns showing computation of allocable surplus, set on and set off of allocable surplus and bonus due.

### **The Workmen Compensation Act, 1923 (“WCA”)**

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

### **Laws relating to Specific State where establishment is situated**

#### **The Bombay Shops and Establishments Act, 1948 ("The Bombay Shops Act")**

The Bombay Shops Act is also applicable to the state of Gujarat and provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres and other establishments. The Act is enforced by the Chief Inspector of Shops (CIS) and various inspectors under the supervision and control of Deputy/Assistant Labour Commissioners of the concerned District, who in turn function under the supervision of Labour Commissioner. State of Gujarat has notified the Gujarat Shops and Establishments Rules, 1963 under the Bombay Shops Act.



## **The Gujarat State Tax on Professions, Trade, Callings and Employments Act, 1976**

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The professional tax is charged as per the List II of the Constitution. The professional tax is classified under various tax slabs in India. The tax payable under the State Acts by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. The Gujarat State Tax on Professions, Traders, Callings and Employments Rules, 1976 have also been notified by the Government.

### **Approvals from Local Authorities**

Setting up of a factory or manufacturing / housing unit entails the requisite planning approvals to be obtained from the relevant Local Panchayat(s) outside the city limits and appropriate Metropolitan Development Authority within the city limits. Consents are also required from the state pollution control board(s), the relevant state electricity board(s), the state excise authorities, sales tax, among others, are required to be obtained before commencing the building of a factory or the start of manufacturing operations.

### **Laws relating to Intellectual Property**

#### **The Trademarks Act, 1999 (“TM Act”)**

The TM Act provides for the application and registration of trademarks in India. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label and heading and to obtain relief in case of infringement for commercial purposes as a trade description. The registration of a trademark is valid for a period of 10 years, and can be renewed in accordance with the specified procedure.

Application for trademark registry has to be made to Controller-General of Patents, Designs and **TM Act** who is the Registrar of Trademarks for the purposes of the **TM Act**. The **TM Act** prohibits any registration of deceptively similar trademarks or chemical compound among others. It also provides for penalties for infringement, falsifying and falsely applying trademarks.

#### **Indian Copyright Act, 1957 (Copyright Act)**

The Copyright Act governs copyright protection in India. Under the Copyright Act, copyright may subsist in original literary, dramatic, musical or artistic works, cinematograph films, and sound recordings. Following the issuance of the International Copyright Order, 1999, subject to certain exceptions, the provisions of the Copyright Act apply to nationals of all member states of the World Trade Organization.

While copyright registration is not a prerequisite for acquiring or enforcing a copyright, registration creates a presumption favoring ownership of the copyright by the registered owner. Copyright registration may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Once registered, the copyright protection of a work lasts for 60 years.

The remedies available in the event of infringement of a copyright under the Copyright Act include civil proceedings for damages, account of profits, injunction and the delivery of the infringing copies to the copyright owner. The Copyright Act also provides for criminal remedies, including imprisonment of the accused, imposition of fines and seizure of infringing copies.

#### **The Patents Act, 1970 (Patent Act)**

The purpose of the Patent Act in India is to protect inventions. Patents provide the exclusive rights for the owner of a patent to make, use, exercise, distribute and sell a patented invention. The patent registration confers on the patentee the exclusive right to use, manufacture and sell his invention for the term of the patent. An application for a patent can be made by (a)



person claiming to be the true and first inventor of the invention; (b) person being the assignee of the person claiming to be the true and first inventor in respect of the right to make such an application; and (c) legal representative of any deceased person who immediately before his death was entitled to make such an application. Penalty for the contravention of the provisions of the Patents Act include imposition of fines or imprisonment or both.

### **The Designs Act, 2000 (Designs Act)**

The objective of Designs Act is to promote and protect the design element of industrial production. It is also intended to promote innovative activity in the field of industries. The Controller General of Patents, Designs and Trade Marks appointed under the Trademarks Act shall be the Controller of Designs for the purposes of the Designs Act. When a design is registered, the proprietor of the design has copyright in the design during ten years from the date of registration.

### **Environmental Laws**

#### **The Environment (Protection) Act, 1986(EPA)**

The EPA is umbrella legislation in respect of the various environmental protection laws in India. The EPA vests the Government of India with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for, inter-alia, laying down the quality of environment, standards for emission or discharge of environment pollutants from various sources as given under the Environment (Protection) Rules, 1986, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes and materials likely to cause pollution. Penalties for violation of the EPA include fines up to ₹ 100,000 or imprisonment of up to five years, or both. The imprisonment can extend up to seven years if the violation of the EPA continues.

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

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering the Central Pollution Control Board and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. In certain cases the State Pollution Control Board may cause the local Magistrates to restrain the activities of such person who is likely to cause pollution. Penalty for the contravention of the provisions of the Water Act include imposition of fines or imprisonment or both.

#### **The Water (Prevention and Control of Pollution) Cess Act, 1977, as amended (the “Water Cess Act”)**

The Water Cess Act provides for levy and collection of a cess on water consumed by industries with a view to augment the resources of the Central and State Pollution Control Boards constituted under the Water Act. Under this statute, every person carrying on any industry is required to pay a cess calculated on the basis of the amount of water consumed for any of the purposes specified under the Water Cess Act at such rate not exceeding the rate specified under the Water Cess Act. A rebate of up to 25% on the cess payable is available to those persons who install any plant for the treatment of sewage or trade effluent, provided that they consume water within the quantity prescribed for that category of industries and also comply with the provision relating to restrictions on new outlets and discharges under the Water Act or any standards laid down under the EPA. For the purpose of recording the water consumption, every industry is required to affix meters as prescribed. Penalties for noncompliance with the obligation to furnish a return and evasion of cess include imprisonment of any person for a period up to six months or a fine of ₹ 1,000 or both and penalty for non-payment of cess within a specified time includes an amount not exceeding the amount of cess which is in arrears.

#### **The Air (Prevention and Control of Pollution) Act, 1981, as amended (the “Air Act”)**

Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant consent within a period of four months of receipt of an application, but may impose conditions relating to pollution control equipment to be installed at the facilities. No person



operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board.

The penalties for the failure to comply with the provisions of the Air Act include imprisonment of up to six years and the payment of a fine as may be deemed appropriate. If an area is declared by the State Government to be an air pollution control area, then, no industrial plant may be operated in that area without the prior consent of the State Pollution Control Board.

#### **Hazardous Wastes (Management, Handling and Tran boundary Movement) Rules, 2008.**

These rules shall apply to the handling of hazardous wastes as specified in Schedules and shall not apply to- (a) waste-water and exhaust gases as covered under the provisions of the Water (Prevention and Control of Pollution) Act, 1974 (6 of 1974) and the Air (Prevention and Control of Pollution) Act, 1981 (14 of 1981) and the rules made thereunder; (b) wastes arising out of the operation from ships beyond five kilometers of the relevant baseline as covered under the provisions of the Merchant Shipping Act, 1958 (44 of 1958) and the rules made thereunder; (c) radio-active wastes as covered under the provisions of the Atomic Energy Act, 1962 (33 of 1962) and the rules made thereunder; (d) bio-medical wastes covered under the Bio-Medical Wastes (Management and Handling) Rules, 1998 made under the Act; and (e) wastes covered under the Municipal Solid Wastes (Management and Handling) Rules, 2000 made under the Act.

#### **The Noise Pollution (Regulation & Control) Rules, 2000 (“Noise Regulation Rules”)**

The Noise Regulation Rules regulate noise levels in industrial (75 decibels), commercial (65 decibels) and residential zones (55 decibels). The Noise Regulation Rules also establish zones of silence of not less than 100 meters near schools, courts, hospitals, etc. The Rules also assign regulatory authority for these standards to the local district courts. Penalty for non-compliance with the Noise Regulation Rules shall be under the provisions of the Environment (Protection) Act, 1986.

#### **Property related laws**

The Company is required to comply with central and state laws in respect of property. Central Laws that may be applicable to our Company's operations include the Land Acquisition Act, 1894, the Transfer of Property Act, 1882, Registration Act, 1908, Indian Stamp Act, 1899, and Indian Easements Act, 1882.

In addition, regulations relating to classification of land may be applicable. Usually, land is broadly classified under one or more categories such as residential, commercial or agricultural. Land classified under a specified category is permitted to be used only for such specified purpose. Where the land is originally classified as agricultural land, in order to use the land for any other purpose the classification of the land is required to be converted into commercial or industrial purpose, by making an application to the relevant municipal or town and country planning authorities. In addition, some State Governments have imposed various restrictions, which vary from state to state, on the transfer of property within such states.

Land use planning and its regulation including the formulation of regulations for building construction, form a vital part of the urban planning process. Various enactments, rules and regulations have been made by the Central Government, concerned State Governments and other authorized agencies and bodies such as the Ministry of Urban Development, State land development and/or planning boards, local municipal or village authorities, which deal with the acquisition, ownership, possession, development, zoning, planning of land and real estate.

Each state and city has its own set of laws, which govern planned development and rules for construction (such as floor area ratio or floor space index limits). The various authorities that govern building activities in states are the town and country planning department, municipal corporations and the urban arts commission.

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

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





Any document which is required to be compulsorily registered but is not registered will not affect the subject property, nor be received as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance of a contract under the TP Act or as evidence of any collateral transaction not required to be effected by registered instrument), unless it has been registered.

### **Gujarat Stamp Act, 1958 (the “Stamp Act”)**

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

Instruments chargeable to duty under the Stamp Act but which have not been duly stamped, are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments by certain specified authorities and bodies and imposition of penalties, for instruments which are not sufficiently stamped or not stamped at all. Instruments which have not been properly stamped instruments can be validated by paying a penalty of up to 10 times of the total duty payable on such instruments.

### **The Indian Easements Act, 1882 (“IE Act”)**

The law relating to easements and licenses in property is governed by the Easements Act, 1882 (“**IE Act**”). The right of easement has been defined under the Easements Act to mean a right which the owner or occupier of any land possesses over the land of another for beneficial enjoyment of his land. Such right may allow the owner of the land to do and continue to do something or to prevent and continue to prevent something being done, in or upon any parcel of land which is not his own. Easementary rights may be acquired or created by (a) an express grant; or (b) a grant or reservation implied from a certain transfer of property; or (c) by prescription, on account of long use, for a period of twenty years without interruption; or (d) local customs.

### **The Negotiable Instruments Act, 1881 (“NI Act”)**

In India, the laws governing monetary instruments such as cheques are contained in the Negotiable Instruments Act, 1881, which is largely a codification of the English Law on the subject. To ensure prompt remedy against defaulters and to ensure credibility of the holders of the negotiable instrument a criminal remedy of penalty was inserted in Negotiable Instruments Act, 1881 in form of the Banking, Public Financial Institutions and Negotiable Instruments Laws (Amendment), 1988 which were further modified by the Negotiable Instruments (Amendment and Miscellaneous Provisions) Act, 2002. The Act provides effective legal provision to restrain people from issuing cheques without having sufficient funds in their account or any stringent provision to punish them in the event of such cheque not being honoured by their bankers and returned unpaid. Section 138 of the Act, creates statutory offence in the matter of dishonor of cheques on the ground of insufficiency of funds in the account maintained by a person with the banker which is punishable with imprisonment for a term which may extend to two year, and with fine which may extend to twice the amount of the cheque, or with both.

### **The Sale of Goods Act, 1930 (Sale of Goods Act)**

The law relating to the sale of goods is codified in the Sale of Goods Act, 1930. It defines sale and agreement to sell as a contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a price and provides that there may be a contract of sale between part owner and another and that the contract of sale may be absolute or conditional. According to the provisions of this Act, a contract of sale is made by an offer to buy or sell the goods for a price and the acceptance of such offer. The Act further provides that the contract may provide for the immediate delivery of the goods or immediate payment of the price or both or for the delivery or payment by installments or that the delivery or payment or both shall be postponed. Provisions are made in this Act for existing or future goods, perishable goods, ascertainment of price, conditions and warranties, effects of the contract, delivery to courier, duties of seller and buyer, buyer’s right of examining the goods, liability of buyer for neglecting or refusing the delivery of goods, rights of unpaid seller, suits for breach of the contract, sale, etc.



## HISTORY AND CERTAIN CORPORATE MATTERS

### Our History and Background

Our Company was incorporated as Loyal Equipments Private Limited on April 20, 2007 under the provisions of Companies Act, 1956 with Registrar of Companies, Dadra and Nagar Haveli, Gujarat vide registration no. (CIN: U29190GJ2007PTC050607). Pursuant to Shareholders Resolution passed at the Extra Ordinary General Meeting held on May 02, 2015 our Company was converted into a Public Limited Company and the name of our Company was changed to “Loyal Equipments Limited” vide a fresh Certificate of Incorporation dated May 12, 2015, issued by the Registrar of Companies, Ahmedabad, Gujarat.

The Corporate Identification Number of our Company is U29190GJ2007PLC050607.

### Address of Registered Office and Factory:-

<b>Registered Office &amp; Factory</b>	Block No. 35/1-2-3-4, Village Zak, Dahegam, Gujarat-382330
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### Changes in the Registered Office:-

From	To	With Effect from	Reason for Change
----	6, Chitrakoot Bungalows, Nr. Sudhara Society, Dahegam Road, Naroda, Ahmedabad, Gujarat, INDIA - 382330	Since Incorporation	N.A.
6, Chitrakoot Bungalows, Nr. Sudhara Society, Dahegam Road, Naroda, Ahmedabad, Gujarat, INDIA - 382330	Block No. 35/1-2-3-4, Village Zak, Dahegam, Gujarat-382330	April 28, 2015	Greater Operation Efficiency

### Key Events and Mile Stones

Year	Key Events / Milestone / Achievements
Apr. 2007	Incorporation of our Company
	Commencement of Production activities
Dec.2007	Certificate of Import Export Code
Aug, 2008	Enlistment with Gujarat Narmada Valley Fertilizers Co. Limited for supply of Pressure Vessels.
June, 2010	Enlistment with Projects & Development India Limited (A Govt. of India Undertaking) for Supply of Pressure Vessels
Aug.2012	Certificate of Registration of ISO 9001:2008 for design, manufacture and supply of pressure vessels and heat exchangers and manufacture and supply of heavy structure work.
Aug.2012	Certificate of Registration of ISO 9001:2008 for design, manufacture and supply of pressure vessels and heat exchangers and manufacture and supply of heavy structure work for NABCB Certificate
Nov.2012	Member of Heat Transfer Research, Inc. the world’s premier source of technology, information, services and softwares in the field of process heat transfer.
July,2013	Enlistment with Engineers India Limited (A Govt. of India Undertaking) for Pressure Vessels
Apr.2014	Certificate of Authorization from American Society of Mechanical Engineers (ASME) for manufacturing of ASME Boiler and Pressure Vessel Code under U Stamp
Apr.2014	Certificate of Authorization from American Society of Mechanical Engineers (ASME) for manufacturing of ASME Boiler and Pressure Vessel Code under U2 Stamp
May.2014	Certificate of Authorization from The National Board of Boiler & Pressure Vessel Inspectors for NB mark



July, 2014	Enlistment with Engineers India Limited (A Govt. of India Undertaking) for Heat Exchangers
Sep, 2014	Enlistment Certificate with The National Small Industries Corporation Limited (A Government of India Enterprise)
Dec, 2014	Enlistment with Gujarat State Petronet Limited for Supply of Pressure Vessels
Apr.2015	Registered office has been shifted from 6, Chitrakoot Bunglows, Nr. Surdhara Society, Dahegam Road, Naroda, Ahmedabad-382330, Gujarat to Block No. 35/1-2-3-4, Village Zak, Dahegam, Gujarat-382330
May.2015	Conversion of our Company from Private Limited to Public Limited Company

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

The main objects of our Company as set forth in the Memorandum of Association of our Company are as follows:

1. To carry on the business as manufacturers, manufacturers, representatives, exporters, importers, fabricators, machinists, instalators, repairers, factors, agents, dealers and distributors of all classes, kinds, types, natures and description of plants, machineries, tools, jigs, fixtures, dies, patents, instruments, appliances and parts, components and accessories thereof including but without limiting the generality thereof particularly of engineering goods, engineering machineries/equipments made of whatever metals and substances.

### **Changes in Memorandum of Association**

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

<b>Sr. No.</b>	<b>Particulars</b>	<b>Date of Meeting</b>	<b>Type of Meeting</b>
1	Authorised Capital with ₹1,00,000 divided into in 10,000 Equity Shares of ₹10/- each.	Incorporation	-
2	Increase in the authorized share capital of the Company from ₹1,00,000/- divided into 10,000 Equity Shares of ₹ 10/- each to ₹50,00,000/- divided into 5,00,000 Equity Shares of ₹ 10/- each.	23-Nov-00	EGM
3	Increase in the authorized share capital of the Company from ₹50,00,000/- divided into 5,00,000 Equity Shares of ₹ 10/- each to ₹3,00,00,000/- divided into 30,00,000 Equity Shares of ₹ 10/- each	16-Nov-13	EGM
4	Increase in the authorized share capital of the Company from ₹3,00,00,000/- divided into 30,00,000 Equity Shares of ₹ 10/- each to ₹ 8,00,00,000/- divided into 80,00,000 Equity Shares of ₹ 10/- each.	28-April-15	EGM
5	Conversion of our Company from Private Limited to a Public Limited Company. Consequently name of the Company has been changed to Loyal Equipments Limited from Loyal Equipments Private Limited and a fresh Certificate of Incorporation dated May 12, 2015 bearing CIN U29190GJ2007PLC050607 was issued by Registrar of Companies, Ahmedabad, Gujarat	02-May-15	EGM

### **Adopting New Articles of Association of the Company**

Our Company has adopted a new set of Articles of Association of the Company, in the General Meeting of the Company dated May 02, 2015

### **Injunctions or Restraining Orders**

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



**Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets etc.**

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

**Revaluation of Assets**

Our Company has not revalued its assets since incorporation.

**Defaults or rescheduling of borrowings with financial institutions/ banks and conversion of loans into equity**

There have been no defaults or rescheduling of borrowings with financial institutions in respect of our current borrowings from lenders. Further, none of our loans have been converted into equity.

**Number of Shareholders of our Company:**

Our Company has Seven (7) shareholders as on the date of filing of this Prospectus.

**Changes in the activities of our Company during the last five years**

There has been no change in the business activities of our Company during the last five years from the date of this Prospectus which may have had a material effect on the profit/loss account of our Company except for expansion in range of products being manufactured by the Company.

**Shareholders Agreement**

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

**OTHER AGREEMENTS:**

**Non Compete Agreement**

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

**Joint Venture**

Except the agreements entered in the ordinary course of the business carried on or intended to be carried on by us, we have not entered into any other Joint Venture agreement.

**Strategic Partners**

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

**Financial Partners**

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

**Details of Subsidiaries**

Our Company does not have any Subsidiary Company as on the date of filing this Prospectus.

**Details of Holding Company**

As on the date of the Prospectus, we are not subsidiary of any other Company.



**Lock-out or strikes**

There have been no lock-outs or strikes in our Company since Incorporation.

**Corporate Profile of our Company**

For details on the description of our Company's activities, the growth of our Company, please see "*Our Business*", "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" and "*Basis of Issue Price*" on pages 83, 166 and 64 of this Prospectus.

**Capital raising (Debt / Equity)**

For details of the equity capital raising of our Company, please refer to the chapter titled "*Capital Structure*" on page 45 of this Prospectus. We have not done any debt issuances or raised any long term debt since incorporation till date.



### OUR MANAGEMENT

Currently, our Company has 6 (Six) Directors out of which 3 (Three) are Independent Directors. We confirm that the composition of our Board of Directors complies with clause 52 of the SME Listing Agreement of BSE.

Mr. Rameshchandra Nathalal Patel (Chairman & Whole Time Director), Mr. Alkesh Rameshchandra Patel (Managing Director) & Mrs. Jyotsanaben Rameshchandra Patel (Whole Time Director) are suitably supported by team and technically qualified executives who carry out the day to day affairs of the business of our Company. All Executive Directors of our Company are under the direct control & superintendence of the Board of Directors.

The following table sets forth the details regarding the Board of Directors as on the date of filing of this Prospectus:

Sr. No.	Name, Father's Name, Age, Designation, Address, Experience, Occupation, Qualifications & DIN	Date of Appointment	No. of Equity Shares held & % of Share holding (Pre Issue)	Other Directorships
1	<b>Name:</b> Mr. Rameshchandra Nathalal Patel <b>S/o:</b> Late Mr. Nathalal Pursottamdas Patel <b>Age:</b> 68 Years <b>Designation:</b> Chairman & Whole Time Director <b>Address</b> 6, Chitrakut Plots, Near Surdhara Society, Naroda, Ahmedabad, Gujarat-382330, India <b>Experience:</b> 40 Years <b>Occupation:</b> Business <b>Qualifications:</b> Senior Higher Secondary <b>DIN:</b> 01307699	Appointed on the Board w.e.f. April 20, 2007  Designated as Chairman cum Whole Time Director in EGM dated June 13, 2015 for a period of 5 years subject to his liability to retire by rotation.	14,00,000 Shares  (28.00%)	NIL
2	<b>Name:</b> Mr. Alkesh Rameshchandra Patel <b>S/o:</b> Mr. Rameshchandra Nathalal Patel <b>Age:</b> 44 Years <b>Designation:</b> Managing Director <b>Address:</b> 6, Chitrakut Plots, Near Surdhara Society, Naroda, Ahmedabad, Gujarat-382330, India <b>Experience:</b> 22 Years <b>Occupation:</b> Business <b>Qualifications:</b> Senior Higher Secondary & Certification course in Maintenance Technician <b>DIN:</b> 02672297	Appointed on the Board w.e.f. April 20, 2007  Designated as Managing Director in EGM dated June 13, 2015 for a period of 5 Years.	13,99,960 Shares  (27.99%)	NIL
3	<b>Name:</b> Mrs. Jyotsanaben Rameshchandra Patel <b>W/o:</b> Mr. Rameshchandra Nathalal Patel <b>Age:</b> 66 Years <b>Designation:</b> Whole Time Director <b>Address:</b> : 6, Chitrakut Plots, Near Surdhara Society, Naroda, Ahmedabad, Gujarat-382330, India	Appointed on the Board w.e.f. April 20, 2007  Designated as Whole Time Director in EGM dated June 13, 2015 for a period of 5 years subject to her liability to retire by rotation.	22,00,000 Share  (44.00%)	NIL



Sr. No.	Name, Father's Name, Age, Designation, Address, Experience, Occupation, Qualifications & DIN	Date of Appointment	No. of Equity Shares held & % of Share holding (Pre Issue)	Other Directorships
	<b>Experience:</b> 20 Years <b>Occupation:</b> Business <b>Qualifications:</b> 9 <sup>th</sup> Class <b>DIN:</b> 01307770			
4	<b>Name:</b> Mr. Babubhai Bhulabhai Patel <b>S/o:</b> Bhulabhai Girdharbhai Patel <b>Age:</b> 76 years <b>Designation:</b> Independent & Non Executive Director <b>Address:</b> 51, Surdhara Bunglow, Opp. T.V. Tower, Drive In Road, Bodakdev, Ahmedabad – 380054 Gujarat <b>Experience:</b> 55 years <b>Occupation:</b> Consultant <b>Qualifications:</b> Bachelor Degree in Economics, Masters in Labour Welfare and Diploma in Personnel Management. <b>DIN:</b> 00116495	Appointed as a Non-Executive & Independent Director in Annual General Meeting on June 11, 2015 for a period of 5 Years.	Nil	Nil
5	<b>Name:</b> Mr. Girish Nathubhai Desai <b>S/o:</b> Mr. Nathubhai Dayajli Desai <b>Age:</b> 67 years <b>Designation:</b> Independent & Non Executive Director <b>Address:</b> 1 Pushpa Deep, 23 Pushpakunj, Soc, Kankaria, Ahmedabad, 380028, Gujarat, India <b>Experience:</b> 45 years <b>Occupation:</b> Consultant <b>Qualifications:</b> Bachelors in Mechanical Engineering <b>DIN:</b> 02824731	Appointed as a Non-Executive & Independent Director in Annual General Meeting on June 11, 2015 for a period of 5 Years.	Nil	➤ Patels Airtemp (India) Limited.
6	<b>Name:</b> Mr. Kalpesh Lalitchandra Joshi <b>S/o:</b> Lalitchand Gopalji Joshi <b>Age:</b> 48 Years <b>Designation:</b> Independent & Non Executive Director <b>Address:</b> B – 103, Vasant Vihar Tower, Daffnala, Shahibaug, Ahmedabad – 380004 Gujarat <b>Experience:</b> 20 years <b>Occupation:</b> Consultant <b>Qualifications:</b> Bachelors in Mechanical Engineering <b>DIN:</b> 07210197	Appointed as a Additional director on June 12, 2015  Designated as Non-Executive & Independent Director vide EGM Resolution dated June 13, 2015 for a period of 5 Years.	Nil	Nil



## **BRIEF PROFILE OF OUR DIRECTORS**

### **1. Mr. Rameshchandra Nathalal Patel, Chairman & Whole Time Director, Age: 68 Years**

Mr. Rameshchandra Nathalal Patel is the Chairman & Whole Time Director of our Company. He has been on the Board since incorporation. He has more than 40 years of experience in the equipments manufacturing sector. He has experience of working in equipments manufacturing Company i.e. Ingersoll Rand India Limited for a period of 20 years at an initial stage. Under his dynamic leadership and vast experience, he is able to deliver constant value to our Company's projects and expansion strategy. He has overall experience of 40 Years in the business activities such as manufacturing of equipment for petro-chemicals and chemical plants, power plants, fertilizers and gas processing plants, petroleum refineries and compressor industries, pharmaceutical plants, dairy plants. Being an early starter he has worked on almost all levels of the organization which helps him understand and handle major functions of our Company. His varied experience and varied helps us work united towards the same goals of the vision set by the management. Under his guidance our Company witnessed continued growth.

### **2. Mr. Alkesh Rameshchandra Patel, Managing Director, Age: 44 years**

Mr. Alkesh Rameshchandra Patel is the Managing Director of our Company. He has been on the Board since incorporation. He has more than 22 years of experience in the equipments manufacturing sector. He started his initial stage in field of technician and got certificate for completing the course in Maintenance Technician from Technical Examination Board, Gujarat. Having active involvement in activities of the Company including manufacturing, designing, and development of customize product and marketing of all equipments manufactured. His dynamism helps us cope with the work pressures efficiently and effectively and in execution of all operations specifically related to production and business activities of our Company.

### **3. Mrs. Jyotsanaben Rameshchandra Patel, Whole Time Director, Age: 66 years**

Mrs. Jyotsanaben Rameshchandra Patel is the Whole Time Director of our Company. She is one of the founder promoters of our Company. She is having sound and rich experience of our Industry and she looks after overall administration and co-ordination of the Company.

### **4. Mr. Babubhai Bhulabhai Patel, Non Executive & Independent Director, Age: 76 years**

Mr. Babubhai Bhulabhai Patel is Non Executive & Independent of the Company with having degree in Economics and Law along with masters in Labour Welfare from Gujarat University and Diploma in Personnel Management from London School of Economics and Political Science. He has experience of 55 years in field of Human Resource Management. He was Secretary General with Gujarat Chamber of Commerce and Industry and was Member on Board of Directors of Ahmedabad Stock Exchange Limited.

### **5. Mr. Girish Nathubhai Desai , Non- Executive & Independent Director, Age : 67 years**

Mr. Girish Nathubhai Desai is Non Executive & Independent of the Company and is Graduate in field of Mechanical Engineering from Gujarat University with having 45 years of experience in field of designing material management, projects and operation in managerial cadre. He has a vast experience in equipment manufacturing industry.

### **6. Mr. Kalpesh Lalitchandra Joshi, Non Executive & Independent Director, Age: 48 years**

Mr. Kalpesh Lalitchandra Joshi is Non Executive & Independent of the Company with having 20 years of experience in field of equipment manufacturing industry. He has vast experience in purchase, supply chain and strategic sourcing and international sourcing function of pressure vessels. Also he has experience of structural fabrication, piping, and storage tanks manufacturing.

## **Nature of any family relationship between any of our Directors**

The present Directors in our Board are related to each other, details of which are as follows:





Sr. No.	Name of Director	Relationship with Directors
1.	Mr. Rameshchandra Nathalal Patel	Husband of Mrs. Jyotsanaben Rameshchandra Patel Father of Mr. Alkesh Rameshchandra Patel
2.	Mr. Alkesh Rameshchandra Patel	Son of Mr. Rameshchandra Nathalal Patel & Mrs. Jyotsanaben Rameshchandra Patel.
3.	Mrs. Jyotsanaben Rameshchandra Patel	Wife of Mr. Rameshchandra Nathalal Patel Mother of Mr. Alkesh Rameshchandra Patel

We confirm that:

- We have not entered into any arrangement or understanding with our major shareholders, customers, suppliers or others, pursuant to which our Directors were selected as Directors.
- The terms of appointment with our Managing Director do not provide for any benefit upon termination of employment except the retirement benefits as applicable by law.
- None of our Directors is / was a Director in any listed company, during the last five years from the date of filing of Prospectus, whose shares have been / were suspended from being traded on the BSE Limited and / or National Stock Exchange of India Limited.
- Further, none of our Directors is / was a Director of any listed company which has been / was delisted from any recognised Stock Exchange.

#### Details of Borrowing Powers of Directors

Our Company has passed a resolution in the Extra Ordinary General Meeting of the members held on August 04, 2014 authorizing the Directors of the Company to borrow from time to time all such money as they may deem necessary for the purpose of business of our Company notwithstanding that money borrowed by the Company together with the monies already borrowed by our Company may exceed the aggregate of the paid up share capital and free reserves provided that the total amount borrowed by the Board of Directors shall not exceed the sum of Rs 100 Crores (Rupees one Hundred Crores only).

#### Compensation of our Managing Director and Whole Time Directors

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

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

Particulars	Mr. Rameshchandra Nathalal Patel	Mr. Alkesh Rameshchandra Patel	Mrs. Jyotsanaben Rameshchandra Patel
Resolution for appointment	EGM Resolution dated June 13, 2015	EGM Resolution dated June 13, 2015	EGM Resolution dated June 13, 2015
Designation	Chairman & Whole-time Director	Managing Director	Whole-time Director
Term	5 years Liable to Retire by Rotation	5 years	5 years Liable to Retire by Rotation
Remuneration	Upto ₹ 2,50,000 /- pm	Upto ₹ 3,50,000 /- pm	Upto ₹ 50,000/- pm

#### SITTING FEE

The Articles of Association of our Company provides that payment of sitting fees to Directors (other than Managing Director & Whole-time Directors) for attending a meeting of the Board or a Committee thereof shall be decided by Board of Directors from time to time. Our Board of Directors have resolved in their meeting dated June 12, 2015 for payment of an



amount of ₹ 1000/- (Rupee One thousand only) each to all Non-Executive Directors for attending each such meeting of the Board or Committee thereof.

**Compensation paid and benefits in kind granted to Directors during the financial year 2014-15**

Following is the detail of compensation paid and benefits in kind granted to the Board of Directors of the Company during the financial year 2014-15:

Particulars	Compensation (Rs in Lacs)
Mr. Rameshchandra Nathalal Patel	22.31
Mr. Alkesh Rameshchandra Patel	31.81

**INTEREST OF DIRECTORS**

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

The Directors may also be regarded as interested in the Equity Shares and dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies and firms, in which they are interested as Directors, Members and partners. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any Company in which they hold Directorships.

The Managing Director and Whole-time Directors of our Company are interested to the extent of remuneration paid to them for services rendered as officer or employee of our Company. Further, the Directors are also interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company. Our Directors are interested to the extent of unsecured Loan and Interest thereon as may be outstanding to be paid to them by our Company.

Further except as provided hereunder, our Directors are not interested in our Company in any manner:

Sr. No.	Director	Interest
1.	Mr. Rameshchandra Nathalal Patel	i. Has extended personal guarantee against the total borrowings of ₹ 360 Lacs made by our Company from Kotak Mahindra Bank. ii. Has extended personal guarantee against the total borrowing of ₹ 200 Lacs made by our Company from SIDBI.
2.	Mr. Alkesh Rameshchandra Patel	i. Has extended personal guarantee against the total borrowings of ₹ 360 Lacs made by our Company from Kotak Mahindra Bank. ii. Has extended personal guarantee against the total borrowing of ₹ 200 Lacs made by our Company from SIDBI.
3.	Mrs. Jyotsanaben Rameshchandra Patel	i. Has extended personal guarantee against the total borrowings of ₹ 360 Lacs made by our Company from Kotak Mahindra Bank. ii. Has extended personal guarantee against the total borrowing of ₹ 200 Lacs made by our Company from SIDBI. iii. The Part of Registered office of the Company situated at Block 35/2-3-4, village Zak, Dahegam, Ahmedabad is owned by Mrs. Jyotsanaben Rameshchandra Patel and company is paying rent of ₹ 1,50,000 per month.

Except as above, the Directors have no interest in any property acquired by the Company within two years from the date of this Prospectus.

Further each of the Directors is interested as relatives of each other, except the Independent Directors.

Further our Directors are interested to the extent of unsecured loans provided by them to our Company and for details of the same please refer to Annexure R ("**Statement of Related Party Transaction**") page no 159 of this Prospectus).



Except as stated otherwise in this prospectus, our Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered into with them.

**SHAREHOLDING OF OUR DIRECTORS AS ON THE DATE OF THIS PROSPECTUS**

Sr. No.	Name of the Director	No. of Shares Held	Holding in %
1.	Mr. Rameshchandra Nathalal Patel	14,00,000	28.00%
2.	Mr. Alkesh Rameshchandra Patel	13,99,960	27.99%
3.	Mrs. Jyotsanaben Rameshchandra Patel	22,00,000	44.00%
<b>TOTAL</b>		<b>49,99,960</b>	<b>99.99%</b>

*None of the Independent Directors of Company holds any Equity Shares of LEL as on the date of this Prospectus.*

*We do not have any subsidiary and associate company as defined under Section 2(6) of the Companies Act, 2013.*

**CHANGES IN BOARD OF DIRECTORS IN LAST 3 YEARS**

Sr. No.	Name	Date & Nature of Change	Reasons for Change
1.	Mr. Kalpesh Lalitchandra Patel	Change in designation w.e.f. from June 13, 2015 as Non Executive Independent Director	To broad base the Board
2.	Mr. Alkesh Rameshchandra Patel	Change in designation w.e.f. June 13, 2015 as Managing Director	To ensure better Corporate Governance
3.	Mrs. Jyotsanaben Rameshchandra Patel	Change in designation w.e.f. June 13, 2015 as Whole-time Director	To ensure better Corporate Governance
4.	Mr. Rameshchandra Nathalal Patel	Change in designation w.e.f. June 13, 2015 as Chairman and Whole-time Director	To ensure better Corporate Governance
5.	Mr. Kalpesh Lalitchandra Patel	Appointment as Additional Director in meeting dated June 12, 2015	To broad base the Board
6.	Mr. Girish Nathubhai Patel	Appointment as Non Executive Independent Director in meeting dated June 11, 2015	To broad base the Board
7.	Mr. Babubhai Bhulabhai Patel	Appointment as Non Executive Independent Director in meeting dated June 11, 2015	To broad base the Board

**COMPLIANCE WITH CORPORATE GOVERNANCE**

The provisions of the SME Listing Agreement to be entered into with BSE with respect to corporate governance and the SEBI (ICDR) Regulations, 2009 in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company’s Equity Shares on the SME Platform of BSE Limited. Our Company is in compliance with Corporate Governance Code as per Clause 52 of the SME Listing Agreement to be entered into with the BSE Limited on listing. The requirements pertaining to the Composition of the Board of Directors and the constitution of the committees such as the Audit Committee, Shareholder/ Investor Grievance Committee and Nomination and Remuneration / Compensation Committees have already been complied with. Our Board of Directors consists of 6 directors of which 3 are Non-Executive Independent Directors (as defined under Clause 52), which constitutes 50% of the Board of Directors, which is in compliance with the requirements of Clause 52. Our Company has already constituted the following committees:

**1. Audit Committee**

Our Company has formed the Audit Committee vide Resolution dated June 12, 2015 and further reconstituted in the meeting of the Board of Director dated June 13, 2015 The constituted Audit Committee comprises following members and the committee shall meet at least 4 times a year:



Name of the Director	Status in Committee	Nature of Directorship
Mr. Babubhai Bhulabhai Patel	Chairman	Non Executive-Independent Director
Mr. Kalpesh Lalitchandra Joshi	Member	Non Executive-Independent Director
Mr. Rameshchandra Nathalal Patel	Member	Chairman and Whole Time Director

The Company Secretary of our Company shall act as a Secretary to the Audit Committee. The Chairman of the Audit Committee shall attend the Annual General Meeting of our Company to furnish clarifications to the shareholders in any matter relating to accounts. The scope and function of the Audit Committee and its terms of reference shall include the following:

**A. Tenure:** The Audit Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Audit Committee as approved by the Board.

**B. Meetings of the Committee:** The committee shall meet at least four times in a year and not more than four months shall elapse between any two meetings. The quorum for the meeting shall be either two members or one third of the members of the committee, whichever is higher but there shall be presence of minimum two Independent members at each meeting. Meeting of the Audit Committee shall be called by at least seven day's notice in advance.

**C. Role and Powers:** The Role of Audit Committee together with its powers shall be as under:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- Approving payment to statutory auditors for any other services rendered by the statutory auditors;
- Approving initial or any subsequent modification of transactions of the Company with related parties;
- Scrutinizing inter-corporate loans and investments
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Monitoring the end use of funds raised through public offers and related matters
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to;
  - a. matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 134 of the Companies Act, 2013 ;
  - b. changes, if any, in accounting policies and practices along with reasons for the same;
  - c. major accounting entries involving estimates based on the exercise of judgment by management;
  - d. significant adjustments made in the financial statements arising out of audit findings;
  - e. compliance with listing and other legal requirements relating to financial statements;
  - f. disclosure of any related party transactions; and
  - g. Qualifications in the audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statements of use / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ Prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussing with the internal auditors any significant findings and follow up there on;



- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussing with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
- Reviewing the functioning of the Whistle Blower mechanism, in case the same is existing;
- Approving the appointment of the Chief Financial Officer (i.e. the whole time finance director or any other person heading the finance function) after assessing the qualifications, experience and background, etc., of the candidate; and
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or contained in the equity listing agreements as and when amended from time to time.

Further, the Audit Committee shall mandatorily review the following:

- a) management discussion and analysis of financial condition and results of operations;
- b) statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- c) management letters / letters of internal control weaknesses issued by the statutory auditors;
- d) internal audit reports relating to internal control weaknesses; and
- e) The appointment, removal and terms of remuneration of the chief internal auditor.

## **2. Shareholders' / Investors' Grievance Committee**

Our Company has formed the Shareholders / Investors Grievance Committee vide Resolution dated June 12, 2015 and further reconstituted in the meeting of the Board of Director dated June 13, 2015 The constituted Shareholders / Investors Grievance Committee comprises the following:

<b>Name of the Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Mr. Babubhai Bhulabhai Patel	Chairman	Non Executive-Independent Director
Mr. Kalpesh Lalitchandra Joshi	Member	Non Executive-Independent Director
Mr. Alkesh Rameshchandra Patel	Member	Managing Director

The Company Secretary of our Company shall act as a Secretary to the Shareholders' / Investors' Grievance Committee. The scope and function of the Shareholders' / Investors' Grievance Committee and its terms of reference shall include the following:

- A. Tenure:** The Shareholders' / Investors' Grievance Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Shareholders'/Investors' Grievances Committee as approved by the Board.
- B. Meetings:** The Shareholders'/Investors' Grievance Committee shall meet at least four times a year with maximum interval of four months between two meetings and shall report to the Board on a quarterly basis regarding the status of redressal of complaints received from the shareholders of the Company. The quorum shall be two members present.

**C. Terms of Reference:** Redressal of shareholders' and investors' complaints, including and in respect of:

- Allotment, transfer of shares including transmission, splitting of shares, changing joint holding into single holding and vice versa, issue of duplicate shares in lieu of those torn, destroyed, lost or defaced or where the space at back for recording transfers have been fully utilized.
- Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.;
- Review the process and mechanism of redressal of Shareholders' /Investor's grievance and suggest measures of improving the system of redressal of Shareholders' /Investors' grievances.



- Non-receipt of share certificate(s), non-receipt of declared dividends, non-receipt of interest/dividend warrants, non-receipt of annual report and any other grievance/complaints with Company or any officer of the Company arising out in discharge of his duties.
- Oversee the performance of the Registrar & Share Transfer Agent and also review and take note of complaints directly received and resolved them.
- Oversee the implementation and compliance of the Code of Conduct adopted by the Company for prevention of Insider Trading for Listed Companies as specified in the Securities & Exchange Board of India (Prohibition of insider Trading) Regulations, 1992 as amended from time to time.
- Any other power specifically assigned by the Board of Directors of the Company from time to time by way of resolution passed by it in a duly conducted Meeting, and
- Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

### **3. Nomination and Remuneration/ Compensation Committee**

Our Company has formed the Nomination and Remuneration/ Compensation Committee vide Resolution dated June 12, 2015 and further reconstituted in meeting of the Board of Directors dated June 13, 2015 The Nomination and Remuneration/ Compensation Committee comprises the following:

<b>Name of the Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Mr. Girish Nathubhai Desai	Chairman	Non Executive-Independent Director
Mr. Kalpesh Lalitchandra Joshi	Member	Non Executive-Independent Director
Mr. Babubhai Bhulabhai Patel	Member	Non Executive-Independent Director

The Company Secretary of our Company shall act as a Secretary to the Nomination and Remuneration Committee. The scope and function of the Committee and its terms of reference shall include the following:

**A. Tenure:** The Nomination and Remuneration/ Compensation Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.

**B. Meetings:** The committee shall meet as and when the need arises for review of Managerial Remuneration. The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. Meeting of the Nomination and Remuneration/ Compensation Committee shall be called by at least seven day's notice in advance.

#### **C. Terms of Reference:**

- Identify persons who are qualified to become directors and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for directors, KMPs and other employees;
- Determine our Company's policy on specific remuneration package for the Managing Director / Executive Director including pension rights;
- Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors;
- Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose.
- Decide the amount of Commission payable to the Whole time Directors;
- Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc; and
- To formulate and administer the Employee Stock Option Scheme.

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

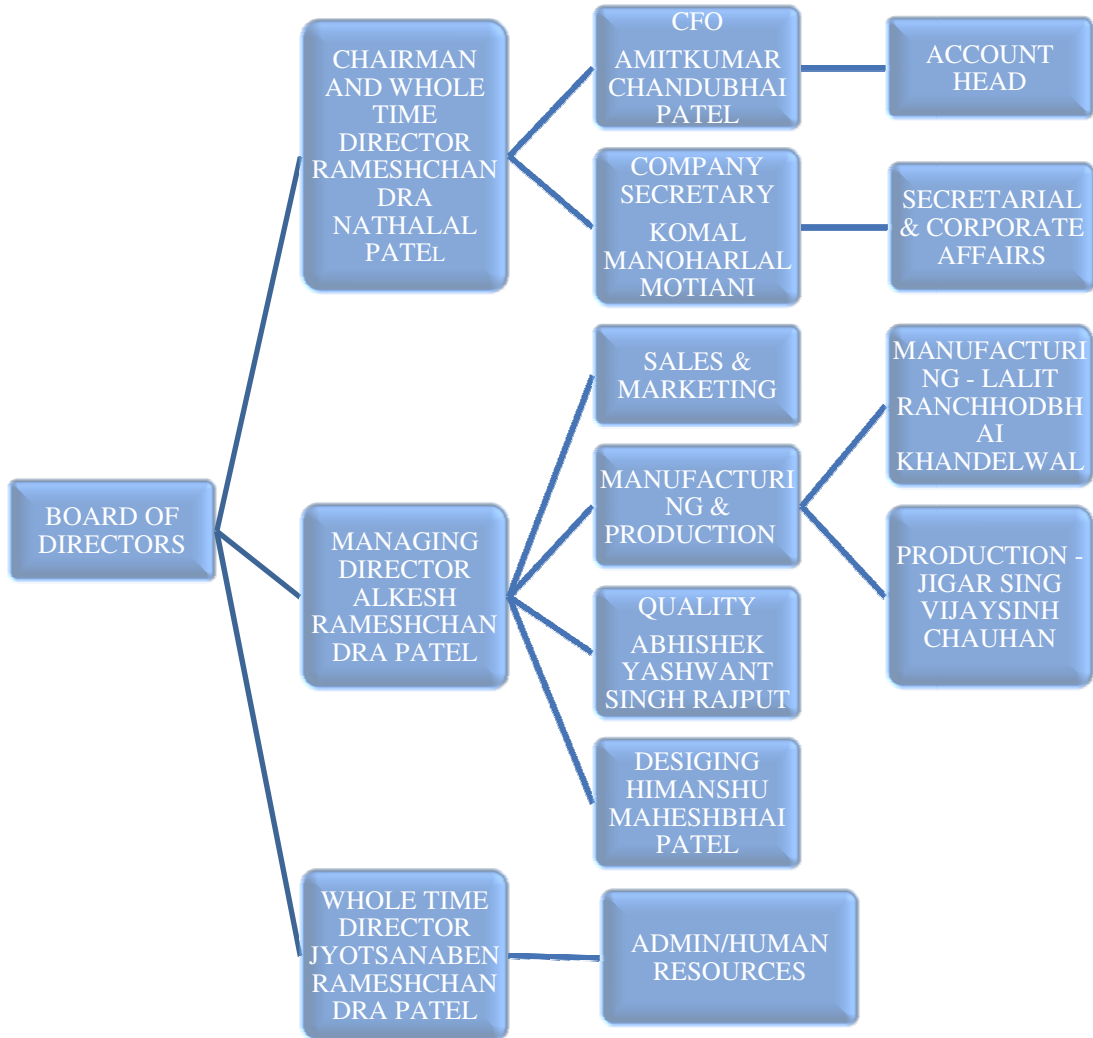
We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 on listing of Equity Shares on stock exchanges. Further, Board of Directors at their meeting held on June 12, 2015 have approved and adopted



the policy on insider trading in view of the proposed public issue. Ms. Komal Manoharlal Motiani, Compliance Officer will be responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the Code of Conduct under the overall supervision of the Board.

**Our Organization Chart**

The following chart depicts our Management Organization Structure:





**OUR KEY MANAGERIAL PERSONNEL**

Our Company is supported by a well-laid team of experts and professionals having good exposure to various operational aspects of our line of business. A brief about the Key Managerial Personnel of our Company is given below:

<b>Name, Designation &amp; Educational Qualification</b>	<b>Age (Years)</b>	<b>Date of joining</b>	<b>Compensation paid for the F.Y ended 2015 (in Rs Lacs)</b>	<b>Over all experience (in years)</b>	<b>Previous employment</b>
<b>Name:</b> Mr. Rameshchandra Nathalal Patel <b>Designation:</b> Chairman & Whole- time Director <b>Qualifications:</b> Senior Higher Secondary	68	Since Incorporation	22.31	40	Loyal Engineers
<b>Name:</b> Mr. Alkesh Rameshchandra Patel <b>Designation:</b> Managing Director <b>Qualification:</b> Senior Higher Secondary & Certification course in Maintenance Technician	44	Since Incorporation	31.81	22	Loyal Engineers
<b>Name:</b> Mrs. Jyotsanaben Rameshchandra Patel <b>Designation:</b> Whole-time Director <b>Qualification:</b> 9 <sup>th</sup> Class	65	Since Incorporation	--	20	Loyal Engineers
<b>Name:</b> Mr. Amitkumar Chandubhai Patel <b>Designation:</b> Finance & Accounts Head cum Chief Financial Officer <b>Qualification:</b> Bachelor of Comm.	33	20.04.2007 Designated as CFO w.e.f. 18.05.2015	3.48	11	Dariya Darshan Hotel
<b>Name:</b> Mr. Lalit Ranchhodhbhai Khandelwal <b>Designation:</b> Manager Planning/ Procurement <b>Qualification:</b> Bachelor of Engineering - Mechanical	49	20.04.2007	6.24	26	Trivedi Crafts Pvt. Ltd.
<b>Name:</b> Mr. Jigarsinh Vijaysinh Chauhan <b>Designation:</b> Production in Charge <b>Qualification:</b> Diploma in Mechanical Engineering	31	20.04.2007	4.44	12	Loyal Engineers
<b>Name:</b> Mr. Abhishek Yashwant Singh Rajput <b>Designation:</b> Quality Control Manager <b>Qualification:</b> Bachelor of Engineering - Mechanical	29	10.08.2011	3.42	7	Anup Engineering Limited
<b>Name:</b> Mr. Patel Himanshu M <b>Designation:</b> Senior Design Engineer <b>Qualification:</b> Diploma in Fabrication Technology	30	01.09.2011	6.48	9	Air Oil Flair Gas India Pvt. Ltd.
<b>Name:</b> Ms. Komal Manoharlal Motiani <b>Designation:</b> Company Secretary & Compliance Officer <b>Qualification:</b> Bachelor of Commerce & Company Secretary	28	18.05.2015	--	--	NIL

**BRIEF PROFILE OF KEY MANAGERIAL PERSONNEL**





- **Mr. Rameshchandra Nathalal Patel, Chairman and Whole-time Director, Age: 68 years**

Mr. Rameshchandra Nathalal Patel is the Chairman & Whole-time Director of our Company. He has been on the Board since incorporation. He has worked for 20 years in Ingersoll Rand India Limited and joins Loyal Engineers before incorporation of our Company. He has overall experience of 40 years in the equipment industry. Being an early starter he has worked on almost all levels of the organization which help him understand and handle major functions of our Company. Under his dynamic leadership and vast experience, we are able to deliver constant value to our customers time and again. His last remuneration drawn from the Company is ₹ 22.31 Lacs p.a. in financial year 2014-15

- **Mr. Alkesh Rameshchandra Patel, Managing Director, Age: 44 years**

Mr. Alkesh Rameshchandra Patel is the Managing Director of our Company. He has been on the Board since incorporation. He has overall experience of 22 years in various business activities ranging from manufacturing, fabrication, trading, and distribution of Equipments in the same line of business. Previously he was engaged in activities of Loyal Engineers before incorporation of our Company. Under his dynamic leadership and vast experience, we have acquired a huge client base in national as well as in global market. He has been the architect of our Company's projects and expansion strategy. He has done innumerable contribution for the upliftment of the poor workers. His last remuneration drawn from the Company is ₹ 31.81 Lacs p.a. in financial year 2014-15

- **Mrs. Jyotsanaben Rameshchandra Patel, Whole-time Director, Age: 66 years**

Mrs. Jyotsanaben Rameshchandra Patel is the Whole Time Director of our Company. She is actively engaged in administrative and operational affairs of the Company. She has working & administrative exposure of about 20 years in the manufacturing sector. She is also a proprietor of Loyal Engineers and involve in various activities of the concern.

- **Mr. Amitkumar Chandubhai Patel - Finance & Accounts Head cum Chief Financial Officer, Age: 33 Years**

Mr. Amitkumar Chandubhai Patel is the Finance & Accounts Head and Chief Financial Officer of our Company. He holds Bachelor degree of Commerce from Gujarat University. He takes care of all accounts, banking, taxation and financial activities of our Company. He has 11 years of overall experience in his functional area and associated with us since 2007. He has been appointed as Chief Financial Officer of our Company vide Board Resolution passed in Board meeting dated May 18, 2015. He was paid a gross salary of ₹ 3.48 Lacs for the financial year 2014-15.

- **Mr. Lalit Ranchhodbhai Khandelwal – Manager Planning/ Procurement, Age: 49 Years**

Mr. Lalit Ranchhodbhai Khandelwal is the Manager of our Company. He takes care of manufacturing and related planning for manufacturing procurement. He has 26 years of overall experience in his manufacturing planning and procurement and associated with us since April, 2007. He was paid a gross salary of ₹ 6.24 Lacs p.a. in financial year 2014-15.

- **Mr. Jigarsinh Vijaysinh Chauhan – Production in Charge, Age: 31**

Mr. Jigarsinh Vijaysinh Chauhan is Production in Charge of our Company. He holds Diploma in Mechanical Engineers from Technical Examinations Board Gujarat State Gandhinagar. He takes care of production and related planning for production of all products along with raw material requirement for every product. He has 12 years of overall experience in his functional area. He was paid a gross salary of ₹ 4.44 Lacs p.a. in financial year 2014-15.

- **Mr. Abhishek Yashwant Singh Rajput - Quality Control Manager, Age: 29 Years**

Mr. Abhishek Yashwant Singh Rajput is Quality Control Manager of our Company. He holds Bachelor Degree in Mechanical Engineering from Gujarat University. He is responsible for product testing & quality control check of the products manufactured by our Company. He is in charge of the Testing Laboratory of the Company. He has



7 years of overall experience in his functional area. He was paid a gross salary of ₹ 3.42 Lacs p.a in financial year 2014-15.

• **Mr. Patel Himanshu M –Senior Design Engineer, Age: 30 Years**

Mr. Abhishek Yashwant Singh Rajput is Senior Design Engineer of our Company. He had completed Diploma in Fabrication Technology from Technical Examination Board, Gujarat State. He is responsible for product designing, estimation and costing of the products manufactured by our Company. He has 9 years of overall experience in his functional area. He was paid a gross salary of ₹ 6.48 Lacs p.a. in financial year 2014-15.

• **Ms. Komal Manoharlal Motiani, Company Secretary & Compliance Officer, Age: 27 Years**

Ms. Komal Manoharlal Motiani is Company Secretary and Compliance officer of our Company. She holds a Company Secretary degree from Institute of Company Secretaries of India, New Delhi. At present she looks after Secretarial matters of our Company. She Joined our Company on May 18, 2015

We confirm that:

- All the persons named as our Key Managerial Personnel above are the permanent employees of our Company.
- There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned Key Managerial Personnel have been recruited.
- In respect of all above mentioned Key Managerial Personnel there has been no contingent or deferred compensation accrued for the year ended March 2015.
- Except for the terms set forth in the appointment letters, the Key Managerial Personnel have not entered into any other contractual arrangements or service contracts (including retirement and termination benefits) with the issuer.
- Our Company does not have any bonus/profit sharing plan for any of the Key Managerial Personnel.
- None of the Key Managerial Personnel in our Company hold any shares of our Company as on the date of filing of this Prospectus except as under:

Sr. No.	Name of KMP	No. of shares
1	Mr. Rameshchandra Nathalal Patel	14,00,000
2	Mr. Alkesh Rameshchandra Patel	13,99,960
3	Mrs. Jyotsanaben Rameshchandra Patel	22,00,000
4	Mr. Amitkumar Chandubhai Patel	10

- Presently, we do not have ESOP/ESPS scheme for our employees.
- The turnover of KMPs is not high, compared to the Industry to which our Company belongs.
- Except as provided hereunder none of our KMPs are related to each other:

Sr. No.	Name of KMP	Relationship with other KMP
1.	Mr. Rameshchandra Nathalal Patel	Husband of Mrs. Jyotsanaben Rameshchandra Patel Father of Mr. Alkesh Rameshchandra Patel
2.	Mr. Alkesh Rameshchandra Patel	Son of Mr. Rameshchandra Nathalal Patel and Mrs. Jyotsanaben Rameshchandra Patel
3.	Mrs. Jyotsanaben Rameshchandra Patel	Wife of Mr. Rameshchandra Nathalal Patel Mother of Mr. Alkesh Rameshchandra Patel

**Changes in the Key Managerial Personnel in last three years:**

There have been no changes in the Key Managerial Personnel of our Company during the last three year except as stated below:

Sr. No.	Name	Designation	Date of Appointment/ Cessation/Promotion/ Transfer	Reasons
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1.	Mr. Amitkumar Chandubhai Patel	Finance & Accounts Head cum Chief Financial Officer	18.05.2015	Promotion
2.	Ms. Komal Manoharlal Motiani	Company Secretary & Compliance Officer	18.05.2015	Appointment
3.	Mr. Rameshchandra Nathalal Patel	Chairman & Whole-time Director	13.06.2015	Change in Designation
4.	Mr. Alkesh Rameshchandra Patel	Managing Director	13.06.2015	Change in Designation
5.	Mrs. Jyotsanaben Rameshchandra Patel	Whole Time Director	13.06.2015	Change in Designation

### **INTEREST OF KEY MANAGERIAL PERSONNEL IN OUR COMPANY**

Apart than shares held in the Company, remuneration drawn by them, unsecured loan granted to the Company and other than as mentioned below, our Key Managerial Personnel are not interested in our Company:

Sr. No.	Name of Key Managerial Person	Interest
1.	Mr. Rameshchandra Nathalal Patel	i. Has extended personal guarantee against the total borrowings of ₹ 360 Lacs made by our Company from Kotak Mahindra Bank. ii. Has extended personal guarantee against the total borrowing of ₹ 200 Lacs made by our Company from SIDBI.
2.	Mr. Alkesh Rameshchandra Patel	i. Has extended personal guarantee against the total borrowings of ₹ 360 Lacs made by our Company from Kotak Mahindra Bank. ii. Has extended personal guarantee against the total borrowing of ₹ 200 Lacs made by our Company from SIDBI.
3.	Mrs. Jyotsanaben Rameshchandra Patel	i. Has extended personal guarantee against the total borrowings of ₹ 360 Lacs made by our Company from Kotak Mahindra Bank. ii. Has extended personal guarantee against the total borrowing of ₹ 200 Lacs made by our Company from SIDBI. iii. The Part of Registered office of the Company situated at Block 35/2-3-4, village Zak, Dahegam, Ahmedabad is owned by Mrs. Jyotsanaben Rameshchandra Patel and Company is paying rent of ₹ 1,50,000 per month.

Apart from the shares held in the Company and to extent of remuneration allowed and reimbursement of expenses incurred by them for or on behalf of the Company and to the extent of loans and advances made to or borrowed from the Company and except as mention below our key managerial personal are interested in our Company. Except as provided in this Prospectus, we have not entered into any contract, agreement or arrangement during the preceding 2 (two) years from the date of this Prospectus in which the Key Managerial Personnel are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

For the details unsecured loan taken from or given to our Directors/KMPs and for details of transaction entered by them in the past please refer to “**Annexure R Statement of Related Party Transaction**” page no 159 and Personal Guarantee towards Financial facilities of our Company please refer to “**Statement of Financial Indebtedness**” page no 164 of the Prospectus.

### **BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGEMENT PERSONNEL**



Our Company does not have any profit sharing plan with its Directors or its key managerial personnel.

### **Other benefits to our Key Managerial Personnel**


Except as stated in this Prospectus there are no other benefits payable to our Key Managerial Personnel.



### OUR PROMOTERS

	<b>Mr. : Rameshchandra Nathalal Patel - Chairman &amp; Whole time Director</b>	
	<b>Qualification</b>	Senior Higher Secondary
	<b>Age</b>	68 Years
	<b>Address</b>	6, Chitrkut Plots, Near Surdhara Society, Naroda, Ahmedabad-382330, Gujarat,India
	<b>Experience</b>	40 years
	<b>Occupation</b>	Business
	<b>Permanent Account Number</b>	ACPPP9157L
	<b>Passport Number</b>	F6267089
	<b>Name of Bank &amp; Bank Account Details</b>	<b>ICICI Bank Limited</b> , - 2/1, Ground Floor, Popular House, Ashram Road, Ahmadabad 380009 <b>Bank Account No:</b> 018901522502
	<b>Driving License Number</b>	GJ01 20020904529
	<b>Voter Identification Card Number</b>	WOF0550111
	<b>Aadhar Card Number</b>	854354335968
	<b>No. of Equity Shares held in LEL [% of Shareholding (Pre Issue)]</b>	14,00,000 Equity Shares of ₹ 10 each; 28.00% of Pre- Issue Paid up capital
	<b>Other Interests</b>	<b>Directorships in other Companies:</b> Nil <b>Partnership Firms:-</b> Nil <b>Proprietorship:-</b> Nil <b>HUF:-</b> Rameshchandra Nathalal Patel (HUF) (Karta) <b>Trust:-</b> Nil
	<b>Mr. Alkesh Rameshchandra Patel - Managing Director</b>	
	<b>Qualification</b>	Senior Higher Secondary & Certification course in Maintenance Technician
	<b>Age</b>	44 Years
	<b>Address</b>	6, Chitrkut Plots, Near Surdhara Society, Naroda, Ahmedabad-382330, Gujarat, India
	<b>Experience</b>	22 years
	<b>Occupation</b>	Business
	<b>Permanent Account Number</b>	ABIPP9319G
	<b>Passport Number</b>	F6290658
	<b>Name of Bank &amp; Bank Account Details</b>	<b>ICICI Bank Limited</b> , - Suvas Complex, Ground Floor, Opp. Rajasthan Hospital, Shahibaug, Ahmedabad 380004 <b>Bank Account No:</b> 084401500067
	<b>Driving License Number</b>	GJ01 20010911643
	<b>Voter Identification Card Number</b>	GJ/10/078/132177
	<b>Aadhar Card Number</b>	863664796636
	<b>No. of Equity Shares held in LEL &amp; [% of Shareholding (Pre Issue)]</b>	13,99,960 Equity Shares; 27.99% of Pre- Issue Paid up capital
	<b>Other Interests</b>	<b>Directorships in other Companies:</b> Nil <b>Partnership Firms:-</b> Nil <b>Proprietorship:-</b> Nil <b>HUF:-</b> Alkesh Rameshchandra Patel (HUF) (Karta) <b>Trust:-</b> Nil



	<b>Mrs. : Jyotsanaben Rameshchandra Patel - Whole time Director</b>	
	<b>Qualification</b>	9 <sup>th</sup> Class
	<b>Age</b>	66 Years
	<b>Address</b>	6, Chitrkut Plots, Near Surdhara Society, Naroda, Ahmedabad-382330, Gujarat,India
	<b>Experience</b>	20 years
	<b>Occupation</b>	Business
	<b>Permanent Account Number</b>	ABIPP9347C
	<b>Passport Number</b>	F6290661
	<b>Name of Bank &amp; Bank Account Details</b>	<b>ICICI Bank Limited</b> , - Galaxy Avenue, Near Galaxy Talkies, Naroda, Ahmedabad - 382330 <b>Bank Account No:</b> 084401500068
	<b>Voter Identification Card Number</b>	GJ/10/078/132176
	<b>No. of Equity Shares held in LEL [% of Shareholding (Pre Issue)]</b>	22,00,000 Equity Shares of ₹ 10 each; 44.00% of Pre- Issue Paid up capital
	<b>Other Interests</b>	<b>Directorships in other Companies:</b> Nil <b>Partnership Firms:-</b> Nil <b>Proprietorship:-</b> Loyal Engineers <b>HUF:-</b> Rameshchandra Nathalal Patel (HUF) (Member) <b>Trust:-</b> Nil

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the Promoter have been submitted to BSE Limited at the time of filing of this Prospectus with them.

#### Confirmations from our Promoters

Our Promoters have confirmed that they have not been declared as willful defaulter by RBI or any other government authority and there are no violations of securities laws committed by our Promoters in the past, nor any such proceedings are pending against our Promoters. Our Promoters have further confirmed that they have not been prohibited or debarred from accessing or operating in the capital markets for any reasons, or restrained from buying, selling or dealing in securities, under any order or directions made by SEBI or any other authorities and that no action has been taken against them or any entity promoted or controlled by them by any regulatory authorities.

#### Common Pursuits/ Conflict of Interest

Our Promoters **Mr. Rameshchandra Nathalal Patel, Mr. Alkesh Rameshchandra Patel and Mrs. Jyotsanaben Rameshchandra Patel** have not promoted any Promoter Group Company but Mrs. Jyotsanaben Rameshchandra Patel is proprietor of Loyal Engineers which is a concern operating in same line of business as our Company is operating as on date of this prospectus. For further details of our Promoter Group refer to Section titled “**Our Promoter Group and Group Entities**” on page 125 of the Prospectus.

We shall adopt the necessary procedures and practices as permitted by law to address any conflicting situations, as and when they may arise.

#### Interest of Promoters

Our Promoters Mr. Rameshchandra Nathalal Patel, Mr. Alkesh Rameshchandra Patel and Mrs. Jyotsanaben Rameshchandra Patel are interested to the extent of their shareholding and shareholding of their relatives in our Company. Our Promoters who are also the Executive Directors of our Company may be deemed to be interested to the extent of their remuneration, as per the terms of their appointment and reimbursement of expenses payable to them and unsecured loan given by them to our Company.



Further except as provided hereunder, our promoter are not interested in our Company in any manner:

Sr. No.	Interest and nature of interest
1.	All the Promoters of our Company are relative (family members) to each other.
2.	Our Promoters have extended their personal guarantee against the borrowings of ₹ 360.00 Lacs taken by our Company from Kotak Mahindra Bank.
3.	Our Promoters have extended their personal Guarantee against the borrowings of ₹ 200.00 Lacs taken by our Company from SIDBI.
4.	A part of registered office of the Company situated at Block No. 35/2-3-4, Village Zak, Dahegam, Gujarat-382330 has been taken on rent of Rs.1,50,000 per month vide Rent Agreement dated January 30, 2014 executed by Mrs. Jyotsanaben Rameshchandra Patel, Proprietor of M/s Loyal Engineers.

For transaction in respect of loans and other monetary transaction entered in past please refer Annexure R on “**Related Party Transactions**” on page 159 forming part of “**Financial Information of the Company**” of this Prospectus.

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

Except as mentioned hereunder, our promoters do not have any other interest in any property acquired by our Company in a period of two years before filing of this Prospectus or proposed to be acquired by us till date of filing the Prospectus with RoC.

Sr.No.	Name of Promoter	Interest and nature of interest
1.	Mrs. Jyotsanaben Rameshchandra Patel, Proprietor of Loyal Engineers,	Our Company has taken on rent a part of registered office situated at Block No. 35/2-3-4, Village Zak, Dahegam, Gujarat-382330 from our Promoter Mrs. Jyotsanaben Rameshchandra Patel vide Rent Agreement entered by our Company against rent of ₹150,000/- p.m.

### **Related Party Transactions**

For the transactions with our Promoter Group entities, please refer to section titled “**Annexure - R.” Related Party Transactions**” on page 159 of this Prospectus.

Except as stated in “**Annexure - R” Related Party Transactions**” beginning on page 159 of the Prospectus, and as stated therein, our Promoters or any of the Promoter Group Entities do not have any other interest in our business.

### **Payment or Benefit to Promoters of Our Company**

For details of payments or benefits paid to our Promoters, please refer to the paragraph “**Compensation of our Managing Director and Whole - time Directors**” in the chapter titled “**Our Management**” beginning on page 108. Also refer Annexure R on “**Related Party Transactions**” on page 159 forming part of “**Financial Information of the Company**” and Paragraph on “**Interest of Promoters**” on page 123 of this Prospectus.

### **Other ventures of our Promoters**

Save and except as disclosed in this section titled “**Our Promoters**” and “**Our Promoter Group and Group Entities**” beginning on page 122 & 125 respectively of this Prospectus, there are no ventures promoted by our Promoters in which they have any business interests/ other interests.

### **Litigation details pertaining to our Promoters**

For details on litigations and disputes pending against the Promoters and defaults made by the Promoters please refer to the section titled “**Outstanding Litigations and Material Developments**” beginning on page 178 of this Prospectus.



**OUR PROMOTER GROUP AND GROUP COMPANIES / ENTITIES**

In addition to the Promoters named above, the following natural persons form part of our Promoter Group in terms of Regulation 2(1) (zb) (ii) of SEBI ICDR Regulations, 2009:

<b>Relationship</b>	<b>Mr. Rameshchandra Nathalal Patel</b>
<b>Father</b>	Late Mr. Nathalal Patel
<b>Mother</b>	Late Mrs. Manguben Patel
<b>Spouse</b>	Mrs. Jyotsanaben Rameshchandra Patel
<b>Brother</b>	Mr. Bhikhabhai Nathalal Patel
<b>Sister</b>	Mrs. Kantaben Keshavlal Patel
<b>Son</b>	Mr. Alkesh Rameshchandra Patel
<b>Daughter</b>	Mrs. Hema Maheshkumar Patel
<b>Spouse's Father</b>	Late Mr. Baldevbhai Patel
<b>Spouse's Mother</b>	Mrs. Jadiben Patel
<b>Spouse's Brother</b>	Mr. Dashrathbhai Patel Mr. Girishbhai Patel Mr. Rajubhai Patel Late Mr. Mahendrabhai Patel
<b>Spouse's Sister</b>	Mrs. Chandrikaben Patel

<b>Relationship</b>	<b>Mr. Alkesh Rameshchandra Patel</b>
<b>Father</b>	Mr. Rameshchandra Nathalal Patel
<b>Mother</b>	Mrs. Jyotsanaben Rameshchandra Patel
<b>Spouse</b>	Mrs. Parulben Alkeshkumar Patel
<b>Brother</b>	-
<b>Sister</b>	Mrs. Hemaben Maheshkumar Patel
<b>Son</b>	-
<b>Daughter</b>	Ms. Helena Patel Ms. Norma Patel
<b>Spouse's Father</b>	Mr. Hashmukhbhai Patel
<b>Spouse's Mother</b>	Mrs. Vinodaben Patel
<b>Spouse's Brother</b>	Mr. Kalpesh Patel
<b>Spouse's Sister</b>	Mrs. Manishaben Patel

<b>Relationship</b>	<b>Mrs. Jyotsanaben Rameshchandra Patel</b>
<b>Father</b>	Late Mr. BaldevBhai Patel
<b>Mother</b>	Mrs. Jadiben Patel
<b>Spouse</b>	Mr. Rameshchandra Nathlal Patel
<b>Brother</b>	Mr. Dashrathbhai Patel Mr. Girishbhai Patel Mr. Rajubhai Patel Late Mr. Mahendrabhai Patel
<b>Sister</b>	Mrs. Chandrikaben Patel
<b>Son</b>	Mr. Alkesh Rameshchandra Patel
<b>Daughter</b>	Mrs. Hema Maheshkumar Patel
<b>Spouse's Father</b>	Late Mr. Nathalal Patel
<b>Spouse's Mother</b>	Late Mrs. Manguben Patel
<b>Spouse's Brother</b>	Mr. Bhikhabhai Nathalal Patel
<b>Spouse's Sister</b>	Mrs. Kantaben Keshavlal Patel



Our Promoter Group as defined under Regulation 2 (zb) (iv) of the SEBI (ICDR) Regulations, 2009 includes following entities:

Nature of Relationship	Entity
Any Body corporate in which ten percent or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or HUF in which the promoter or any one or more of his immediate relative is a member.	-
Any Body corporate in which a body corporate as provided above holds ten percent or more of the equity share capital	-
Any HUF or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten percent of the total	<p><u>Proprietorships:</u> M/s Loyal Engineers Prop. Mrs. Jyotsanaben Rameshchandra Patel</p> <p><u>HUF:</u> Rameshchandra Nathalal Patel (HUF) Alkesh Rameshchandra Patel (HUF)</p>

### OUR PROMOTER GROUP ENTITIES

#### PROPRIETORSHIP FIRM:

- M/s Loyal Engineers

M/s Loyal Engineers is proprietorship firm owned by Jyotsanaben Rameshchandra Patel, wife and mother of our promoters Mr. Rameshchandra Nathalal Patel & Mr. Alkesh Rameshchandra Patel respectively. The firm is engaged in business of manufacturing of industrial equipments since 1993.

Financial details of the said firm for last three financial years are given below:

Sr.No.	Particulars	As At March (₹ In Lacs)	As At March (₹ In Lacs)	As At March (₹ In Lacs)
		2014	2013	2012
1.	Proprietor's Capital	160.07	149.89	88.09
2.	Total Income	31.61	34.85	34.51
3	Net Profit/Loss	16.57	19.35	16.17

#### PARTNERSHIP FIRMS

NIL

#### HINDU UNDIVIDED FAMILIES (HUF'S)

**1. Rameshchandra Nathalal Patel (HUF):-** Rameshchandra Nathalal Patel HUF is a Hindu un-divided family and was formed on February 26, 1967. Mr. Rameshchandra Nathalal Patel is the Karta of the HUF.

Sr. No.	Name of HUF and PAN	Name of Karta	Member of HUF
1	M/s. Rameshchandra Nathalal Patel HUF  PAN:AARHR6886C	Mr. Rameshchandra Nathalal Patel	Mr. Rameshchandra Nathalal Patel Mrs. Jyotsanaben Rameshchandra Patel Mr. Alkesh Rameshchandra Patel





**2. Alkesh Rameshchandra Patel (HUF):-** Alkesh Rameshchandra Patel HUF is a Hindu un-divided family and was formed on November 24, 1995. Mr. Alkesh Rameshchandra Patel is the Karta of the HUF.

Sr. No.	Name of HUF and PAN	Name of Karta	Member of HUF
1	M/s. Alkesh Rameshchandra Patel HUF PAN:AAOHA9440A	Mr. Alkesh Rameshchandra Patel	Mr. Alkesh Rameshchandra Patel Mrs. Parulben Alkeshkumar Patel Ms. Helena Patel Ms. Norma Patel

### **Litigations**

For details on litigations and disputes pending against the Group Company, if any, please refer to the section titled “*Outstanding Litigations and Material Developments*” on page 178 of the Prospectus.

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

Except as mentioned in the Prospectus, our promoters have not disassociated themselves from any companies, firms or other entities during the last three years preceding the date of this Prospectus.

### **Undertaking / Confirmations**

Our Promoters and Group entities confirm that they have not been declared as a willful defaulter by the RBI or any other governmental authority and there have been no violations of securities laws committed by them or any entities they are connected with in the past and no proceedings pertaining to such penalties are pending against them.

None of the Promoters or Promoter Group or Group Entities or persons in control of the Promoters has been

- (i) prohibited from accessing the capital market under any order or direction passed by SEBI or any other authority or
- (ii) Refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

None of the Promoters is or has ever been a promoter, director or person in control of any other company which is debarred from accessing the capital markets under any order or direction passed by the SEBI.

### **Related business transaction within the Group and their significance on the financial performance of the issuer:**

For details relating to the business transactions within the Group entities and their significance on the financial performance of the issuer see the chapter titled “*Financial Information of the Company - Related Party Disclosures*” on page 159 of the Prospectus.

### **Sales / Purchase between our Company and Group Entities:**

For details relating to sales or purchases between our Company and any of our Group entities exceeding 10% of the sales or purchases of our Company see the chapter titled “*Financial Information of the Company - Related Party Disclosures*” on page 159 of the Prospectus.



### DIVIDEND POLICY

Under the Companies Act, the Company can pay dividends upon recommendation by the Board of Directors and approval by the shareholders at the general meeting of our Company. The Articles of Association of our Company give our shareholders, the right to decrease, and not to increase, the amount of dividend recommended by the Board of Directors. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends. No dividend shall be payable for any financial year except out of profits of our Company for that year or that of any previous financial year or years, which shall be arrived at after providing for depreciation in accordance with the provisions of Companies Act, 2013.

Our Company has declared dividend at the following rates during the five years immediately preceding the date of this Prospectus:

Dividend Paid in Fiscal	Dividend declared for Fiscal	Dividend per Equity Share (in ₹)	Total Number of Equity Shares	Aggregate Dividend Paid (in ₹ Lacs)
2011-12	2010-11	1.83	5,00,000	9.16
2012-13	2011-12	5.00	5,00,000	25.00
2013-14	2012-13	5.00	5,00,000	25.00
2014-15	2013-14	2.00	25,00,000	50.00
2015-16	2014-15	0.60	50,00,000	30.00

Our Company does not have any formal dividend policy for the Equity Shares. The declaration and payment of dividend is recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors. However, our dividend history is not necessarily indicative of our dividend amounts, if any, or our dividend policy, in the future. We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements.



**SECTION V – FINANCIAL INFORMATION OF THE COMPANY**

**AUDITOR’S REPORT ON STANDALONE RESTATED FINANCIAL STATEMENT**

To,

**The Board of Directors,  
Loyal Equipments Limited,  
Block No. 35/1-2-3-4,  
Village – ZAK  
Dahegam - 382330  
Gujarat - India**

Dear Sir,

**1. Report on Restated Financial Statements**

We have examined the Restated Financial Statements of **M/s. Loyal Equipments Ltd. (formerly known as Loyal Equipments Pvt. Ltd.)** (Hereinafter referred as “the Company”), the summarized statements of which annexed to this report have been prepared in accordance with the requirements of:

- a) Section 26 read with the applicable provisions within Rule - 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 of Companies Act, 2013, As amended (hereinafter referred to as the “Act”) and
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“the Regulation”) (“SEBI ICDR Regulations”) issued by the Securities and Exchange Board of India (SEBI) and amendments made thereto from time to time;
  - c) The terms of reference to our engagements with the Company requesting us to examine financial statements referred to above and proposed to be included in the Prospectus/ Prospectus being issued by the Company for its proposed Initial Public Offering of equity shares in SME Platform of BSE Limited (“IPO” or “SME IPO”); and
  - d) The (Revised) Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India (“ICAI”)
  - e) In terms of Schedule VIII of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts, We, M/s S. S. Rathi & Co, Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the “Peer Review Board” of the ICAI.
- 2.** The Restated Summary Statements and Financial information of the Company have been prepared by the management from the Audited Financial Statements of the Company for the financial year ended March 31 2015, March 31 2014, March 31 2013, March 31 2012 and March 31 2011, which have been approved by the Board of Directors.
- 3.** Financial Statements for the year ended 31<sup>st</sup> March 2015, 31<sup>st</sup> March 2014, 31<sup>st</sup> March 2013, 31<sup>st</sup> March 2012 and 31<sup>st</sup> March 2011 have been audited by M/s J.M. Patel & Bros., Chartered Accountants and accordingly reliance has been placed on the financial information examined by them for the said Period/Years. The Financial Report included for these years is based solely on the report submitted by them. We have carried out re-audit of the financial statements for the year ended on March 31, 2015 as required by SEBI regulations.

**4. Financial Information as per Audited Financial Statements:**

1. We have examined:

- a) The attached Restated Statement of Assets and Liabilities of the Company , as at March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31 2011 (Annexure I);



- b) The attached Restated Statement of Profits and Losses of the Company for financial Period/Years ended on March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31 2011. (Annexure II);
- c) The attached Restated Statement of Cash Flows of the Company for financial Period/Years ended on March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31 2011. (Annexure III);
- d) The Significant Accounting Policies adopted by the Company and notes to the Restated Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings. (Annexure IV);

(Collectively hereinafter referred as “**Restated Financial Statements**” or “**Restated Summary Statements**”)

2. In accordance with the requirements of Act, ICDR Regulations, Guidance Note on the reports in Company Prospectus (Revised) issued by ICAI and the terms of our Engagement Letter, we further report that:

- (i) The “**Restated Statement of Assets and Liabilities**” as set out in **Annexure I** to this report, of the Company as at March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31 2011 are prepared by the Company and approved by the Board of Directors. This Statement of Assets and Liabilities, as restated have been arrived at after making such adjustments, regroupings and notes related to the individual Financial Statements of the Company, as in our opinion were appropriate and further described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure IV** to this Report.
- (ii) The “**Restated Statement of Profit and Loss**” as set out in **Annexure II** to this report, of the Company for financial Period/Years ended on March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31 2011 are prepared by the Company and approved by the Board of Directors. This Statement of Profit and Loss, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and further described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure IV** to this Report.
- (iii) The “**Restated Statement of Cash Flow**” as set out in **Annexure III** to this report, of the Company for financial Period/Years ended on March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31 2011 are prepared by the Company and approved by the Board of Directors. This Statement of Cash Flow, as restated, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and further described in Significant Accounting Policies and Notes to Restated Summary Statements as set out in **Annexure IV** to this Report.

Based on the above and also as per the reliance placed by us on the audited financial statements of the Company and Auditors Report thereon which have been prepared by Statutory Auditor of the Company for the year ended on March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31 2011, we are of the opinion that “**Restated Financial Statements**” or “**Restated Summary Statements**” have been made after incorporating:

- a) Adjustments for any material amounts in the respective financial years have been made to which they relate;
- b) There are no Extra-ordinary items that need to be disclosed separately in the Restated Summary Statements; and
- c) Adjustments on account of the statutory audit qualifications, if any, have been adjusted and regrouped to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure IV** to this Report.
- d) Adjustments in Restated Financial Statements have been made in accordance with the correct accounting policies, which includes the impact of provision of gratuity made on actuarial valuation basis, Accounting of depreciation as per schedule XIV and Schedule II of the Companies Act as applicable, accounting of foreign currency transaction as per AS 11(Revised), Accounting of incidental cost related to acquisition of fixed assets as per AS – 10, Time proportionate accounting of expenses based on mercantile system of accounting etc. All such adjustments and their impact has been considered in Restated financials and described in Annexure IV to this Report.



- e) There was no change in accounting policies, which needs to be adjusted in the “Restated Financial Statements” except for provision for Gratuity which has not been provided on the mercantile basis, Accounting of Depreciation which was not provided as per schedule XIV and Schedule II of the Companies Act as applicable, accounting of expenses incidental for acquisition of fixed assets was not accounted as per the requirement of AS-10, and Accounting of transaction denominated in foreign currency which was not done as per the requirements of AS-11 (Revised), etc.
- f) There are no revaluation reserves, which need to be disclosed separately in the “**Restated Financial Statements**.”
- g) The Company has paid dividend on its equity shares till March 31, 2015 as given below.

Dividend Paid in Fiscal	Dividend declared for Fiscal	Dividend per Equity Share (in Rs.)	Total Number of Equity Shares	Aggregate Dividend Paid (in ₹ Lacs)
2011-12	2010-11	1.83	5,00,000	9.16
2012-13	2011-12	5.00	5,00,000	25.00
2013-14	2012-13	5.00	5,00,000	25.00
2014-15	2013-14	2.00	25,00,000	50.00
-	2014-15	1.00	30,00,000	30.00

## 5. Other Financial Information:

1. We have also examined the following financial information as set out in annexure prepared by the Management and as approved by the Board of Directors of the Company for the Years ended on March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31 2011.

Restated Statement of Share Capital, Reserves And Surplus	Annexure-A
Restated Statement of Long Term And Short Term Borrowings	Annexure-B, B(A) and B(B)
Restated Statement of Deferred Tax (Assets) / Liabilities	Annexure-C
Restated Statement of Long Term Provisions	Annexure-D
Restated Statement of Trade Payables	Annexure-E
Restated Statement of Other Current Liabilities And Short Term Provisions	Annexure-F
Restated Statement of Fixed Assets	Annexure-G
Restated Statement of Non-Current Investments	Annexure-H
Restated Statement of Long-Term Loans And Advances	Annexure-I
Restated Statement of Inventory	Annexure-J
Restated Statement of Trade Receivables	Annexure-K
Restated Statement of Cash & Cash Equivalents	Annexure-L
Restated Statement of Short-Term Loans And Advances	Annexure-M
Restated Statement of Other Current Assets	Annexure-N
Restated Statement of Other Income	Annexure-O
Restated Statement of Turnover	Annexure-P
Restated Statement of Mandatory Accounting Ratios	Annexure-Q
Restated Statement of Related party transaction	Annexure-R
Restated Statement of Capitalization	Annexure-S
Restated Statement of Tax shelter	Annexure-T
Restated Statement of Contingent liabilities	Annexure-U

2. The Restated Financial Information contain all the disclosures required by the SEBI ICDR regulations and partial disclosures as required by Accounting Standards notified under the Companies Act, 1956 of India read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Act.



3. We have carried out Re-audit of the financial statements for the Year ended on March 31, 2015 as required by SEBI regulations. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2015. Accordingly, we do not express any opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2015.
4. The preparation and presentation of the Financial Statements referred to above are based on the Audited financial statements of the Company in accordance with the provisions of the Act and the Financial Information referred to above is the responsibility of the management of the Company.
5. In our opinion, the above financial information contained in Annexure I to III and Annexure A to U of this report read along with the Restated statement of Significant Accounting Policies and Notes as set out in Annexure IV are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with paragraph B, Section 26 of the Act, the SEBI Regulations, The Revised Guidance Note on Reports in Company Prospectus and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India (“ICAI”) to the extent applicable, as amended from time to time, and in terms of our engagement as agreed with you. We did not perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion thereon.
6. Consequently the financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.
7. The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit report, nor should this constructed as a new opinion on any of the financial statements referred to herein.
8. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
9. Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the IPO-SME for Proposed Issue of Equity Shares of the Company and our report should not be used, referred to or adjusted for any other purpose without our written consent.

## **6. Auditor’s Responsibility**

Our responsibility is to express an opinion on these restated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.



**7. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the restated financial statements read together with the notes thereon, 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, to the extent applicable;

- a) In the case of Restated Statement of Assets and Liabilities of the Company as at March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31 2011;
- b) In the case of the Restated Statement of Profit and Loss, of the profit of the Company for the Years ended on that date; and
- c) In the case of the Restated Cash Flow Statement, of the cash flows of the Company for the Years ended on that date.

**For S S Rathi & Co**  
Chartered Accountants  
FRN 108726W

Sd/-

**CA Ravi K Jagetiya**  
Partner  
Membership No. 134691

**Date: June 01, 2015**  
**Place: Mumbai**



**ANNEXURE – I**  
**RESTATED STATEMENT OF ASSETS AND LIABILITIES**

(₹ in 000')

Particulars	As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>I. EQUITY AND LIABILITIES</b>					
<b>Shareholder's Funds</b>					
Share Capital	30000	25000	5000	5000	5000
Reserves and Surplus (excluding Revaluation Reserves, if any)	34172	17984	23405	11630	8636
<b>Share Application Money Pending Allotment</b>	-	-	-	-	-
<b>Non Current Liabilities</b>					
Long-term Borrowings	13217	16767	993	2014	1104
Deferred tax liabilities (Net)	1,937	80	186	-	322
Other Long Term Liabilities	-	-	-	-	-
Long-term Provisions	1849	1681	1543	1469	637
<b>Current Liabilities</b>					
Short-term Borrowings	19924	-	-	366	5597
Trade Payables	15061	29774	23618	15063	17386
Other Current Liabilities	5850	5657	1613	1334	1159
Short-term Provisions	1616	6612	6459	3914	2954
<b>Total</b>	<b>123627</b>	<b>103554</b>	<b>62817</b>	<b>40790</b>	<b>42795</b>
<b>II. Assets</b>					
<b>Non Current Assets</b>					
Fixed assets					
(i) Tangible Assets	51848	22489	19162	10905	10678
(ii) Intangible Assets	140	312	551	769	921
(iii) Capital Work-In-Progress	-	-	-	-	-
(iv) Intangible Assets Under Development	-	-	-	-	-
Non Current Investments	400	400	470	470	470
Deferred Tax Assets (Net)	-	-	-	73	-
Long-term Loans and Advances	-	-	-	-	-
<b>Current assets</b>					
Current Investments	-	-	-	-	-
Inventories	49209	41143	26133	14823	13036
Trade Receivables	14146	618	2347	5921	10550
Cash and Cash Equivalents	1106	6809	8824	6809	5721
Short-term Loans and Advances	6210	31246	4577	542	979
Other Current Assets	569	537	752	478	441
<b>Total</b>	<b>123,627</b>	<b>103,554</b>	<b>62,817</b>	<b>40,790</b>	<b>42,795</b>
Note:- The above statement should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure IV, II and III.					





**ANNEXURE – II**  
**RESTATED STATEMENT OF PROFIT AND LOSS**

(₹ in 000')

Particulars	For the Period/Year ended				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Revenue from Operations (Gross)	164258	105361	102617	89076	74648
Less: Excise Duty	15690	11497	11281	7911	6456
Net Revenue From Operation	148568	93864	91336	81165	68191
Other income	153	381	544	398	352
<b>Total Revenue</b>	<b>A 148721</b>	<b>94246</b>	<b>91880</b>	<b>81563</b>	<b>68544</b>
Expenses:					
Cost of Material Consumed	84818	57243	55958	50531	42878
Purchases of Stock in Trade	0	4120	0	0	0
Changes in inventories of finished goods, WIP and Stock-in-Trade	-8066	-15011	-11310	-1787	-2915
Employee benefits expense	19403	14483	12004	9670	7188
Finance costs	2621	449	182	299	262
Depreciation and amortization expense	9222	3084	2200	1857	1614
Other expenses	11497	14310	10866	12670	10082
<b>Total Expenses</b>	<b>B 119495</b>	<b>78679</b>	<b>69900</b>	<b>73240</b>	<b>59109</b>
Profit before exceptional and extraordinary items and tax (A-B)	<b>C 29226</b>	15567	21979	8323	9435
Exceptional/Prior Period item	0	0	0	0	0
Profit before extraordinary items and tax	29226	15567	21979	8323	9435
Extraordinary item	0	0	0	0	0
Profit Before Tax	29226	15567	21979	8323	9435
Provision for Tax					
- Current Tax	7601	5283	7040	2838	3113
- Deferred Tax Liability / (Asset)	1857	-106	259	-395	322
Short/(Excess) Tax adjustment of prior years	0	0	0	0	1323
<b>Restated profit after tax for the period from continuing operations</b>	<b>19769</b>	<b>10390</b>	<b>14681</b>	<b>5880</b>	<b>4677</b>
Profit/ (Loss) from Discontinuing operation	0	0	0	0	0
Tax expenses of discontinuing operations	0	0	0	0	0
<b>Restated profit for the period</b>	<b>19769</b>	<b>10390</b>	<b>14681</b>	<b>5880</b>	<b>4677</b>

Note: The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, and cash flows appearing in Annexure IV, I and III.



**ANNEXURE – III**  
**RESTATED CASH FLOW STATEMENT**

(₹ in 000')

Particulars	For the Period/Year ended				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net Profit before tax	29,226	15,567	21,979	8,323	9,435
Adjustment for :					
Interest on Fixed Deposit	109	333	445	350	304
Dividend Income	40	48	48	48	48
Depreciation	9,222	3,084	2,200	1,857	1,614
Provision of Gratuity	168	138	74	832	637
Interest on Borrowed Fund	2,147	449	182	299	262
Operating profit before working capital changes	40,614	18,856	23,942	10,913	11,596
Adjustment for :					
(Increase)/Decrease in Inventories	(8,066)	(15,011)	(11,310)	(1,787)	(2,915)
(Increase)/Decrease in Trade Receivables	(13,529)	1,730	3,574	4,629	(1,955)
(Increase)/Decrease in Short Term loans and advances	25,037	(26,669)	(4,036)	437	5,195
(Increase)/Decrease in Other Current Assets	(31)	216	(275)	(36)	(75)
Increase/(Decrease) in trade payables	(14,712)	6,156	8,556	(2,324)	(8,154)
Increase/(Decrease) in Short Term Borrowings	19,924	-	(366)	(5,231)	5,597
Increase/(Decrease) in other current liabilities	193	4,044	279	175	596
	<b>8,816</b>	<b>(29,535)</b>	<b>(3,578)</b>	<b>(4,136)</b>	<b>(1,710)</b>
<b>Cash generated from / (used in) operations</b>	<b>49,430</b>	<b>(10,679)</b>	<b>20,364</b>	<b>6,777</b>	<b>9,885</b>
Income Tax paid	(10,296)	(3,915)	(4,515)	(3,706)	(2,539)
Net cash generated from/(used in) operating activities - (A)	<b>39,134</b>	<b>(14,593)</b>	<b>15,849</b>	<b>3,071</b>	<b>7,346</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of tangible fixed assets	(38,479)	(10,292)	(10,239)	(1,933)	(2,314)
Sale (Purchase) of long-term investments	-	70	-	-	-
Interest Income on Fixed Deposit	109	333	445	350	304
Dividend Income	40	48	48	48	48
<b>Net cash (used in) Investing Activities - (B)</b>	<b>(38,330)</b>	<b>(9,840)</b>	<b>(9,746)</b>	<b>(1,535)</b>	<b>(1,962)</b>



<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of Share Capital	5,000	10,000	-	-	-
Repayment of Long Term borrowings	(3,549)	15,773	(1,020)	910	(55)
Interest on Borrowed Fund	(2,147)	(449)	(182)	(299)	(262)
Proposed Dividend Paid (Including Dividend Distribution Tax)	(5,811)	(2,906)	(2,886)	(1,057)	-
<b>Net cash(used in) / from financing activities - (C)</b>	<b>(6,508)</b>	<b>22,419</b>	<b>(4,088)</b>	<b>(447)</b>	<b>(316)</b>
Net Increase/(decrease) in Cash & Cash Equivalents (A+B+C)	(5,704)	(2,015)	2,015	1,088	5,068
Cash and cash equivalents at the beginning of the year	6,809	8,824	6,809	5,721	653
<b>Cash and cash equivalents at the end of the year</b>	<b>1,106</b>	<b>6,809</b>	<b>8,824</b>	<b>6,809</b>	<b>5,721</b>

**Notes:-**

(₹ in 000')

1. Components of cash and cash equivalents:					
<b>Particulars</b>	<b>31/03/2015</b>	<b>31/03/2014</b>	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
Cash on hand	384	564	377	90	130
Balances with scheduled banks:					
In current accounts	128	3828	3143	1759	670
in Deposits with Scheduled Bank	593	2417	5305	4960	4921
Total Cash and cash equivalents	1106	6809	8824	6809	5721
2. The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard -3 on Cash Flow Statement, specified under the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014).					
3. Figures in Brackets represents outflow.					
4. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses as appearing in Annexure IV, I and II.					



**ANNEXURE-IV**  
**SIGNIFICANT ACCOUNTING POLICY AND NOTES TO THE RESTATED SUMMARY STATEMENTS**

**A. BACKGROUND**

M/s. Loyal Equipments Limited was incorporated as Loyal Equipments Private Limited on April 20, 2007 under the provisions of Companies Act, 1956 with Registrar of Companies, Dadra and Nagar Havelli, Gujarat vide registration no. (Company was incorporated with registration no. U29190GJ2007PTC050607 upon conversion of the Company the CIN no. changed to CIN: U29190GJ2007PLC050607). Pursuant to Shareholders Resolution passed at the Extra Ordinary General Meeting held on May 02, 2015, Company was converted into a Public Limited Company and the name of Company was changed to “Loyal Equipments Limited” vide a fresh Certificate of Incorporation, issued by the Registrar of Companies, Ahmedabad, Gujarat.

The Company is engaged in manufacturing and supplying of Coded Pressure Vessels & Heat Exchangers (Ferrous & Non Ferrous), Air Cooled Heat Exchangers, Skids for Dynamic and Static Machineries, Base-Plates, Sterilizers, Chimneys and Columns, Tanks & Receivers, Site Fabrication & Erection Activities, etc.

**B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Restated Summary Statement of Assets and Liabilities of the Company as on March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31 2011, and the Restated Summary Statement of Profit and Loss and Restated Summary Statements of Cash Flows for the period ended on March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31 2011 and the annexure thereto (collectively, the “**Restated Financial Statements**” or “**Restated Summary Statements**”) have been extracted by the management from the Financial Statements of the Company for the period ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31 2011.

The financial statements are prepared and presented under the historical cost convention and evaluated on a going-concern basis using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956 (up to March 31, 2014), and notified sections, schedules and rules of the Companies Act 2013 (with effect from April 01, 2014), including the Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006 as per section 211(3C) of the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 (“the Act”) read with Rule 7 of Companies (Accounts) Rules, 2014).

**2. USE OF ESTIMATES**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities, if any, as at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee retirement benefit plans, provision for income tax and the useful lives of fixed assets. The difference between the actual results and estimates are recognized in the period in which results are known or materialized.

**3. FIXED ASSETS**

Fixed assets are stated at historical cost less accumulated depreciation and impairment losses. Cost includes purchase price and all other attributable cost to bring the assets to its working condition for the intended use.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Projects under which assets are not ready for their intended use are shown as Capital Work-in-Progress. Cost includes cost of land, materials, construction, services, borrowing costs and other overheads relating to projects.

Intangible assets are stated at acquisition cost, Net of accumulated amortization and accumulated impairment losses, if any.



Intangible assets are amortized on a straight line basis over their estimated useful lives.

Gains or losses arising from the retirement or disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit & Loss.

#### **4. DEPRECIATION**

##### **Tangible Fixed Assets**

Pursuant to Companies Act, 2013 ('the Act') being effective from 1 April 2014, the Company has revised depreciation rates on tangible fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act.

In accordance with AS-6 "Depreciation", depreciation on tangible fixed assets is computed on considering useful life provided in the Schedule - II of the Act. During the preceding years, the Company was providing depreciation on Written Down Value basis at the rate prescribed in Schedule XIV of the Companies Act, 1956.

Pursuant to Companies Act, 2013 ('the Act') being effective from April 1, 2014, the Company has revised depreciation rates on tangible fixed assets as per useful life specified in Part 'C' of Schedule II of the Act. and due to the same there has been a change in the estimated useful life of depreciable tangible assets which affects the depreciation in the current period and in each period during the remaining useful life of the assets. As the change is only in regard to accounting estimate requiring an adjustment of the carrying amount of tangible assets. The same do not require adjustment in the financial information for the years ended on March 31, 2014, 2013, and 2012 and 2011. The Company has consistently calculated depreciation based on WDV method.

In respect of assets whose useful life had already exhausted as on 1 April 2014, has been adjusted in Reserves and Surplus in accordance with requirements of Para 7 of Part C of Schedule II of the Act. Such assets which do not have useful life as on 01.04.2014 were having WDV of ₹ 70,688/-

#### **5. BORROWING COSTS**

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

#### **6. IMPAIRMENT OF ASSETS**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's (including goodwill) recoverable amount is the higher of an assets net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

(ii) After impairment, depreciation/ amortization is provided on the revised carrying amount of the asset over its remaining useful life.



## **7. INVESTMENTS**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

## **8. INVENTORIES**

Inventories are stated at cost or net realizable value whichever is lower. Cost is calculated based on FIFO basis. Cost comprises of all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present condition and location.

## **9. REVENUE RECOGNITION**

- i. 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.
- ii. Sale is recognized on dispatch to goods from point of sales.
- iii. Other income is accounted for on accrual basis in accordance with Accounting Standards (AS) 9- "Revenue Recognition".

## **10. FOREIGN CURRENCY TRANSACTIONS**

Transaction denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction and any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Statement of profit and Loss except in case where they relate to acquisition of fixed assets in which case they are adjusted with the carrying cost of such assets.

## **11. ACCOUNTING FOR GOVERNMENT GRANTS**

A. Grants/subsidy is recognized unless reasonably assured to be realized and the Company had complied with the conditions attached to the grant.

B. Grant/subsidy towards specific assets is treated as deferred income in the statement of profit and loss on rational basis over the useful life of the depreciable assets. Grant related to non depreciable asset is credited capital reserve unless it stipulates fulfillment of certain obligations.

C. Grants of revenue nature is recognized in the statements of profit and loss over the period to match with the related cost, which are intended to be compensated. Such grant is reduced from the related cost.

## **12. EMPLOYEE BENEFITS**

### **Defined-contribution plans:**

i) Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when an employee renders the related services. The Company has no obligation, other than the contribution payable to the provident fund.



(ii) The Company operates one defined benefit plan for its employees, viz., gratuity liability. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method made at the end of each reporting date. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

(iii) Compensated absences which accrue to employees and which is expected to be utilized or encashed within the next 12 months from reporting date, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. As per Company policy, no leave are expected to be carried forward beyond 12 months from the reporting date.

### **13. SEGMENT ACCOUNTING**

#### **(i) Business Segment**

(a) The business segment has been considered as the primary segment.

(b) The Company's primary business segments are reflected based on principal business activities, the nature of service, the differing risks and returns, the organization structure and the internal financial reporting system.

(c) The Company's primary business comprises of manufacturing and supplying of Coded Pressure Vessels & Heat Exchangers (Ferrous & Non Ferrous), Air Cooled Heat Exchangers, Skids for Dynamic and Static Machineries, Base-Plates, Sterilizers, Chimneys and Columns, Tanks & Receivers, and since it is the only reportable segment as envisaged in Accounting Standard 17 'Segment Reporting'. Accordingly, no separate disclosure for Segment reporting is required to be made in the financial statements of the Company.

#### **(ii) Geographical Segment**

The Company operates in one Geographical Segment namely "within India" and hence no separate information for geographic segment wise disclosure is required.

### **14. ACCOUNTING FOR TAXES ON INCOME**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

(i) Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

(ii) Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

### **15. CONTINGENT LIABILITIES AND PROVISIONS**

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

Contingent Liability is disclosed for



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

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

## **16. EARNINGS PER SHARE**

In determining the Earnings Per share, the Company considers the net profit after tax which does not include any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

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

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

## **17. CASH FLOW:**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. Cash flows from operating, investing and financing activities of the Company are segregated, accordingly.

## **C. CHANGES IN ACCOUNTING POLICIES IN THE PERIOD/YEARSS COVERED IN THE RESTATED FINANCIALS**

There is no change in significant accounting policies except for:-

- 1.) Provision for Gratuity which has been accounted on cash basis by the management rather than based on the actuarial valuation.
- 2.) Company had applied depreciation in the books of accounts as per the rates applicable in Income Tax Act, instead of as per Companies Act. While preparing restated financials the Company has recalculated the depreciation based on the rates given in Schedule XIV of the Companies Act. The impact of such change in policy upto 31.03.2010 was adjusted with the opening reserves and WDV of fixed assets as on 31.03.2010.
- 3.) Foreign exchange gain and (loss) were not accounted by the Company, however during restatement, Company has accounted the same and given the consequential effect in Import Purchases cost.

## **D. NOTES ON RESTATEMENTS MADE IN THE RESTATED FINANCIALS**

- 1. The financial statements including financial information have been prepared after making such regroupings and adjustments, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial statements/information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.
- 2. The current maturities of the Secured Long Term Borrowings have been correctly reclassified as Short Term Borrowings and Long Term Borrowings, to that extent, Audited Balance Sheet figures has been restated.





3. Interest and other finance charges in respect of acquisition of fixed asset has been transferred from Statement of Profit & Loss account to current assets and capitalized along with fixed assets when the asset was put to use. Further cost of bringing assets to factory and incidental cost connected with installation of fixed assets also have been capitalized.
4. In Restated financials the Company has recalculated the depreciation based on the rates given in Schedule XIV of the Companies Act. The impact of such change in policy upto 31.03.2010 was adjusted with the opening reserves and WDV of fixed assets as on 31.03.2010. In respect of assets whose useful life had already exhausted as on 1 April 2014, has been adjusted in Reserves and Surplus in accordance with requirements of Para 7 of Part C of Schedule II of the Act. Such assets which do not have useful life as on 01.04.2014 were having WDV of Rs.70,688/-
5. Accounting of Import purchases which were not done according to AS-11, has now been accounted as per the direction of AS-11 (Revised). Consequential effect of the same has been done on Import Purchases of respective years.
6. Intangible assets (softwares) which were shown as intangible assets in Audited Financial Statements, have been reclassified based on the useful life and accounted as per the guideline of AS – 26. In view of that softwares have been accounted as intangible assets if life is more than 1 year, otherwise the such softwares cost has been charged to Statement of Profit & Loss in time proportion basis. Due to such reclassification Income Tax Depreciation was recalculated and the revised depreciation was considered for Income Tax provision and also for the purpose of deferred Tax Calculation.
7. Based on the actuarial Valuation, provision of gratuity has been done in the Restated financial Statement of respective year. As informed Company does not have any earned leave balance as on year ends.
8. The Company does not have information as to which of its supplier are Micro small and Medium Enterprise registered under The Micro small and Medium Enterprise Development Act 2006. Consequently the liability, if any, of interest which would be payable under The Micro small and Medium Enterprise Development Act 2006, cannot be ascertained. However, the Company has not received any claims in respect of such interest and as such, no provision has been made in the books of accounts.

**9. Employee benefits:**

The Company has adopted the Accounting Standard 15 (revised 2005) on Employee Benefits as per an actuarial valuation carried out by an independent actuary. The disclosures as envisaged under the standard are as under:-

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
<b>1.The amounts recognised in the Balance Sheet are as follows:</b>					
Present value of unfunded obligations recognised	1848.81	1680.58	1542.90	1468.89	637.19
<b>Net Liability</b>	<b>1848.81</b>	<b>1680.58</b>	<b>1542.90</b>	<b>1468.89</b>	<b>637.19</b>
<b>2.The amounts recognised in the Profit &amp; Loss A/c are as follows:</b>					
Current Service Cost	183.31	179.65	152.22	122.98	637.19
Interest on Defined Benefit Obligation	134.45	123.43	117.51	50.97	-
Net Actuarial Losses / (Gains) Recognized in Year	-149.53	-165.40	-195.72	657.75	-
Past Service Cost	-	-	-	-	-
Total, Included in “Salaries, Allowances & Welfare”	<b>168.23</b>	<b>137.69</b>	<b>74.00</b>	<b>831.70</b>	637.19
<b>3.Changes in the present value of defined benefit obligation:</b>					
Defined benefit obligation as at the beginning of the year/period	<b>1680.58</b>	<b>1542.90</b>	<b>1468.89</b>	637.19	-
Service cost	183.31	179.65	152.22	122.98	637.19
Interest cost	134.45	123.43	117.51	50.97	-



Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Actuarial Losses/(Gains)	-149.53	-165.40	-195.72	657.75	-
Past Service Cost	-	-	-	-	-
<b>Defined benefit obligation as at the end of the year/period</b>	<b>1848.81</b>	<b>1680.58</b>	<b>1542.90</b>	<b>1468.89</b>	<b>637.19</b>
<b>Benefit Description</b>					
Benefit type:	Gratuity Valuation as per Act				
Retirement Age:	60 Years	60 Years	60 Years	60 Years	60 Years
Vesting Period:	5 Years	5 Years	5 Years	5 Years	5 Years
<b>The principal actuarial assumptions for the above are:</b>					
Future Salary Rise:	5.00%	5.00%	5.00%	5.00%	5.00%
Discount rate per annum:	8.00%	8.00%	8.00%	8.00%	8.00%
Attrition Rate:	2%	2%	2%	2%	2%
Mortality Rate:	IALM (2006-08) Ultimate		LIC (1994-96) Ultimate		

### 10. Segment Reporting (AS 17)

The Company is required to disclose the information required by Accounting Standard- 17. No separate segments have, however, been reported as the Company does not have more than one business Segments within the meaning of Accounting standard -17, which differ from each other in risk and reward.

### 11. Provisions, Contingent Liabilities and Contingent Assets (AS 29)

Contingent liabilities and commitments (to the extent not provided for). There are no contingent liabilities as on March 31, 2015 except as mentioned in Annexure -U, for any of the years covered by the statements.

### 12. Related Party Disclosure (AS 18)

Related party transactions are reported as per AS-18 of Companies (Accounting Standards) Rules, 2006, as amended, in the Annexure – R of the enclosed financial statements.

### 13. Accounting For Taxes on Income (AS 22)

Deferred Tax liability/Asset in view of Accounting Standard – 22: “Accounting for Taxes on Income” as at the end of the year/period is reported as under:

Particulars	(Amount in 000' Rs.)				
	As at				
Deferred Tax Liability	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Gross Block as per Books on 31st March	72,491	34,043	27,872	17,633	15,700
Less: Accumulated Depreciation as per Companies Act, 1956	20,504	11,243	8,159	5,958	4,101
Less: Gross Value of Fixed Assets Where no timing Difference arises due to same rate of Depreciation	-	-	-	-	-
Net WDV as Per Companies Act	51,987	22,801	19,713	11,675	11,599
Net Block as per Income Tax	44,239	20,944	17,668	10,442	9,918
Timing difference- Depreciation	7,748	1,857	2,045	1,233	1,680
Deferred Tax Liability (a)	2,514	603	664	381	519
Incremental Depreciation	1,911	(61)	283	(138)	519



Gratuity Expenses charged to Profit and Loss	168	138	74	832	637
DTA @ 30.90%	55	45	24	257	197
Cumulative Deferred Tax Assets	577	523	478	454	197
Deferred Tax Assets (B)	577	523	478	454	197
Cumulative Balance of Deferred Tax Liability/(Assets) (A-B)	1,937	80	186	(73)	322

#### 14. Earnings Per Share (AS 20):

Earnings per Share have been calculated is already reported in the Annexure –Q of the enclosed financial statements.

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

Appropriate adjustments have been made in the restated financial statements, whenever required, by reclassification of the corresponding items of assets, liabilities and cash flow statement, in order to ensure consistency and compliance with requirement of Companies Act 1956, and as replaced by Companies Act 2013 after 01<sup>st</sup> April 2014 and Accounting Standards.

The Summary of results of restatements made in the audited financial statements of the Company for the respective period / years and their impact on the profit / (losses) and assets and liabilities of the Company is as under.

#### Statement of adjustments in the Financial Statements

The reconciliation of Profit after tax as per audited results and the Profit after tax as per Restated Accounts is presented below in Table-1. This summarizes the results of restatements made in the audited accounts for the respective years/ period and its impact on the profit & losses of the Company.

#### 1. Statement of Profit and Loss after Tax

(₹ in 000')

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
<b>Net Profit After Tax as per audited accounts but before adjustments for restated accounts:</b>	<b>22,656</b>	<b>12,181</b>	<b>23,303</b>	<b>9,778</b>	<b>8,559</b>
Less/ (Add) (a) Recognition of Gratuity Expense not provided earlier	<b>168</b>	<b>138</b>	<b>74</b>	<b>832</b>	<b>637</b>
Add/(Less) (b) Short (Excess) Depreciation(net) charged in Books	(1,073)	(517)	(99)	213	(859)
Add/(Less):(f) Deferred tax Liability (Assets) on Depreciation/ Gratuity	414	(106)	259	(395)	322
Add/(Less) (h): Excess / (short) Provision for Income Taxes - Current	7,601	5,283	7,040	2,838	3,113
(h)Add/(Less): Excess / (short) Provision for Income Taxes - Earlier Years	1,012	3,384	(8)	247	-
(i) Add/(Less): Amount of Capital Expenditure/Prepaid Expenses in Statement of profit and Loss, now transferred in Respective Assets/Current Assets if not Put to use	4230	865	-	-	-
Liability of TDS Defaults not accounted earlier	34	116	139	7	66
Amortization of Software from Fixed Assets to Profit and Loss Account	1001	1117	1202	669	637
Insurance Expenses Short/(Excess) charged due to non Compliance with mercantile basis of	16	(10)	1	18	33



Accounting.					
<b>Net Increase/ (Decrease)</b>	<b>(2,887)</b>	<b>(1,791)</b>	<b>(8,622)</b>	<b>(3,898)</b>	<b>(3,882)</b>
<b>Net Profit After Tax as per Restated Accounts:</b>	<b>19769</b>	<b>10390</b>	<b>14681</b>	<b>5880</b>	<b>4677</b>

**16. Realizations:**

In the opinion of the Board and to the best of its knowledge and belief, the value on realization of current assets, loans and advances will, in the ordinary course of business, not be less than the amounts at which they are stated in the Balance sheet.

**17. Contractual liabilities**

All other contractual liabilities connected with business operations of the Company have been appropriately provided for.

**18. Amounts in the financial statements**

Amounts in the financial statements are rounded off to nearest thousands. Figures in brackets indicate negative values.

**For S S Rathi & Co**  
Chartered Accountants  
FRN 108726W

Sd/-

**CA Ravi K Jagetiya**  
Partner  
Membership No. 134691

**Date: June 01, 2015**  
**Place: Mumbai**



**ANNEXURE – A**  
**STATEMENT OF SHARE CAPITAL, RESERVES AND SURPLUS**

(₹ in 000')

Particulars	As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Share Capital					
<b>Authorised Share Capital</b>					
Equity shares of Rs.10 each	3,000	3,000	500	500	500
Share Capital	30,000	30,000	5,000	5,000	5,000
<b>Issued, Subscribed and Paid up Share Capital</b>					
Equity Shares of Rs. 10 each fully paid up	3,000	3,000	500	500	500
Share Capital (in Rs.)	30,000	25,000	5,000	5,000	5,000
<b>Total</b>	<b>30,000</b>	<b>25,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
<b>Reserves and Surplus</b>					
A) Capital Reserve					
Opening Balance	2,336	5,730	2,233	1,255	-
Add: Addition during the year	3,615	2,336	3,497	978	1,255
Less: Utilized for Share Capital	-	5,730	-	-	-
<b>Total (A)</b>	<b>5,951</b>	<b>2,336</b>	<b>5,730</b>	<b>2,233</b>	<b>1,255</b>
B) Surplus in Profit and Loss account					
Opening Balance	15,647	17,675	9,397	7,381	9,916
Add: Profit for the year	19,769	10,390	14,681	5,880	4,677
Less: Transfer to Share capital (Bonus Issue)	-	4,270	-	-	4,900
Less: Proposed Dividend including of Dividend Distribution Tax	3,510	5,811	2,906	2,886	1,057
Less: Transfer to Capital Reserve	3,615	2,336	3,497	978	1,255
less: Adjustment on Account of no useful life assets	71	-	-	-	-
<b>Total (B)</b>	<b>28,221</b>	<b>15,647</b>	<b>17,675</b>	<b>9,397</b>	<b>7,381</b>
<b>Total (A+B)</b>	<b>34,172</b>	<b>17,984</b>	<b>23,405</b>	<b>11,630</b>	<b>8,636</b>

**Notes:-**

1. The figures mentioned in the bracket represent absolute number of shares.
2. Terms/rights attached to equity shares:
  - i. The Company has only one class of shares referred to as equity shares having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share.
  - ii. In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.
3. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
4. Company does not have any Revaluation Reserve.
5. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.



6. The reconciliation of the number of shares outstanding as at: -					
Particulars	As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Number of shares at the beginning	2,500,000	500,000	500,000	500,000	10,000
Add: Shares issued during the year	500,000	2,000,000	-	-	490,000
Less: Shares bought back during the Year	-	-	-	-	-
Number of shares at the end	<b>3,000,000</b>	<b>2,500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>

7. The detail of shareholders holding more than 5% of Shares as at: -					
Name of Share Holder	As at ( No of Shares)				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Alkesh R. Patel	840,000	700,000	100,000	100,000	100,000
Jyotsanaben R. Patel	1,320,000	1,100,000	300,000	300,000	300,000
Rameshchandra N. Patel	840,000	700,000	100,000	100,000	100,000

**ANNEXURE – B**  
**STATEMENT OF LONG TERM AND SHORT TERM BORROWINGS**

(₹ in 000')

Particulars	As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Long Term Borrowings					
From Banks/Financial Institutions (Secured)					
Term Loans	17065.29	20613.23	1084.12	1533.27	1105.88
Loans and advances (Unsecured)					
From Promoters/Directors/Related Parties	0	0	380	929.6	280
From others	0	0	0	0	0
<b>Total</b>	<b>17065.29</b>	<b>20613.23</b>	<b>1464.12</b>	<b>2462.87</b>	<b>1385.88</b>
Current portion of long-term borrowings, included under Other current liabilities					
Term Loans and Car Loan	3847.929	3846.546	470.89	449.161	282.079
Short Term Borrowings					
From Banks (Secured)					
Bank Working Capital Loan	15724.43	0	0	0	5263.3
From Promoters/Directors/Related Parties	4200	0	0	366.4	333.68
<b>Total</b>	<b>19924.43</b>	<b>0</b>	<b>0</b>	<b>366.4</b>	<b>5596.98</b>
The above amount includes:					
Secured Borrowings	32789.72	20613.23	1084.12	1533.27	6369.18
Unsecured Borrowings	4200	0	380	1296	613.68

**Notes:-**

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the significant accounting policies and notes to restated summary, statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.
3. List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.
4. The terms and conditions and other information in respect of Secured Loans are given in Annexure -B (A)
5. The terms and conditions and other information in respect of Unsecured Loans are given in Annexure - B (B)

**ANNEXURE - B (A)****STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGED AS SECURITY**

(₹ in Lacs)

Name of Lender	Purpose	Sanctioned Amount	Rate of interest	Primary Security	Collateral/Other Security	Re-Payment Schedule	Moratorium	Outstanding amount as on 31.03.2015 as per Books	Outstanding amount as on 31.03.2014 as per Books
<b>Secured Loan</b>									
Kotak Mahindra Bank	Cash Credit-Working Capital Facility	360.00	BR Plus 1.50 % i.e. 11.50 % p.a.; BR - 10%	First and Exclusive Charge over all Current Assets and Movable Fixed Assets	1. Registered Mortgage of Plot No. 35/1, Zak Village, Hanspura Circle to Zank Village to Vehlal Road, Zak, Gandhinagar owned by M/s Loyal equipment Limited. 2. Financial assistance is further secured by personal guarantee of Directors 1) Mr. Alkesh Patel, 2) Mrs. Jyotsanaben Patel, 3) Mr. Rameshchandra Patel	Tenure - 12 Months, Subject to renewal on 15/03/2016 ; Modified for adding Collertaral Security for Charge Creating	NA	157.24	0.00
SIDBI	Purchase of Machinery - Fintube	200.00	PLR + 0.5% i.e. 13.25 %	Hypothication of Fintube Machine	Plot No. 35/1-2-3-4 Zak Village Gandhinagar	Loan taken for Fintube Machine; 60 Installments consists of first 30 montly instaalment of Rs. 3 Lacs each, next 20 months of Rs.3.5 Lacs and last 10	3 Months From the Date of First Disbursement i.e., Feb 2014	167.00	200.00



						months by repayment schedule			
Kotak Mahindra Bank	Purchase of Vehicle	3.85	12.55 %	Wagon R Car LXI	--	59 Installments of Rs. 8785 started from Oct 2011	NA	1.36	2.18
Kotak Mahindra Bank	Purchase of Vehicle	3.85	12.55 %	Wagon R Car LXI	--	59 Installments of Rs. 8785 started from Oct 2011	NA	1.36	2.18
Kotak Mahindra	Purchase of Vehicle	3.71	11.40 %	I 10 Car	--	59 Installments of Rs. 8265 started from May 2011	NA	0.93	1.77

**ANNEXURE - B (B)**  
**STATEMENT OF TERMS & CONDITIONS OF UNSECURED LOANS**

Details of Unsecured Loans outstanding as at the end of the respective year from Directors/Promoters/Promoter Group /Associates/Relatives of Directors/Group Companies/other entities

Unsecured Loans from Promoters/Directors are interest free and all are taken without any preconditions attached towards repayments.

<b>Mr. Alkesh Rameshchandra Patel</b>		
Rate of Interest- Nil		(₹ In Lacs)
Particulars	As at	
	31/03/2015	31/03/2014
Opening Balance Cr/(DR)	0.00	0.00
Amount Received/credited	22.00	0.00
Amount repaid/adjusted	0.00	0.00
Outstanding Amount	22.00	0.00
<b>Mr. Rameshchandra Nathlal Patel</b>		
Rate of Interest- Nil		(₹ In Lacs)
Particulars	As at	
	31/03/2015	31/03/2014





Opening Balance	0.00	0.00
Amount Received/credited	20.00	0.00
Amount repaid/adjusted	0.00	0.00
Outstanding Amount	20.00	0.00
<b>Mrs. Jyotsanaben Rameshchandra Patel</b>		
Rate of Interest- Nil		(₹ In Lacs)
<b>Particulars</b>	<b>As at</b>	
	<b>31/03/2015</b>	<b>31/03/2014</b>
Opening Balance	0.00	3.80
Amount Received/credited	0.00	1.12
Amount repaid/adjusted	0.00	4.92
Outstanding Amount	0.00	0.00
<b>M/s Loyal Engineers ( Prop:- Jyotsanaben Rameshchandra Patel)</b>		
Rate of Interest- Nil		(₹ In Lacs)
<b>Particulars</b>	<b>As at</b>	
	<b>31/03/2015</b>	<b>31/03/2014</b>
Opening Balance	0.00	0.00
Amount Received/credited	2.82	0.00
Amount repaid/adjusted	2.82	0.00
Outstanding Amount	0.00	0.00

**ANNEXURE – C**  
**STATEMENT OF DEFERRED TAX (ASSETS) / LIABILITIES**

(₹ in 000')

<b>Particulars</b>	<b>For the Period/year ended</b>				
	<b>31/03/2015</b>	<b>31/03/2014</b>	<b>31/03/2013</b>	<b>31/03/2012</b>	<b>31/03/2011</b>
Opening Balance (A)					
Opening Balance of Deferred Tax (Asset) / Liability	80	186	-73	322	0
Current Year Provision (B)	1,857	(106)	259	(395)	322
(DTA) / DTL on Depreciation	1911	-61	283	-138	519
(DTA) / DTL on Provision for Gratuity/Carry Forward Losses	55	45	24	257	197
<b>Closing Balance of Deferred Tax (Asset) / Liability (A+B)</b>	<b>1937</b>	<b>80</b>	<b>186</b>	<b>-73</b>	<b>322</b>

Note: The above statement should be read with the significant accounting policies and notes to restated summary statement of profit and loss account and cash flows statement as appearing in Annexure IV, I, I and III .



**ANNEXURE – D**  
**STATEMENT OF LONG TERM PROVISIONS**

(₹ in 000')

Particulars	As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Provision for Employee Benefits					
Gratuity Provision	1,849	1,681	1,543	1,469	637
Other Provision	-	-	-	-	-
<b>TOTAL</b>	<b>1,849</b>	<b>1,681</b>	<b>1,543</b>	<b>1,469</b>	<b>637</b>

**ANNEXURE – E**  
**STATEMENT OF TRADE PAYABLES**

(₹ in 000')

PARTICULARS	As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<u>Trade Payables</u>					
Micro, Small and Medium Enterprises	-	-	-	-	-
For Goods & Services (including advance from debtors)	15,061	29,774	23,618	15,063	17,386
<b>Total</b>	<b>15,061</b>	<b>29,774</b>	<b>23,618</b>	<b>15,063</b>	<b>17,386</b>

**Notes:-**

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.
3. Amount due to entities covered under Micro, Small and Medium Enterprises as defined in the Micro, Small, Medium Enterprises Development Act, 2006, have been identified on the basis of information available with the Company. There was no amount due to any such entities which needs to be disclosed.

**ANNEXURE – F**  
**STATEMENT OF OTHER CURRENT LIABILITIES AND SHORT TERM PROVISIONS**

(₹ in 000')

PARTICULARS	As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Other Current Liabilities					
Current maturities of long-term borrowings					
- Term Loan/Car Loan	3,848	3,847	471	449	282
Deposits from Vendors	-	-	-	-	-
Statutory Dues	93	74	456	238	588
Other Payables	1,909	1,736	686	647	289
<b>Total</b>	<b>5,850</b>	<b>5,657</b>	<b>1,613</b>	<b>1,334</b>	<b>1,159</b>
Short-Term Provisions					
Provision for Income Tax (Net of Advance Tax and TDS)	(1,894)	801	3,553	1,028	1,896
Provision for Dividend	3,000	5,000	2,500	2,500	916
Provision for Dividend Distribution Tax	510	811	406	386	141
<b>Total</b>	<b>1,616</b>	<b>6,612</b>	<b>6,459</b>	<b>3,914</b>	<b>2,954</b>

**Notes:**

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.

**ANNEXURE – G**  
**STATEMENT OF FIXED ASSETS**

(₹ in 000')

PARTICULARS	As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>(i) Tangible Assets</b>					
Land	1,395	1,395	1,395	1,395	1,395
Factory Building	10,258	8,486	4,868	2,396	2,543
Office Equipment	403	918	214	247	281
Plant and Machinery	38,760	9,528	10,531	4,471	4,234
Furniture and Fixtures	394	558	506	277	332
Vehicles	482	1,147	1,467	1,975	1,703
Computers	155	455	182	144	189
<b>Total Tangible Assets</b>	<b>51,848</b>	<b>22,489</b>	<b>19,162</b>	<b>10,905</b>	<b>10,678</b>
Intangible Assets					
Softwares	140	312	551	769	921
	140	312	551	769	921
Capital Work-in-Progress	-	-	-	-	-
Intangible assets under development	-	-	-	-	-
<b>Grand Total</b>	<b>51,987</b>	<b>22,801</b>	<b>19,713</b>	<b>11,675</b>	<b>11,599</b>

**Notes:**

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.



**ANNEXURE – H**  
**STATEMENT OF NON-CURRENT INVESTMENTS**

(₹ in 000')

Particulars	As at									
	31/03/2015		31/03/2014		31/03/2013		31/03/2012		31/03/2011	
	Amo unt	No of Shares	Amo unt	No of Shares	Amo unt	No of Shares	Amo unt	No of Shares	Amo unt	No of Shares
Non Current Investment										
(Other Than Trade, at Cost)										
Investment in Un Listed Equity Shares	400	4,000	400	4,000	400	4,000	400	4,000	400	4,000
NSC	-	-	-	-	70	-	70	-	70	-
<b>Total</b>	<b>400</b>	<b>4,000</b>	<b>400</b>	<b>4,000</b>	<b>470</b>	<b>4,000</b>	<b>470</b>	<b>4,000</b>	<b>470</b>	<b>4,000</b>
Aggregate Value of Quoted Investment	-	-	-	-	-	-	-	-	-	-
Aggregate Value of Un Quoted Investment	400	4,000	400	4,000	470	4,000	470	4,000	470	4,000

**Notes:**

1. The figures mentioned in the bracket represent absolute number of shares.
2. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
3. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.

**ANNEXURE – I**  
**STATEMENT OF LONG-TERM LOANS AND ADVANCES**

(₹ in 000')

PARTICULARS	As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Unsecured, Considered Good unless otherwise stated					
Security Deposit	-	-	-	-	-
Other Advances	-	-	-	-	-
Loans & Advance to related Parties	-	-	-	-	-
None	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes:**

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.
3. List of persons/entities classified as 'Promoters' and 'Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.



**ANNEXURE – J**  
**STATEMENT OF INVENTORIES**

(₹ in 000')

PARTICULARS	As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Particulars					
Raw Material	-	-	-	-	-
Packing Material	-	-	-	-	-
Stock-in-Process and Semi Finished Goods	45,089	37,023	26,133	14,823	13,036
Finished Goods					
Consumable items, Stores & Spares Parts	-	-	-	-	-
Inventory of Trading Goods	4,120	4,120	-	-	-
<b>Total</b>	<b>49,209</b>	<b>41,143</b>	<b>26,133</b>	<b>14,823</b>	<b>13,036</b>
Note:- Inventory has been physically verified by the management of the Company at the end of respective year.					

**ANNEXURE – K**  
**STATEMENT OF TRADE RECEIVABLES**

(₹ in 000')

PARTICULARS	As At				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Outstanding for a period exceeding six months (Unsecured and considered Good)					
From Directors/Promoters/Promoter Group/Associates/ Relatives of Directors/ Group Companies.	-	-	-	-	-
Others	-	79	1,467	1,323	322
Outstanding for a period not exceeding 6 months (Unsecured and considered Good)					
From Directors/Promoters/Promoter Group/Associates/ Relatives of Directors/ Group Companies.	-	-	-	-	-
Others	14,146	539	881	4,598	10,229
<b>Total</b>	<b>14,146</b>	<b>618</b>	<b>2,347</b>	<b>5,921</b>	<b>10,550</b>

**Notes:**

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company
2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.
3. List of persons/entities classified as 'Promoters' and 'Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.



**ANNEXURE – L**  
**STATEMENT OF CASH & CASH EQUIVALENTS**

(₹ in 000')

PARTICULARS	As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Cash in Hand (As Certified by Management)	383.93	564.30	376.62	89.81	130.33
Balances with Banks					
- In Current Accounts	128.46	3827.87	3142.99	1759.19	669.77
- In Bank Deposits	593.18	2417.12	5304.85	4960.22	4920.86
<b>Total</b>	<b>1105.57</b>	<b>6809.29</b>	<b>8824.46</b>	<b>6809.22</b>	<b>5720.96</b>

**Notes:**

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.
3. Balances in Bank deposits are under lien with Banks against Bank Guarantee issued favoring to the Customers of Company.

**ANNEXURE – M**  
**STATEMENT OF SHORT-TERM LOANS AND ADVANCES**

(₹ in 000')

PARTICULARS	As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Unsecured, Considered Good unless otherwise stated					
Advance Recoverable in Cash or Kind	-	-	-	-	400
Capital Advances	1,900	29,655	1,900	-	-
Deposits	44	3	3	3	3
Balance with Revenue Authorities	3,679	1,548	2,567	385	420
Other Advances	587	40	107	154	156
<b>Total</b>	<b>6,210</b>	<b>31,246</b>	<b>4,577</b>	<b>542</b>	<b>979</b>

**Notes:**

1. None of the Short term loans and advances is recoverable from Directors/Promoters/Promoter Group/Associates/Relatives of Directors/ Group Companies.
2. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
3. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.
4. List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.



**ANNEXURE – N**  
**STATEMENT OF OTHER CURRENT ASSETS**

(₹ in 000')

PARTICULARS	As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
NSC Int. Receivable	-	-	14	14	14
Preliminary Expenses	-	-	10	11	12
Prepaid Expenses	569	537	728	453	414
<b>Total</b>	<b>569</b>	<b>537</b>	<b>752</b>	<b>478</b>	<b>441</b>

**Notes:**

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.

**ANNEXURE – O**  
**STATEMENT OF OTHER INCOME**

(₹ in 000')

Particulars	For the year ended				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Related and Recurring Income:					
Interest Income	109	333	445	350	304
Dividend Income	40	48	48	48	48
Discount Received	4	-	51	-	-
Other non Operating Income (net of Expenses directly attributable to such income)	-	-	-	-	-
None	-	-	-	-	-
<b>Total</b>	<b>153</b>	<b>381</b>	<b>544</b>	<b>398</b>	<b>352</b>

**Notes:**

1. The classification of other income as recurring/not-recurring, related/not-related to business activity is based on the current operations and business activity of the Company as determined by the management.
2. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
3. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.



**ANNEXURE –P**  
**STATEMENT OF TURNOVER**

(₹ in 000')

Particulars	For the year ended				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
(i) Turnover of Products Manufactured by the Issuer Company	147,905	93,619	91,302	76,059	62,722
(ii) Turnover of Products Traded by the Issuer Company	-	-	-	-	-
* (iii) Turnover in respect of Products not Normally dealt in by the Issuer Company but included in (ii) above	-	-	-	-	-
(iv) Turnover in respect of sale of services	664	245	34	5,106	5,469
<b>Total</b>	<b>148,568</b>	<b>93,864</b>	<b>91,336</b>	<b>81,165</b>	<b>68,191</b>
*As per information provided to us by the Issuer, there is no such item.					

**ANNEXURE – Q**  
**STATEMENT OF MANDATORY ACCOUNTING RATIOS**

(₹ in 000')

Particulars	As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Net Worth (A)	64,172	42,984	28,405	16,630	13,636
Restated Profit after tax	19,769	10,390	14,681	5,880	4,677
Less: Prior Period Item	-	-	-	-	-
Adjusted Profit after Tax (B)	19,769	10,390	14,681	5,880	4,677
Number of Equity Share outstanding as on the End of Year/Period ( C)	3,000	2,500	500	500	500
Weighted average no of Equity shares at the time of end of the year after Considering the Share Split from Face value of Rs. 100 each to Rs. 10 Each in March 2015 (D)	4,760	3,525	1,871	1,871	1,871
Current Assets (G)	71,240	80,353	42,633	28,573	30,727
Current Liabilities (H)	42,452	42,043	31,690	20,677	27,096
Face Value per Share (in Rs.)	10	10	10	10	10
Restated Basic and Diluted Earnings Per Share (Rs.) (B/D) Refer Note 1 given below	4.15	2.95	7.85	3.14	2.50
Return on Net worth (%) (B/A)	30.81	24.17	51.68	35.36	34.30
Net asset value per share (A/C)	21.39	17.19	56.81	33.26	27.27
Adjusted Net asset value per share based on Weighted average number of share (A/D)	13.48	12.19	15.18	8.89	7.29
Current Ratio (G/H)	1.68	1.91	1.35	1.38	1.13





<b>Notes:</b>	
1.	Earnings per share = Profit available to equity shareholders/ weighted average number of outstanding of equity shares during the year. For the purpose of calculating of weighted average number of shares outstanding prior to Bonus Shares and Right Issue, for the earlier years, Ratio of bonus and right factor applied on closing number of share outstanding as on the end of respective years.
2.	Diluted Earnings per share = Profit available to equity shareholders/ weighted avg number of potential equity shares outstanding during the year.
3.	Weighted Average number of outstanding Equity Shares has been calculated in terms of the requirement of Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006.
4.	Return on Net worth (%) = Profit available for Equity shareholders/Net worth X 100.
5.	Current Ratio= Current Assets/ Current Liabilities.
6.	The Company does not have any revaluation reserves or extraordinary items
7.	As there is no dilutive capital in the Company, Basic and Diluted EPS are similar.
8.	Net Profit, before extra ordinary items as appearing in the Statement of restated profits and losses, and Net Worth as appearing in the restated statement of Assets & Liabilities has been considered for the purpose of computing the above ratios.
9.	Net asset value per share (Face value of Rs. 10 Each) has been computed considering the outstanding number of share as at the end of year.
10.	Net worth for ratios mentioned represent equity share capital and reserves and surplus. Refer Annexure A for components of Reserves and Surplus.

**ANNEXURE – R**  
**STATEMENT OF RELATED PARTY TRANSACTION**

a)	Names of the related parties with whom transaction were carried out during the years and description of relationship:	
1)	Company/entity owned or significantly influenced by directors/ KMP	Loyal Engineers (Prop. Of Jyotsanaben Rameshchandra Patel)
2)	Key Management Personnel:	1. Alkesh R Patel - MD 2. Rameshchandra Nathalal Patel - WTD 3. Mrs. Jyotsanaben R Patel - WTD. 4. Mr. Amit C Patel - CFO 5. Komal Manoharlal Motiani - CS
3)	Relative of Key Management Personnel:	None
4)	Directors:	Alkesh Rameshchandra Patel Rameshchandra Nathalal Patel Jyotsanaben Rameshchandra Patel

(₹ in 000')

1. Transaction with Companies/Entity owned or Significantly influenced by Director/KMP						
Sr. No.	Nature of Transaction	Years Ended on				
		31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
A	<b>Loyal Engineers (Prop:- Mrs. Jyotsanaben R Patel)</b>					
	Rent Paid	1,800.00	1,800.00	1,500.00	1,200.00	900.00
	Purchases	468.14	399.83	484.31	684.54	646.60
	Loan Taken	282.48	-	-	-	229.28



	Loan Repaid	282.48	-	-	-	229.28
2. Transaction with Directors/Promoters of the Company						
Sr. No.	Nature of Transaction	Years Ended on				
		31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
<b>A</b>	<b>Alkesh Rameshchandra Patel</b>					
	<b>Opening Balance {Cr./{Dr}}</b>	(5,962.96)	(3,424.72)	(1,736.48)	(498.24)	-
	Loan Taken	2,200.00	-	-	-	-
	Director Remuneration given	3,252.57	2,538.24	1,688.24	1,238.24	498.24
	Loan Repaid	-	-	-	-	-
	<b>Closing Balance {Cr./{Dr}}</b>	(7,015.53)	(5,962.96)	(3,424.72)	(1,736.48)	(498.24)
<b>B</b>	<b>Rameshchandra Patel</b>					
	<b>Opening Balance {Cr./{Dr}}</b>	(4,261.72)	(2,348.48)	(980.24)	-	-
	Loan Taken	2,000.00	-	-	-	-
	Director Remuneration Booked	-	-	-	-	-
	Director Remuneration Paid	2,337.19	1,913.24	1,368.24	980.24	355.24
	Loan Received	-	-	-	-	-
	<b>Closing Balance {Cr./{Dr}}</b>	(4,598.91)	(4,261.72)	(2,348.48)	(980.24)	(355.24)
<b>C</b>	<b>Jyotsanaben Rameshchandra Patel</b>					
	<b>Opening Balance {Cr./{Dr}}</b>	-	380.00	380.00	280.00	-
	Loan Taken	-	-	-	300.00	280.00
	Loan Repaid	-	380.00	-	200.00	-
	Director Remuneration Booked	-	-	-	-	-
	Director Remuneration Paid	-	-	-	-	-
	<b>Closing Balance {Cr./{Dr}}</b>	-	-	380.00	380.00	280.00

**Notes:**

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.
3. List Company/entity owned or significantly influenced by directors/ KMP, Key Management Personnel, and Relative of Key Management Personnel have been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.



**ANNEXURE – S**  
**STATEMENT OF CAPITALISATION**

(₹ in 000')

Particulars	Pre-Issue	Post-Issue
	31/03/2015	
Debt		
Short Term Debt	38,604	38,604
Long Term Debt	20,851	20,851
Total Debt	59,455	59,455
Shareholders' Fund (Equity)		
Share Capital	30,000	68,000
Reserves & Surplus	34,172	24,572
Less: Miscellaneous Expenses not w/off	-	-
Total Shareholders' Fund (Equity)	64,172	92,572
Long Term Debt/Equity	0.32	0.23
Total Debt/Equity	0.93	0.64

**Notes:**

- Short term Debts represent which are expected to be paid/payable within 12 months and excludes installment of term loans repayable within 12 months.
- Long term Debts represent debts other than Short term Debts as defined above but includes installment of term loans repayable within 12 months grouped under other current liabilities
- The figures disclosed above are based on restated statement of Assets and Liabilities of the Company as at 31/03/2015.
- The Company has issued Bonus shares in the ratio 2:3 by Capitalizing Free Reserves on 28/04/2015.
- For calculation of post issue Capitalization Statement, The figure of Short term/long term debt as appearing on 31/03/2015 has only been considered. Further Equity share capital and Security premium has been increased on account of bonus share in the ratio of 2:3 on existing shares of 30 lacs as on 31st March 2015. Based on the information provided by the management Issue Related Expenses of Rs. 40.00 Lacs approx has been deducted from Security premium Account as shown in post issue capital. No verification of accounts post 31/03/2015 has been done by us.

**ANNEXURE – T**  
**STATEMENT OF TAX SHELTER**

(₹ in 000')

Particulars	As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Net Profit/(Loss) before taxes (A)	29226	15567	21979	8323	9435
Tax Rate Applicable %	32.45%	32.45%	32.45%	30.90%	30.90%
Minimum Alternate Taxes (MAT)	20.01%	20.01%	20.01%	19.01%	18.54%
Adjustments					
Add: Depreciation as per companies act, 1956	9,222	3,084	2,200	1,857	1,614
Add: Expenditure on Account of Interest on Delay payment of TDS and non Payment/Short payment of TDS	34	116	139	7	66
Add: Donation Paid not Allowed Under Income Tax (Net of Deduction Available if any)	0	5	26	-	20



**Loyalty Equipments Limited**

Add: Expenses on Which TDS not Deducted	-	33	340	-	-
Add: ROC Fee for increase in Share capital	-	285	-	-	-
Add: Provision for Gratuity - Disallowed u/s 43B (b)	168	138	74	832	637
Less: Depreciation as per Income Tax Act, 1961	15,184	2,896	3,013	1,786	1,649
Less: Preliminary Expenses Allowed as per Income Tax Act, 1961	-	-	-	1	1
Less: Dividend Income (Exempt)	40	48	48	48	48
Net Adjustments (B)	(5,800)	716	(281)	861	639
Business Income (A+B)	23,427	16,283	21,698	9,184	10,074
Total Taxable Income	23,427	16,283	21,698	9,184	10,074
Tax Payable as per Normal Rate	7,601	5,283	7,040	2,838	3,113
Tax Payable as per Special Rate	-	-	-	-	-
Tax as per Income Tax (C)	7,601	5,283	7,040	2,838	3,113
Tax Payable as per Minimum Alternate Tax U/s 115 JB of the Income Tax Act, 1961 (D)	5,847	3,114	4,397	1,582	1,749
Net Tax (Higher of C & D)	7,601	5,283	7,040	2,838	3,113
Current tax as per restated Statement of Profit & Loss	7,601	5,283	7,040	2,838	3,113

**Notes:**

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company, Income Tax Depreciation was recalculated due to regrouping of Assets and capitalization of few payment expenses from Revenue to Fixed Assets, due to which depreciation was recalculated and revised depreciation considered for above calculation.

2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.



**ANNEXURE – U**  
**RESTATED SUMMARY STATEMENT OF CONTINGENT LIABILITIES**

(₹ in 000')

Particulars	As at				
	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Contingent liabilities in respect of:					
Claims against the Company not acknowledged as debts	-	-	-	-	-
Guarantees given on behalf of the Company	587	2,031	4,738	4,504	4,481
Guarantees given on behalf of the subsidiary company	-		-	-	-
Other moneys for which the Company is contingently liable	-		-	-	-
Commitments (to the extent not provided for)	-		-	-	-
Estimated amount of contracts remaining to be executed on capital account and not provided for	-		-	-	-
Uncalled liability on shares and other investments partly paid	-		-	-	-
Other commitments	-		-	-	-
<b>Total</b>	<b>587</b>	<b>2,031</b>	<b>4,738</b>	<b>4,504</b>	<b>4,481</b>

**Notes:**

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.

**For S S Rathi & Co**  
Chartered Accountants  
FRN 108726W

Sd/-

**CA Ravi K Jagetiya**  
Partner  
Membership No. 134691

**Date: June 01, 2015**  
**Place: Mumbai**



**STATEMENT OF FINANCIAL INDEBTEDNESS**

To,

**The Board of Directors,  
Loyal Equipments Limited**  
Block No. 35/1-2-3-4,  
Village – ZAK, Dahegam - 382330  
Gujarat, India

Dear Sirs,

The principal terms of loans and assets charged as security as on 31<sup>st</sup> May 2015 is as given below:

**A. Secured Loan**

**STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGED AS SECURITY**

(₹ in Lacs)

Name of Lender	Purpose	Sanction Amount/Takeover amount	Rate of interest	Securities offered	Re-payment	Moratorium	Outstanding amount as on 31-05-15 as per Bank Statement
Kotak Mahindra Bank	Cash Credit - Working Capital Facility	360.00	BR Plus 1.50% i.e. 11.50% p.a.; BR - 10%	Primary Security- First and Exclusive Charge over all Current Assets and Movable Fixed Assets Collateral Security- 1. Registered Mortgage of Plot No. 35/1, Zak Village, Hanspura Circle to Zak Village to Vehlal Road, Zak, Gandhinagar owned by M/s Loyal equipment Limited. 2. Financial assistance is further secured by personal guarantee of Directors 1) Mr. Alkesh Patel, 2) Mrs. Jyotsanaben Patel, 3) Mr. Rameshchandra Patel	On Demand	NA	68.33
SIDBI	Purchase of Machinery – Fin tube	200.00	PLR + 0.5% i.e. 13.25%	Primary Security- : Hypothecation of Fin tube Machine Collateral Security - : Plot No. 35/1-2-3-4 Zak Village Gandhinagar	Loan taken for Fin tube Machine; 60 Instalments consists of first 30 monthly instalment of Rs. 3 Lacs each, next 20 months of Rs.3.5 Lacs and last 10 months by repayment schedule	3 Months From the Date of First Disbursement i.e., Feb 2014	161.00



Kotak Mahindra Bank	Purchase of Vehicle	3.85	12.55 %	Primary Security:- Hypothecation of Vehicle Purchased out of Bank Fund	59 Installments of Rs. 8785 started from Oct 2011	NA	1.20
		3.85	12.55 %		59 Installments of Rs. 8785 started from Oct 2011	NA	1.20
		3.71	11.40 %		59 Installments of Rs. 8265 started from May 2011	NA	0.78
<b>Sub Total (A)</b>							<b>232.51</b>

#### B. Un Secured Loan

Name and Relationship of Lender	Purpose	Rate of Interest	Repayment	Outstanding Amount in Lacs as per Books as on 31.05.2015
Mr. Rameshchandra Nathalal Patel	Business	NIL	On Demand	20.00
Mr. Alkesh Rameshchandra Patel	Business	NIL	On Demand	22.00
<b>Sub Total (B)</b>				<b>42.00</b>
<b>Grand Total (A+B)</b>				<b>274.51</b>

Apart from general restrictive covenants prevailing in Banking Industry, specific restrictive covenants attached to secured loan are as under:-

1. No borrowing from other banks/financial Institution on the security of assets mortgaged/hypothecated to Kotak Mahindra Bank without prior permission of the Kotak Mahindra Bank.
2. Not to undertake any change in the shareholding/directorship/ownership before obtaining prior permission of Kotak Mahindra Bank/SIDBI.
3. No payment of dividend and director remuneration if repayment of credit facilities given by bank/financial institution is defaulted.
4. Company to ensure about holding of valid factory License during the currency of Machinery Loan taken from SIDBI.
5. Not to appoint director, a person who has been declared as defaulter by RBI.
6. Not to grant loans to subsidiary /associate company(s) without any interest. (Interest Free)



**MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*You should read the following discussion of our financial condition and results of operations together with our restated financial statements included in the Prospectus. You should also read the section entitled “Risk Factors” beginning on page 12 and “Forward Looking Statements” beginning on page 11, which discusses a number of factors, risks and contingencies that could affect our financial condition and results of operations.*

*The following discussion of our financial condition and results of operations should be read in conjunction with our restated summary statements as of and for the fiscal years ended March 31, 2015, 2014, 2013, 2012 and 2011, including the schedules and notes thereto and the reports thereto, which appear in the section titled “Financial Information of the Company” on Page No. 129 of the Prospectus. The financial statements presented and discussed herein have been prepared to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006 (as amended), the relevant provisions of the Companies Act and SEBI (Issue of Capital and Disclosure Requirements) Regulations. Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year/financial year are to the twelve-month period ended on March 31 of that year. The forward-looking statements contained in this discussion and analysis is subject to a variety of factors that could cause actual results to differ materially from those contemplated by such statements.*

**Overview**

Our Company was incorporated as Loyal Equipments Private Limited on April 20, 2007 under the provisions of Companies Act, 1956 in Registrar of Companies, Dadra and Nagar Haveli, Gujarat and establish the unit at Village Zak, Dahegam, Gujarat for manufacturing and supplying of Coded Pressure Vessels & Heat Exchangers (Ferrous & Non Ferrous), Air Cooled Heat Exchangers, Skids for Dynamic and Static Machineries, Base-Plates, Sterilizers, Chimneys and Columns, Tanks & Receivers, Site Fabrication & Erection Activities.

Our Products are widely used in the industries like Petro-chemicals, Compressor Industries, Power Plants, Fertilizers, Refinery, Pharmaceuticals and Dairy Industry. We manufacture and design the products as per the needs of the customer, so that they can avail the products as per their specifications and customizations. We are an ISO 9001:2008 certified Company and our Quality Management Systems confirms to the standards laid down in the Industry.

We have enlisted with various governments undertaking and other parties such as Engineers India Limited and Gujarat State Petronet Ltd., as registered supplier for supply of Pressure Vessels and Heat Exchangers. Also our Company is a member of Heat Transfer Research Inc, the world’s premier source of technology information, services and software in field of process heat transfer

Further, Our Company is authorized under The American Society of Mechanical Engineers (ASME) for “U” and “U2” Stamp on Manufacture of pressure vessels and also authorized by The National Board of Boiler & Pressure Vessel Inspectors for “NB” Mark in Pressure Vessels and other pressure retaining items.

**SALIENT FEATURES OF OUR PRODUCTS:**

- Produced from the toughest materials like steel, non ferrous materials.
- Compliance to customer Requirements
- Adherence to the Quality standards as required by monitoring agencies
- Timely Delivery
- Customization
- Consignment packaging as per specification of customer.





**OUR PRODUCTS PORTFOLIO:-**

We have developed wide variety of Products as below:-

S.No.	Product	Description and Uses
1.	Coded Pressure Vessels (Ferrous & Non-Ferrous)	Pressure vessels are used to hold liquids or gases at specified pressures. Pressure vessels are used in manufacturing and process equipment, refineries and petrochemical plants, submarines, spacecraft and in all hydraulic and pneumatic systems.
2.	Heat Exchangers (Ferrous & Non-Ferrous)	A heat exchanger is a piece of equipment built for efficient heat transfer from one medium to another. They are widely used in heating equipments, refrigeration, air conditioning, power plants, chemical plants, petrochemical plants, petroleum refineries, natural gas processing and sewage treatment
3.	Air Cooled Heat Exchanges (Ferrous & Non Ferrous)	Air Cooled Heat Exchangers are widely used in power plants, chemical plants, petrochemical plants, petroleum refineries, Fertilizers, natural gas processing, and refrigeration, air conditioning plant.
4.	Skids For Dynamic And Static Machineries	Skids are mainly used in Refineries and petrochemical plants, Fertilizers, Compressor Industries
5.	Base-Plates	Base-Plates are used for Driver & Driven Mounting for Reciprocating & Rotary Equipments.
6.	Chimneys And Columns	Chimneys & Columns are mainly used in Refineries and petrochemical plants, Fertilizers
7.	Tanks & Receivers	Tanks & Receivers are mainly used in Refineries and petrochemical plants, Fertilizers
8.	Site Fabrication & Erection Activities	We also undertake some site fabrication and erection activities relating to the establishment of the equipments at the client premises.

**OUR LOCATION:**

<b>Registered Office &amp; Factory</b>	Block No. 35/1-2-3-4, Village Zak, Dahegam, Gujarat-382330 Tel - +91-02718-247236
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**OUR COMPETITIVE STRENGTHS**

We believe that the following are our primary competitive strength:

**1. Customized Product Offering:-**

Our Company offers customization facilities to the customers, so that they can avail the products as per their specifications. The companies which require the products as per their specification approach us. We design the products as per the specifications and requirements of the clients. This provides a complete satisfaction to our clients and enables us to expand our business from existing customers, as well as address a larger base of potential new customers.

**2. Quality Assurance and Standards:-**

We believe in providing our customers the best possible quality products. We have developed quality policies of the Company to provide our client the best possible quality product. We adopt quality check to ensure the adherence to desired



specifications, quality and standards. Since, our Company is dedicated towards quality products, processes and inputs; we get repetitive orders from our clients, as we are capable of meeting their quality standards.

**3. Existing customer relationship:-**

We believe that we constantly try to address customer needs around a variety of products. Our existing customer relationships help us to get repeat business from our customers. This has helped us maintain a long term working relationship with our customers and improve our customer retention strategy. We believe that our existing relationship with our customers represents a competitive advantage in gaining new customers and increasing our business.

**4. Existing relationship with suppliers:-**

We have acquired raw materials from several suppliers and have contacts with them for a long time. We believe that our strong relationships with suppliers will enable us to continue to grow our business. Due to our relationships with our suppliers, we get quality and timely supplies of raw materials. This enables us to manage our inventories and supply quality products on timely basis to our customers. This in turn has enabled us to generate repeat business.

**OUR BUSINESS STRATEGY**

**1. Meeting Customer requirements:**

Our Company intends is to provide the customer with 100% satisfaction. We clearly understand the requirement and specification of the products required by the clients. Based on these requirements and specification products are designed and developed, customization is done wherever required. The products are manufactured using good quality material procured from reliable sources so that the customers receive the products with the best possible quality standards within the stipulated time frame.

**2. Adopting automation in production process:**

We possess sound manufacturing facility which is assisted by our production team. The manufacturing unit is outfitted with the requisite machines, tools and equipments. The production process are designed and carried out as per the industry standards.

**3. To build-up a professional organization:-**

As an organization, we believe in transparency and commitment in our work and with our suppliers, customers, government authorities, banks, financial institutions etc. We have an experienced and technically sound team for taking care of our day to day operations. We also consult with external agencies on a case to case basis on technical and financial aspects of our business.

**4. Optimal Utilization of Resources:-**

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



**SWOT ANALYSIS:**

<p><b><u>STRENGTHS</u></b></p> <ul style="list-style-type: none"> <li>✓ Quality Product</li> <li>✓ Cordial Relationship with Customers, Suppliers and Employees</li> <li>✓ Product costing benefits.</li> <li>✓ On time shipment</li> </ul>	<p><b><u>WEAKNESSES</u></b></p> <ul style="list-style-type: none"> <li>✓ Working Capital Intensive Business</li> </ul>
<p><b><u>OPPORTUNITIES</u></b></p> <ul style="list-style-type: none"> <li>✓ Huge Growth Potential in Domestic and International Market</li> <li>✓ Product customization &amp; innovation</li> </ul>	<p><b><u>THREATS</u></b></p> <ul style="list-style-type: none"> <li>✓ Increased Competition from Local &amp; Big Players.</li> <li>✓ Change in Government Policies</li> </ul>

**CAPACITY UTILISATION:-**

Particulars	Unit	Existing				Proposed			
		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total Production Capacity	Tons Per year	236	236	250	275	275	300	325	350
Capacity Utilisation (in %)		100%	100%	100%	100%	100%	100%	100%	100%

**SALES AND MARKETING:-**

Marketing is an important function of our organization. We sell our products throughout India our success lies in the strength of our relationship with our customers who have been associated with our Company for a long period. Our promoters, Mr. Rameshchandra Nathalal Patel and Mr. Alkesh Rameshchandra Patel, through their vast experience and good rapport with clients owing to timely and quality delivery of products plays an instrumental role in creating and expanding a work platform for our Company. To retain our customers, we regularly interact with them and focus on gaining an insight into the designs and other additional needs of such customers. With large sales potential, low infrastructure costs, raw material proximity and the availability of expertise of our Promoters, we plan to grow geographically.

**Marketing Strategy:**

We intend to focus on following marketing strategies:

1. Focus on existing markets and increasing our customer base.
2. Emphasizing on providing Value Added Services.
3. Continuously holding markets Trends.
4. Production according to Customer`s Requirement

**COMPETITION:-**

Our Industry is fragmented consisting of large established players and small niche players. We face substantial competition for our products from other manufacturers in domestic market. Our competition varies for our products and regions. We compete with other manufacturers on the basis of product range, product quality, product designing and product price including factors, based on reputation, regional needs, and customer convenience. While these factors are key parameters in



## ***Loyal Equipments Limited***

client's decisions matrix in purchasing goods; product designing, product range, product quality and product price is often the deciding factor in most deals. Some of our major competitors are:-

- Patels Airtemp (India) Limited
- ISGEC Heavy Engineering Ltd.
- GMM Pfaudler Ltd

### **SIGNIFICANT DEVELOPMENT SUBSEQUENT TO THE LAST FINANCIAL YEAR:-**

In the opinion of the Board of Directors of our Company, there have not arisen any circumstances since the date of the last financial statements disclosed in this Prospectus that materially or adversely affect the profitability of the Company or the Value of its assets or its ability to pay its liability within next twelve months except below changes occurred after Balance Sheet date:-

1. The authorized capital of the Company was increased from ₹ 3,00,00,000/- divided into 30,00,000 Equity Shares of ₹ 10/- each to ₹ 8,00,00,000/- divided into 80,00,000 Equity Shares of ₹ 10/- each vide shareholder Resolution dated April 28, 2015.
2. Company has allotted 20,00,000 Bonus Shares in the ratio of 2:3 to existing shareholders by capitalization ₹ 2,00,00,000 from Reserve and surplus vide shareholder resolution dated April 28, 2015.
3. Our Registered Office of the Company was changed from 6, Chitrakoot Bunglows, Nr Sudhara Society, Dahegam Road, Naroda, Ahmedabad, Gujarat, India – 382330 to Block No. 35/1-2-3-4, Village Zak, Dahegam Gujarat – 382330 vide shareholder resolution dated April 28, 2015.
4. Company was converted from Private Limited to Public Limited Company vide shareholder Resolution dated May 02, 2015 and further received the Certificate of Incorporation dated May 12, 2015 upon conversion to Public Limited Company.
5. We have passed a special resolution in shareholders meeting dated May 19, 2015 authorizing the Board of Directors to raise funds by making an Initial Public Offering up to Rs. 400.00 Lacs.
6. Company has declared dividend of ₹ 30,00,000 on 50,00,000 shares outstanding i.e. ₹ 0.60 per share in Annual General Meeting dated June 11, 2015
7. We have appointed Mr. Babubhai Bhulabhai Patel and Mr. Girish Nathubhai Desai as Independent Directors of the Company with effect from June 11, 2015.
8. We have appointed Mr. Kalpesh Lalitchandra Joshi as Additional Director in Board meeting dated June 12, 2015 and further appointed as Independent Non Executive Directors of the Company with effect from June 13, 2015.
9. We have appointed Mr. Alkesh Rameshchandra Patel as Managing Director of the Company with effect from June 13, 2015 for a period of five years.
10. We have appointed Mr. Rameshchandra Nathalal Patel as Chairman cum Whole time Director of the Company with effect from June 13, 2015 for a period of five years.
11. We have appointed Mr. Jyotsanaben Rameshchandra Patel as Whole time Director of the Company with effect from June 13, 2015 for a period of five years.

### **FACTORS AFFECTING OUR FUTURE RESULTS OF OPERATIONS:-**

Our results of operations could potentially be affected by the following factors amongst others:

- Disruption in our manufacturing facilities



- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Disruption in supply of Raw Materials
- Increased in prices of Fuel and Power
- Increase in Prices of Raw Material
- Realisation of Contingent Liabilities
- Occurrence of Environmental Problems & Uninsured Losses
- Increased competition in industries/sector in which we operate;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various
- Projects and business plans
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

#### **Our Significant Accounting Policies:**

Our significant accounting policies are described in the section entitled “*Financial Information of the Company*” on page 129 of this Prospectus.

#### **Change in accounting policies in previous 3 (three) years**

Except as mentioned in chapter “*Financial Information of the Company*” on page no. 129 , there has been no change in accounting policies in last 3 (three) years.

#### **Summary of the Results of Operations**

The following table sets forth financial data from restated profit and loss account for the financial Year ended on March 31, 2015, 2014, 2013, 2012 the components of which are also expressed as a percentage of total income for such periods.

(₹ in 000’)

Particulars (For the Year ended)	31st March 2015	% of Total Income	31st March 2014	% of Total Income	31st March 2013	% of Total Income	31st March 2012	% of Total Income
Revenue from Sale of Products	148568	99.90%	93864	99.59%	91336	99.41%	81165	99.51%
Other Income	153	0.10%	381	0.40%	544	0.59%	398	0.49%
<b>Total Income</b>	<b>148721</b>	<b>100%</b>	<b>94246</b>	<b>100%</b>	<b>91880</b>	<b>100%</b>	<b>81563</b>	<b>100%</b>
<b>Expenditure:</b>								
Cost of Material Consumed	84818	57.03%	57243	60.74%	55958	60.90%	50531	61.95%
Purchases of Traded Goods	0.00	0.00%	4120	4.37%	0.00	0.00%	0.00	0.00%
Changes in inventories of finished goods, WIP and Stock-in-Trade	-8066	-5.42%	-15011	-15.93%	-11310	-12.31%	-1787	-2.19%



Employee benefits expense	19403	13.05%	14483	15.37%	12004	13.06%	9670	11.86%
Finance costs	2621	1.76%	449	0.48%	182	0.20%	299	0.37%
Depreciation and amortization expense	9222	6.20%	3084	3.27%	2200	2.39%	1857	2.28%
Other expenses	11497	7.73%	14310	15.18%	10866	11.83%	12670	15.53%
<b>Total Expense</b>	<b>119495</b>	<b>80.35%</b>	<b>78679</b>	<b>83.48%</b>	<b>69900</b>	<b>76.08%</b>	<b>73240</b>	<b>89.80%</b>
Net Profit before tax, exceptional & extraordinary items:	<b>29226</b>	<b>19.65%</b>	<b>15567</b>	<b>16.52%</b>	<b>21979</b>	<b>23.92%</b>	<b>8323</b>	<b>10.20%</b>
Exceptional & extraordinary items:	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%
<b>Net Profit before tax</b>	<b>29226</b>	<b>19.65%</b>	<b>15567</b>	<b>16.52%</b>	<b>21979</b>	<b>23.92%</b>	<b>8323</b>	<b>10.20%</b>
<b>Provision for Tax:</b>								
- Current Tax	7601	5.11	5283	5.61	7040	7.66	2838	3.48
- Deferred Tax Liability / (Asset)	1857	1.25	-106	-0.11	259	0.28	-395	-0.48
Restated profit after tax from continuing operations	19769	13.29	10390	11.02	14681	15.98	5880	7.21
<b>Restated profit after year for the year</b>	<b>19769</b>	<b>13.29</b>	<b>10390</b>	<b>11.02</b>	<b>14681</b>	<b>15.98</b>	<b>5880</b>	<b>7.21</b>

### **Key Components of Our Profit And Loss Statement**

**Revenue from Sale of Products:** Revenue from operations mainly consists of Sale of Equipments.

**Other Income:** Other income primarily comprises of Interest Income, Dividend Income and Discount Received.

**Expenses:** Our expenses majorly consist of cost of material consumed, employee benefits expense, finance costs, depreciation and amortization expense and other expenses.

**Changes in inventories of Finished Goods, WIP and Stock-in-Trade:** It includes inventory, WIP & finished goods of Equipments.

**Employee Benefits Expense:** Employee benefit expense includes Salaries and Wages and Staff Welfare Expenses.

**Finance Costs:** Finance cost comprises interest on Indebtedness, Bank and other Finance charges.

**Depreciation and Amortization Expense:** We recognize Depreciation and Amortization expense on a Written Down Value Method (WDV method) as per the rates set forth in the Companies Act, 2013 effective from April 01, 2014. However in earlier years the depreciation was charged on WDV Basis as per Rates specified in Companies Act, in Restated financials of the Company.

**Other Expenses:** Other expenses include rent, electricity, freight, repairs, other manufacturing expenses, miscellaneous expenditure etc.

### **Financial Performance Highlights for the year ended 31<sup>st</sup> March, 2015**

#### **Total Income:**

Our total income during the year ended March 31, 2015 was ₹1487.21 Lacs. The revenue from manufacturing and trading activities was ₹ 1485.68 Lacs which comprised 99.90% of our total income for the year ended March 31, 2015.



**Total Expenses:**

The total expenditure during the year ended March 31, 2015 was ₹1194.95 Lacs. The total expenditure represents 80.35% of the total revenue. The total expenses is represented by Cost of Raw Material Consumed, Changes in Inventories of Finished goods and WIP and Stock in Trade, Employee Benefits Expense, Finance Costs, Depreciation and Amortization Expense, Other Expenses for Administrative and Selling. The main constituent of total expenditure is Purchase of Material Consumed, which is ₹ 848.18 Lacs.

**Profit/ (Loss) after tax:**

Our restated net profit during the year ended March 31, 2015 was ₹ 197.69 Lacs representing 13.29% of the total revenue of our Company.

**COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2015 WITH FISCAL 2014**

***Total Income:***

During the year 2014-15 the total revenue of our Company increased to ₹ 197.69 Lacs as against ₹ 103.90 Lacs in the year 2013-14, representing an increase of 90.30% of the total revenue. This increase was mainly due to increase in sale of Equipments.

***Other Income:***

Other income of the Company for the year 2014-15 was ₹ 1.53 Lacs in comparison with ₹3.81 Lacs for F.Y. 2013-14.

***Total Expenses:***

The total expenditure for the year 2014-15 increased to ₹ 1194.95 Lacs from ₹ 786.79 Lacs in year 2013-14, representing an increase of 51.87% to the previous year. This was due to surge in volume of business, which resulted in increase in expenses viz. Cost of Material Consumed and other expenses.

***Cost of Material Consumed:***

The Cost of Material Consumed for the year 2014-15 increased to ₹ 848.18 Lacs from ₹ 572.43 Lacs, representing an increase of 48.17% to the 2013-14. This was due to surge in volume of business, which resulted in increase in the amount of Cost of Material Consumed.

***Purchase of Traded Goods:***

Purchase of Traded Goods amounted NIL for the year 2014-15 as against ₹41.20 Lacs for 2013-14, representing a decrease of 100% to the previous year.

***Changes in inventories of finished goods, WIP and Stock-in-Trade:***

The inventory has changed to ₹ (80.66) Lacs in 2014-15 as compared ₹ (150.11) Lacs in 2013-14.

***Employee Benefits Expense:***

The Employee Benefit Expense comprises of salaries and wages and staff welfare expenses. The said expenses increase to ₹ 194.03 Lacs during the current year from ₹ 144.83 Lacs in the previous year 2013-14.

***Finance Costs:***

Finance cost for the year 2014-15 increased to ₹ 26.21 Lacs as against ₹ 4.49 Lacs of the previous year. This increase in amount was due to increase in borrowings of the Company.



## ***Loyal Equipments Limited***

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### ***Depreciation and Amortization Expense:***

Depreciation for the year 2014-15 stood at Rs 92.22 Lacs calculated at WDV method as per companies Act. For the year 2013-14 the same was ₹ 30.84 Lacs.

### ***Other Expenses:***

Other expenses include rent, electricity, freight, repairs, other manufacturing expenses, miscellaneous expenditure etc. These expenses were for the year 2014-15 decrease to Rs 114.97 Lacs as against ₹ 143.10 Lacs during the previous financial year.

### ***Profit/ (Loss) Before Tax***

Our profit before tax for F.Y. 2014-15 increase to Rs 292.26 Lacs from ₹ 155.67 Lacs in fiscal year 2014 representing an increase of 87.74% to the previous year.

### ***Profit/ (Loss) After Tax***

For the year 2014-15 the profit stood at Rs 197.69 Lacs as against the profit of ₹ 103.90 Lacs for the previous year 2013-14, representing an increase of 90.27% to the previous year.

## **COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2014 WITH FISCAL 2013**

### **Total Income:**

During the F.Y. 2014 the total income of the Company increased to ₹ 942.46 Lacs as against previous financial year of ₹ 918.80 Lacs representing an increase of 2.58%. This increase was mainly due to increase in revenue from sale of products in FY 2014 which has increased to ₹ 938.64 Lacs from ₹ 913.36 Lacs in FY 2013.

### **Total Expenses:**

Total expenditure for the F.Y. 2014 increased to ₹ 786.79 Lacs from ₹ 699.00 Lacs in FY 2013 an increase of 12.56%. This was due to surge in volume of business, which resulted in increase in expenses viz. Cost of material sold, employees benefit expenses, changes in inventory of Finished Goods and other expenses.

### **Employee benefits expense:**

Employee benefits expense increased to ₹ 144.83 Lacs in the year F.Y 2014 from ₹ 120.04 Lacs in its previous year, i.e. an increase of 20.65%. This was also due to increase in business activities and rise in revenue of the Company.

### **Finance Costs:**

Finance costs increased to ₹ 4.49 Lacs in F.Y 2014 as compared to F.Y 2013 in which it was ₹ 1.82 Lacs

### **Depreciation and amortization expense:**

Depreciation and amortization expense increased in FY 2014 to ₹ 30.84 Lacs from ₹ 22.00 Lacs compare to previous year FY 2013.

### **Other expenses:**

Other expenses for the F.Y 2014 increased to ₹ 143.10 Lacs whereas it was ₹ 108.66 Lacs in previous financial year.

### **Net Profit before tax:**





## ***Loyal Equipments Limited***

Net Profit before tax for the F.Y 2014 decreases to ₹ 155.67 Lacs as against ₹ 219.79 Lacs of the previous year. The decrease in profit was 41.19 % due to the increased expenses during the year.

### **Restated profit after tax:**

The Restated profit after tax for the F.Y 2014 decrease to ₹ 103.90 Lacs as against ₹ 146.81Lacs in the previous year, and decrease of 41.30%

## **COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2013 WITH FISCAL 2012**

### **Total Income:**

During the F.Y. 2013 the total income of the Company increased to ₹ 918.80 Lacs as against previous financial year of ₹ 815.63 Lacs representing an increase of 12.65%. This increase was mainly due to increase in revenue from sale of products in FY 2013 which has increased to ₹ 913.36 Lacs from ₹ 811.65 Lacs in FY 2012.

### **Total Expenses:**

Total expenditure for the F.Y. 2013 decreases to ₹ 699.00 Lacs from ₹ 732.40 Lacs in FY 2012 an increase of 4.78%. This was due to reduction in price of raw material and other expenses.

### **Employee benefits expense:**

Employee benefits expense increased to ₹ 120.04 Lacs in the year F.Y 2013 from ₹ 96.70 Lacs in its previous year, i.e. an increase of 24.14%. This was also due to increase in business activities and rise in revenue of the Company.

### **Finance Costs:**

Finance costs decreases to ₹ 1.82 Lacs in F.Y 2013 as compared to F.Y 2012 in which it was ₹ 2.99 Lacs

### **Depreciation and amortization expense:**

Depreciation and amortization expense increased in FY 2013 to ₹ 22.00 Lacs from ₹ 18.57 Lacs compare to previous year FY 2012.

### **Other expenses:**

Other expenses for the F.Y 2013 decreases to ₹ 108.66 Lacs whereas it was ₹ 126.70 Lacs in previous financial year.

### **Net Profit before tax:**

Net Profit before tax for the F.Y 2013 increases to ₹ 219.79 Lacs as against ₹ 83.23 Lacs of the previous year. The decrease in profit was 164.08 % due to the increased expenses during the year.

### **Restated profit after tax:**

The Restated profit after tax for the F.Y 2013 increases to ₹ 146.81 Lacs as against ₹ 58.80 Lacs in the previous year, and increase of 149.68%

## **Information required as per Item (2) (IX) (E) (5) of Part A of Schedule VIII to the SEBI Regulations:**

**An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:**



**1. Unusual or infrequent events or transactions**

There has not been any unusual trend on account of our business activity. There are no Unusual or infrequent events or transactions in our Company. The transactions are as per usual business operations.

**2. Significant economic changes that materially affected or are likely to affect income from continuing operations.**

There are no significant economic changes that may materially affect or likely to affect income from continuing operations.

**3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.**

Apart from the risks as disclosed under Section “Risk Factors” beginning on page 12 in the Prospectus, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

**4. Future changes in relationship between costs and revenues**

Our Company’s future costs and revenues will be determined by demand/supply situation, government policies and prices quoted by our suppliers.

**5. Increases in net sales or revenue and Introduction of new products or services or increased sales prices**

Increases in revenues are by and large linked to increases in volume of business.

**6. Status of any publicly announced New Products or Business Segment**

Our Company has not announced any new product

**7. Seasonality of business**

Our Company’s business is not seasonal in nature.

**8. Dependence on few customers/ clients**

The percentage of contribution of our Company’s Top Customers/Clients & Top Suppliers for the year ended March 31<sup>st</sup>, 2015 is as follows:

**Our Major Customers/ Clients for the year ended March 31<sup>st</sup>, 2015**

<b>Name of the Clients</b>	<b>Amount (₹ in Lacs)</b>	<b>As % of total Sales</b>
Dresser Rand India Pvt. Ltd.	1439.64	83.43
Ingersollrand (I) Ltd.	123.34	7.15
Burckhardt Compression (I) Pvt. Ltd.	52.12	3.02
Reliance Industries Limited – Jamnagar	50.48	2.93
Bharat Petroleum Corporation Limited	21.54	1.25
Linde Engineering India Pvt. Ltd.	15.58	0.90
Reliance Industries Limited	13.49	0.78
Carrier Airconditioning and Refrigeration Ltd.	8.12	0.47
MTC Business Pvt. Ltd.	1.24	0.07
<b>Total</b>	<b>1725.55*</b>	<b>100%</b>

\* The Amount is inclusive of Excise Duty, Sales Tax, VAT and Other Applicable Taxes.



**Our Major Suppliers of raw materials for the year ended March 31<sup>st</sup>, 2015**

<b>Name</b>	<b>Amount (₹In Lacs)</b>	<b>As % of total Purchase</b>
R D Forge	101.19	12.87
Shah Brothers Ispat Pvt. Ltd.	95.82	12.19
Sanghvi Forging and Engineering Limited	89.23	11.35
Steel Dealers	83.08	10.57
BRG Iron and Steel Company Pvt. Ltd.	63.10	8.02
Lal Metal Forge Limited	39.92	5.08
Jindal Stainless Steelway Limited	35.92	4.57
Deepak Steels	25.21	3.21
Semi Steel (India)	24.96	3.17
Multi Fastners Pvt. Ltd.	22.25	2.83
<b>Total</b>	<b>580.68</b>	<b>73.85%</b>

**9. Competitive conditions**

Competitive conditions are as described under the Chapters “*Industry Overview*” and “*Our Business*” beginning on pages 75 and 83, respectively of the Prospectus.

**10. Details of material developments after the date of last balance sheet i.e. March 31<sup>st</sup>, 2015**

Except as mentioned below, no circumstances have arisen since the date of last financial statement until the date of filing the Prospectus, which materially and adversely affect or are likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months. There is no subsequent development after the date of the Auditor’s Report, which will have a material impact on the reserves, profits, earnings per share and book value of the Equity Shares of the Company. Significant developments since the last audited balance sheet as on March 31, 2015 till the date of the Prospectus is as follows:-

Our Company has issued Bonus Shares in the ratio of 2:3 to our equity shareholder dated April 28, 2015 for further details of the same, please see chapter Titled “**Capital Structure**” beginning on Page 45 of this Prospectus.

Our Company has declared Dividend in Annual General Meeting dated June 11, 2015 amounting ₹ 0.60/- per share amounting ₹ 30.00 Lacs, For further details Kindly refer Chapter “**Dividend Policy**” beginning on Page 128 of this Prospectus.



**SECTION VI – LEGAL AND OTHER INFORMATION**

**OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS**

*Except as stated in this Prospectus, there is no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act) or litigation for tax liabilities against our Company, our Directors or our Promoters or companies promoted by our Promoters and there are no defaults to banks/financial institutions, non-payment of or overdue statutory dues, or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoters or Directors. Further, except as stated in this Prospectus, there are no past cases in which penalties have been imposed on our Company or our Promoters, Directors or companies promoted by the Promoters by concerned authorities, and there is no outstanding litigation against any other company whose outcome could have a material adverse effect on the position of our Company.*

*Neither our Company nor its Promoters, members of the Promoter Group, Subsidiary, associates and Directors have been declared as willful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them.*

**PART I – CONTINGENT LIABILITIES OF OUR COMPANY**

For details of Contingent Liability please refer to Section titled “*Financial Information of the Company*” Page no 129 of Prospectus.

**PART II – LITIGATIONS RELATING TO OUR COMPANY**

**A. Cases filed against our Company**

**1. Litigation involving Civil Laws**

NIL

**2. Litigation involving Criminal Laws**

NIL

**3. Litigation involving Securities and Economic Laws**

NIL

**4. Litigation involving Labor Laws**

NIL

**5. Litigation involving Taxation**

**A. Income Tax**

In respect of Assessment year 2010-11:

Our Company received an intimation under Section 143(1) of the IT Act, 1961 issued by the Income Tax Department in respect of Income Tax return filed by our Company for assessment year 2010-11 in which a demand of **Rs. 99,500/-** was raised. In response to the said demand, our Company filed a rectification of Income Tax return on May 25, 2015 with the Income Tax Department thereby requesting correction in mistake apparent from records. The said application is still pending for disposal



In respect of Assessment year 2009-10:

Our Company received a notice for liability to pay interest under 220 (2) of the IT Act, 1961 issued by the Income Tax Department in respect of Income Tax return filed by our Company for assessment year 2009-10 in which a demand of ₹ 258 /- was raised. In response to the said demand, our Company has paid the demand for Rs. 258/- vide challan dated May 26, 2015. The said application is still pending for disposal.

#### **B. TDS**

In respect of the Financial Year 2014-15

Our Company has delayed in filing the TDS return and has also deducted short amount of Rs. 1375.14 in TDS return for the financial year 2014-15. The total liability for the late filing with interest, including default in payment of interest on TDS under Section 201 of Income Tax Act, 1961 is **₹ 35,036.64**. Matter is still pending before the concerned Authorities.

In respect of the Financial Year 2013-14

Our Company has delayed in filing the TDS return and has also deducted short amount of Rs. 2.78 in TDS return for the financial year 2013-14. The total liability for the late filing with interest including default in payment of interest on TDS under Section 201 of Income Tax Act, 1961 is **Rs. 1, 15,851.78**. Matter is still pending before the concerned Authorities.

In respect of the Financial Year 2012-13

Our Company has delayed in filing the TDS return and has also deducted short amount of Rs. 17,658 in TDS return for the financial year 2012-13. The total liability for the late filing with interest including default in payment of interest on TDS under Section 201 of Income Tax Act, 1961 is **Rs. 1,39,290.50**. Matter is still pending before the concerned Authorities.

In respect of the Financial Year 2011-12

Our Company has defaulted in payment of interest on TDS under Section 201 of Income Tax Act, 1961 of **Rs. 7,022** for the Financial Year 2011-12. Matter is still pending before the concerned Authorities.

In respect of Prior Financial Years

Our Company has defaulted in payment of interest on TDS with short deduction under Section 201 of Income Tax Act, 1961 of **Rs. 1,60,119** for the Financial Year prior to the year 2011-12. Matter is still pending before the concerned Authorities.

#### **C. Sales Tax**

In respect of the Financial Year 2012-13

Our Company had received a notice under Section 34(2) of the Gujarat Value Added Tax Act, 2003 for the scrutiny of our books of accounts and other documents in support of our returns for the period -01/04/2012 to 31/03/2013. The Company was further directed to be represented on 18 April, 2015. Matter is still pending before the concerned Authorities.

In respect of the Financial Year 2010-11

The Company received an order dated 19 January 2015 raising a demand of **Rs. 4, 19,858/-** in respect of assessment under Sec 32, 34 and 35 of Gujarat Value Added Tax, 2003. The said demand is raised due to pendency of C-Forms. The Company had deposited 20% of the said demand and rest amount is given as bank guarantee (BG) to the Sales Tax department. Matter is still pending before the concerned Authorities.



In respect of the Financial Year 2010-11

The Company received another order dated 19 January 2015 raising a demand of **Rs. 3,708/-** in respect of assessment under Sec 32, 34 and 35 of Gujarat Value Added Tax, 2003. The demand of above amount is deposited by our Company vide challan dated January 22, 2015. Matter is still pending before the concerned Authorities.

**6. Notices from Statutory Authorities**

NIL

**B. Cases filed by our Company**

**1. Litigation involving Civil Laws**

NIL

**2. Litigation involving Company Laws**

NIL

**3. Litigation involving Criminal Laws**

NIL

**4. Litigation involving Labor Laws**

NIL

**5. Litigation involving Taxation**

NIL

**PART III – LITIGATIONS RELATING TO THE DIRECTORS OTHER THAN PROMOTERS OF THE COMPANY**

**A. Cases filed against the Directors**

**A. Litigation involving Civil/Statutory Laws**

NIL

**B. Litigation involving Criminal Laws**

NIL

**C. Litigation involving Economic Offenses**

NIL

**D. Litigation involving Tax Liabilities**

NIL

**B. Cases filed by the Directors**

**1. Litigation involving Civil/Statutory Laws**



NIL

2. **Litigation involving Criminal Laws**

NIL

3. **Litigation involving Economic Offenses**

NIL

4. **Litigation involving Tax Liabilities**

NIL

**PART IV – LITIGATIONS RELATING TO OUR PROMOTER AND PROMOTER GROUP ENTITIES**

**A. Cases filed against the Promoter and Promoter Group entities**

1. **Litigation involving Civil Laws**

NIL

2. **Litigation involving Criminal Laws**

NIL

3. **Litigation involving Economic Offenses**

NIL

4. **Notices from Statutory Authorities**

A. **Income Tax**

Our Promoter Mr. Alkesh Rameshchandra Patel received an intimation under Section 143(1) for an demand payable of **Rs. 9800/-** in respect of Assessment year 2009-10 and also received an notice under Section 142(1) dated August 27, 2010 in which the assessee was requested to furnish specific details, further the assessee has submitted the reply dated August 29, 2011 with required documents. Matter is still pending before the concerned Authorities.

**B. Cases filed by the Promoter and Promoter Group entities**

1. **Litigation involving Criminal Laws**

NIL

2. **Litigation involving Securities and Economic Laws**

NIL

3. **Litigation involving Labor Laws**

NIL

4. **Litigation involving Taxation**

NIL



**PART V – DETAILS / AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS AND OTHER CREDITORS TO WHOM THE ISSUER OWES A SUM EXCEEDING ₹ ONE LAKH WHICH ARE OUTSTANDING MORE THAN 30 DAYS**

The Company has not received any information from its supplier regarding their registration under the Micro, small and Medium Enterprise Development Act, 2006 hence the information required to be disclosed under section 22 of Micro, Small and Medium Enterprises Development Act, 2006 i.e. amount owned to creditors including small scale undertaking which is outstanding for more than 30 days as on March 31, 2015 cannot be determined.

**PART VI**

**MATERIAL DEVELOPMENTS**

Except as mentioned in Chapter Titled “Management Discussion and Analysis of Financial Condition and result of operation.” beginning at the Page 166 of this Prospectus, no circumstances have arisen since the date of last financial statement until the date of filing the Prospectus, which materially and adversely affect or are likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months. There is no subsequent development after the date of the Auditor’s Report, which will have a material impact on the reserves, profits, earnings per share and book value of the Equity Shares of the Company.

**WE CERTIFY THAT EXCEPT AS STATED HEREIN ABOVE:**

- a. There are no pending proceedings for offences for non-payment of statutory dues by the promoters of the Company.
- b. There are no cases of litigation pending against the Company or against any other Company in which Directors are interested, whose outcome could have a materially adverse effect on the financial position of the Company.
- c. There are no pending litigation against the promoters/ directors in their personal capacities and also involving violation of statutory regulations or criminal offences.
- d. There are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and firms promoted by the promoters.
- e. There are no outstanding litigation, defaults etc. pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability or prosecution under any enactment.
- f. There are no litigations against the promoters / Directors in their personal capacity.
- g. The Company, its promoters and other Companies with which promoters are associated have neither been suspended by SEBI nor has any disciplinary action been taken by SEBI.
- h. As per the audited Balance Sheet as 31.03.2015 there are no SSI units to whom, our Company owns any sum which is outstanding for more than 30 days.





### GOVERNMENT AND OTHER APPROVALS

The following statement sets out the details of licenses, permissions and approvals taken by us under various central and state laws for carrying out business.

Except for certain pending approvals mentioned under this heading, we have received the necessary consents, licenses, permissions and approvals from Government of India and other regulatory authorities for our business and except as disclosed in this Prospectus no further material approvals are required for carrying on our business operations. Further, except as mentioned herein below, our Company has not yet applied for any licenses, consents, permissions and approvals for the proposed activities as contained in the *Section titled "Objects of the Issue" beginning on page 58 of the Prospectus*. Unless otherwise stated, these approvals are all valid as of the date of this Prospectus. It must be distinctly understood that, in granting these approvals, the Government of India, the RBI or any other regulatory authority does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

#### APPROVAL FOR THE ISSUE

Sr. No.	Name of the Approvals
1.	Our Company has received in- principle approval from the SME Platform of BSE June 26, 2015 for listing of Equity Shares issued pursuant to the issue.
2.	Our Board of Directors have, pursuant to a resolution passed at its meeting held on May 15, 2015 authorized the Issue, subject to the approval of the shareholders of our Company under Section 62(1) ( c) of the Companies Act, 2013 and such other authorities as may be necessary.
3.	The Issue of Equity Shares has been authorized by a special resolution adopted pursuant to Section 62(1) (c) of the Companies Act, 2013 at the Extra Ordinary General Meeting of shareholders held on May 19, 2015
4.	A copy of resolution passed at the meeting of Board of Directors held on June 18, 2015 for approving Draft Prospectus and June 29, 2015 approving Prospectus.
5.	NOCs received from the major lenders of the Company.

#### APPROVALS/LICENSES/PERMISSIONS PROCURED TO CONDUCT OUR BUSINESS

S.No	Nature of Registration/ License	Registration/License No.	Issuing Authority	Date of issue/ Last Renewal	Date of Expiry
<b>Constitutional Registration</b>					
1.	Certificate of Incorporation	<b>CIN No.</b> U29190GJ2007PTC050607	Registrar of Companies, Gujarat, Dadra and Nagar Havelli	April 20, 2007	Perpetual
2.	Fresh Certificate of Incorporation consequent upon conversion of Company and change of name	<b>CIN No.</b> U29190GJ2007PLC050607	Registrar of Companies, Ahmedabad	May 12, 2015	Perpetual
<b>Taxation Registration</b>					
1.	TAN No (Taxpayers Account Number)	AHML01062F	Income Tax Department	June 23, 2007	Perpetual
2.	PAN No. (Permanent Account Number)	AABCL3222D	Commissioner of Income Tax	April 20, 2007	Perpetual
3.	Excise Registration Block No. 35/1/2/3/4, Near Ankur Polymers Zak, Dahegam, Gandhinagar, Gujarat, 382305	AABCL3222DXM001	Deputy Commissioner of Central Excise, Gandhinagar	February 09,2009	Perpetual



4.	Central Service Tax Block No. 35/1, 2,3,4, Near Ankur Polymers, Village : Zak, Ta: Dehgam, District- Gandhinagar, Gujarat-382330	AABCL3222DST001	Superintendent Service Tax - Gandhinagar	August 06, 2007	Perpetual
5.	VAT Registration Number (Gujarat Value Added Tax)	24060306402	Assistant Commissioner of Commercial Tax, Ahmedabad	May 12, 2015	Perpetual
6.	Central Sales Tax for the business of Exporter, Importer, Manufacturer, Reseller	24560306402	Assistant Sales Tax Commissioner	May 12, 2015	Perpetual
<b>Other Approvals</b>					
1.	Employees' Provident Fund (EPF)	GJ/NRD/60276	Regional Provident Fund Commissioner, Naroda	Since Incorporation	Perpetual
2.	Certificate of Importer- Exporter Code (IEC) IEC Number	0807014460	Foreign Trade Development Officer, Ahmedabad	December, 17, 2007	Perpetual
<b>Other Approvals- For Manufacturing Unit</b>					
1.	Factory License for Block No. 35/4, Zak Road	Registration No. 1035/28112/1998 License No. 13564	Deputy Director, Industrial Safety And Health, Gandhinagar	May 29, 2012	Expired on December 31, 2014, Company has applied for renewal
2.	District Industries Centre, Gandhinagar for Block No. 35/1, 2,3,4, Zak Dahgam, Tal - Dehgam, District- Gandhinagar-382330	EM22400612001000	General Manager, District Industries Centre, Gandhinagar	March 24, 2014	Perpetual
3.	Consent to Establish (NOC) under Sec. 25 of Water Act, 1974 and Sec. 21 of Air Act, 1981	CTE No: 65717	Gujarat Pollution Control Board	November 11, 2014	Valid upto August 25, 2019
4.	Approval for manufacturing of pressure vessels and heat exchangers	IBR – 1950 Code	Director of Boilers, Ahmedabad, Gujarat	December 21, 2014	December 20, 2016
5.	Certificate of Authorisation to apply the "NB" mark (National Board) for boilers and pressure vessels	--	Inspector National Board of Boilers and Pressure Vessels	May 28, 2014	June 07, 2017
6.	Certificate of	Certificate No. - 41684	The American Society of	April 14,	June 07,



	Authorisation to manufacture of pressure vessels under U2 Stamp		Mechanical Engineers	2014	2017
6.	Certificate of Authorisation to manufacture of pressure vessels under U Stamp	Certificate No. - 35140	The American Society of Mechanical Engineers	April 14, 2014	June 07, 2017
7.	Certificate from NSIC for Government Purchase Enlistment	NSIC/GP/RS/PMT/GUJ/L-062/2014-15/A	National Small Industries Corporation (NSIC) registration number: NSIC/GP/RS/PMT/GUJ/L-062/2014-15/A	September 26, 2014	Valid upto 2 years from issue i.e. September 25, 2016
<b>Other Approvals</b>					
1.	ISO 9001:2008	Certificate No. IND12.9405U	Bureau Veritas Certification(India) Pvt. Ltd.	August 20, 2012	September 05, 2015
2.	ISO 9001:2008	Certificate No. IND12.9405N	Bureau Veritas Certification(India) Pvt. Ltd. - NABCB	August 20, 2012	September 05, 2015

**APPROVAL/LICENSES /PERMISSIONS APPLIED FOR**

In addition to the above, following are the licenses/approvals/registrations that our Company has applied or renew but not procured as on date of this Prospectus:-

S.No.	Nature of Registration/ License	Unit	Date of Application	Issuing Authority
1.	Factory License	Block 35/ 1-2-3-4 Village : Zak, Tal: Dahegam District – Gandhinagar - 382330	October 20, 2014	Industrial Safety and Health, Gandhinagar

**Intellectual Property**

Our Company has also applied for registration of its trademarks for our products which add significant value and are important to our business. Further the details and status of our logo and trade are as below:-

**Trademarks Applied in the name of our Company**

Set forth below are the trademarks applied in the name of our Company under the Trademarks Act, 1999:

S. No	Brand Name/Logo Trademark	Class	Nature of Trademark	Owner	Application No. & Date
1.	Loyal Equipments Limited	7		Loyal Equipments Limited (Previously known as Loyal Equipments Pvt. Ltd.	2964850/ 18.05.2015
2.	Loyal Equipments Limited	35		Loyal Equipments Limited (Previously known as Loyal Equipments Pvt. Ltd.	2964869/ 18.05.2015
3.	Loyal Equipments Limited	42		Loyal Equipments Limited (Previously known as Loyal Equipments Pvt. Ltd.	2964835/ 18.05.2015



**Domain Name**

S.No	Domain Name and ID	Sponsoring Registrar and ID	Registrant Name and Address	Creation Date	Registry Expiry Date
1	LOYALEQUIPMENTS.COM/1574669340_DOMAIN_COM-VRSN	PDR Ltd. D/B/A Publicdomainregistry.com IANA ID : 303	Mr. Alkesh Patel, Block No. 35-1/2/3/4 near Ankur Polymer, Zak	05/11/2009	05/11/2015

**Registrations as Approved Vendor with various organizations:**

S.No.	Name of Party	Product Description	Start Date	End Date
1.	Gujarat State Petronet Ltd. (GSPL), Gujarat	Pressure Vessel, Filters & Separators Range:- Shell Thickness:- upto 25mm Material:- SA 516 Gr. 60 to 70 Weight:- up to 30 MT	19.12.2014	Valid for a period of 3 years from the date of issue of this letter
2.	Engineers India Limited (EIL, A Govt. of India Undertaking), New Delhi	Pressure Vessels Range:- CS:- Shell Thickness Upto 25mm SS:- Shell Thickness Upto 14mm	23.07.2013	31.01.2016
3.	Engineers India Limited (EIL, A Govt. of India Undertaking), New Delhi	Heat Exchangers CS:- Shell Thickness Upto 25mm Tube Thickness:-Upto 70mm	11.07.2014	31.01.2016



## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

The Board of Directors has, pursuant to a resolution adopted at its meeting held on May 15, 2015 on authorized the Issue, subject to the approval of the shareholders of our Company under Section 62(1) (c) of the Companies Act, 2013, and such other authorities as may be necessary.

The shareholders of our Company have, pursuant to a resolution under Section 62(1) (c) of the Companies Act, 2013 at an Extra Ordinary General Meeting held on May 19, 2015 authorized the further issue of Equity Shares.

Our Company has obtained in-principle approval from the SME Platform of BSE for using its name in the Prospectus pursuant to letter dated June 26, 2015. BSE is the Designated Stock Exchange.

### **Prohibition by SEBI, RBI or governmental authorities**

Our Company, Promoter, natural person in control of Promoter, Promoter Group, Directors, Group Entities or the person(s) in control of our Company have not been prohibited from accessing the capital market for any reason or restrained from buying, selling or dealing in securities, under any order or directions by the SEBI or any other regulatory or government authorities.

There are no violations of securities laws committed by any of them in the past or pending against them, nor have any companies with which any of our Company, our Promoter, Directors, persons in control of our Company or any natural person behind the Promoter are or were associated as a promoter, director or person in control, been debarred or prohibited from accessing the capital markets under any order or direction passed by the SEBI or any other authority.

### **Association with Securities Market**

None of our Directors are associated with the securities market and there has been no action taken by the SEBI against the Directors or any other entity with which our Directors are associated as promoters or directors.

### **Prohibition by RBI**

Neither our Company, our Promoter, our Directors, Group Entities, relatives (as per Companies Act, 2013) of Promoter or the person(s) in control of our Company have been identified as a will full defaulter by the RBI or other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against any of them except as details provided in the chapter "***Outstanding Litigations and Material Development***" beginning on page 178 of the Prospectus.

### **Eligibility for the Issue**

Our Company is eligible for the Issue in accordance with Regulation 106(M) (1) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as we are an Issuer whose post issue paid up capital is less than ₹ 10 Crores and we may hence issue Equity Shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (in this case being the "***SME Platform of BSE***").

We confirm that:

1. In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this issue is 100% underwritten and that the LM to the Issue Shall underwrites minimum 15% of the Total Issue Size. For further details pertaining to said underwriting please refer to section titled "***General Information – Underwriting***" beginning on page 42 of this Prospectus.
2. In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, that the total number of proposed allottees in the Issue shall be greater than or equal to fifty (50), otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight (8) Working Days from the date our Company becomes liable to



repay it, then our Company and every officer in default shall, on and from expiry of eight (8) Working Days, be liable to repay such application money, with an interest at the rate as prescribed under the Companies Act 2013.

3. In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, we have not filed any of this Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits a copy of the Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
4. In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we hereby confirm that we have entered into an agreement with the LM and a Market Maker to ensure compulsory Market Making for a minimum period of three (3) years from the date of listing of Equity Shares on the SME Platform of BSE. For further details of the arrangement of market making please refer to section titled "**General Information – Details of the Market Making Arrangements for this Issue**" beginning on page 42 of this Prospectus.

We further confirm that we shall be complying with all the other requirements as laid down for such an issue under Chapter XB of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and sub-regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Issue.

Our Company is also eligible for the Issue in accordance with eligibility norms for listing on SME Exchange Platform BSE laid down under circular dated April 1, 2015 (<http://www.bsme.com/static/getlisted/criteriaisting.aspx?expandable=0>), which states as follows:

1. Net Tangible Assets of at least ₹3 Crore as per the latest audited financial results (as restated).
2. Net worth (excluding revaluation reserves) of at least ₹ 3 crore as per the latest audited financial results (as restated).
3. Track record of distributable profits in terms of sec. 123 of Companies Act, 2013 for at least two years out of immediately preceding three financial years and each financial year has to be a period of at least 12 months. Extraordinary income will not be considered for the purpose of calculating distributable profits. Otherwise, the Net Worth shall be at least ₹ 5 Crores.
4. Distributable Profit, Net Tangible Assets and Net worth of the Company as per the restated financial statement for the year ended as on March 31, 2015, 2014 and 2013 is as set forth below:-

(Amt in '000)

Particulars	As at		
	March 31, 2015	March 31, 2014	March 31, 2013
Distributable Profit*	19,769	10,390	14,681
Net Tangible Assets**	65,969	42,752	28,040
Net Worth***	64,172	42,984	28,395

\* Distributable Profit has been calculated as per Sec 123 of Companies Act, 2013

\*\* Net Tangible Assets are defined as the sum of all net assets of the Company, excluding intangible assets as defined in Accounting Standard 26 issued by the Institute of Chartered Accountants of India. As is evident, our Company has Net Tangible Assets of over ₹ 3 crore.

\*\*\* Net worth includes shares capital and Reserves( Excluding Revaluation Reserve ) Less Miscellaneous Expenditure not written off, if any, & Debit Balance of Profit and Loss Account not wrote off, if any. As is evident , our Company has a Net Worth of over ₹ 3 Crores.

5. The Post Issue paid up capital of our Company shall be at least ₹ 3 Crore. As detailed in chapter "Capital Structure" of this Prospectus our Company will have a post issue capital of ₹ 6,80,00,000 ( Rupees Six Crores eighty Lacs)
6. Our Company shall mandatorily facilitate trading in demat securities and the Company has entered into agreement with



the Central Depository Services Limited (CDSL) dated May 20, 2015 and dated June 12, 2015 with National Securities Depository Limited for establishing connectivity

7. Our Company has a website i.e. [www.loyalequipments.com](http://www.loyalequipments.com)
8. Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
9. There is no winding up petition against our Company that has been admitted by the Court or a liquidator has not been appointed.
10. There has been no change in the promoter/s of the Company in the preceding one year from date of filing application to BSE for listing on SME segment.

We confirm that we comply with all the above requirements / conditions so as to be eligible to be listed on the SME Platform of the BSE.

#### **Compliance with Part A of Schedule VIII of the SEBI (ICDR) Regulations**

Our Company is in compliance with the provisions specified in Part A of the SEBI (ICDR) Regulations. No exemption from eligibility norms has been sought under Regulation 109 of the SEBI (ICDR) Regulations, with respect to the Issue. Further, our Company has not been formed by the conversion of a partnership firm into a company.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, HEM SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT 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 OFFER DOCUMENT, THE LEAD MERCHANT BANKER, HEM SECURITIES LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JUNE 29, 2015 WHICH READS AS FOLLOWS:**

**WE, THE UNDER NOTED LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AND CONFIRM AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE**



**CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**

- A. THE PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
  - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - C. THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
  - 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.**
  - 5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRFAT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.**
  - 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE PROSPECTUS.**
  - 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE**
  - 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**





9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE
10. WE CERTIFY ALL THE SHARES SHALL BE ISSUED IN DEMATERIALIZED FORM IN COMPLIANCE WITH THE PROVISIONS OF SECTION 29 OF THE COMPANIES ACT, 2013 AND THE DEPOSITORIES ACT, 1996 AND THE REGULATIONS MADE THEREUNDER.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE PROSPECTUS:
  - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
  - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON ‘PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER BELOW (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)’, AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR.
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.

**ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE**

1. WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.



2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.
3. WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009.
4. WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.
5. WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISOR TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009; CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE PROSPECTUS. - NOT APPLICABLE
6. WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.

The filing of this Prospectus does not, however, absolve our Company from any liabilities under section 34, section 35, Section 36 and Section 38 (1) of the Companies Act, 2013 or from the requirement of obtaining such statutory and / or other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the LM any irregularities or lapses in the Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Ahmedabad Gujarat in terms of sections 26, 32 and 33 of the Companies Act, 2013.

#### Statement on Price Information of Past Issues handled by Hem Securities Limited:

Sr. No.	Issuer Name	Issue size (₹ in cr.)	Issue price (₹)	Listing Date	Opening price on listing date (₹)	Closing price on listing date (₹)	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day (₹)	Benchmark index as on 10th calendar days from listing day (Closing)	Closing price as on 20th calendar day from listing day (₹)	Benchmark index as on 20th calendar days from listing day (Closing)	Closing price as on 30th calendar day from listing day (₹)	Benchmark index as on 30th calendar days from listing day (Closing)
1.	Shekhawati Poly-Yarn Ltd.	36.00	30.00	12-1-2011	32.50	47.50	58.33	19,534.10	24.00	19,151.28	25.45	18,022.22	24.30	17,728.61



2.	Tijaria Polypipes Ltd.	60.00	60.00	14-10-2011	62.00	18.10	(69.83)	17,082.69	15.05	16,939.28	11.97	17,481.93	16.28	17,118.74
3.	Samruddhi Realty Ltd.	2.60	12.00	12-04-2013	13.00	13.65	13.75	18,242.56	17.25	19,169.83	22.60	19,735.77	22.90	19,691.67
4.	Captain Polyplast Ltd.	5.94	30.00	11.12.2013	33.00	34.65	15.50	21,171.41	36.00	21,101.03	35.00	21,170.68	41.50	20,758.49
5.	Tentiwal Wire Products Ltd.	2.12	13.00	31.12.2013	12.50	11.90	(8.46)	21,170.68	10.75	20,758.49	11.50	21,205.05	10.30	20,498.25
6.	R&B Den-ims Ltd	3.71	10.00	22.04.14	10.55	11.05	10.05	22,758.37	14.70	22,403.89	11.10	23,551.00	12.00	24,374.40
7.	Bansal Roofing Products Ltd.	2.04	30.00	14.07.2014	31.00	30.50	1.67	25006.98	30.75	26271.85	31.50	25723.16	30.30	26103.23
8.	Atishay Infotech Limited	3.71	16.00	16.10.2014	17.75	18.45	15.31	25999.34	22.00	26752.90	20.25	27915.88	19.50	28,177.88
9.	Dhabiya Polywood Limited	3.30	15.00	17.10.2014	16.50	16.75	11.67	26108.53	18.80	26,787.23	35.85	27,868.63	25.65	28,177.88
10.	Vibrant Global Capital Limited	11.48	19.00	21.10.2014	19.40	20.00	5.26	26575.65	19.25	27346.33	19.00	27,874.73	20.00	28,046.66
11.	ADCC Infocad Limited	9.60	40.00	22.10.2014	43.50	45.65	14.13	26787.23	60.80	27,860.38	73.95	27,910.06	65.00	28,334.63
12.	Captain Pipes Ltd.	4.40	40.00	11.12.2014	41.90	39.85	(0.375)	27602.01	40.75	27701.79	43.20	27,499.42	40.00	27,585.27
13.	O.P. Chains Ltd.	2.035	11.00	22.04.2015	11.25	11.81	7.36	27890.13	13.02	27490.59	15.50	26,877.48	15.50	27957.50

Financial Year	Total no. of IPOs	Total Funds raised (₹ in cr.)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing day			Nos. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2015-16	1	2.035	-	-	-	-	-	1	-	-	-	-	1	-
2014-15	7	38.23	1	-	-	-	-	6	-	-	-	2	-	5
2013-14	3	10.66	-	-	1	-	-	2	-	-	1	1	1	-



2012-13	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2011-12	1	60.00	1	-	-	-	-	-	1	-	-	-	-	-
2010-11	1	36.00	-	-	-	1	-	-	-	-	1	-	-	-
2009-10	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**Note:**

- a. In case the 10th, 20th and 30th calendar day from the date of listing is a holiday, the share price and benchmark index is taken for the immediately following working day.
- b. BSE SENSEX has been considered as the benchmark index.

**Track Record of past issues handled by Hem Securities Limited**

For details regarding track record of LM to the Issue as specified in the Circular reference no. CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer the website of the LM at: [www.hemonline.com](http://www.hemonline.com)

**Caution - Disclaimer from our Company and the Lead Manager**

Our Company, our Directors and the LM accept no responsibility for statements made otherwise than in this Prospectus or in the advertisement or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our Company's website [www.loyalequipments.com](http://www.loyalequipments.com) would be doing so at his or her own risk.

The LM accepts no responsibility, save to the limited extent as provided in the MOU entered between the LM (Hem securities Limited) and our Company on June 12, 2015 and the Underwriting Agreement dated June 12, 2015 entered into between the Underwriters and our Company and the Market Making Agreement dated June 12, 2015 entered into among the Market Maker and our Company.

All information shall be made available by our Company and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at collection centres or elsewhere.

The Lead Manager and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Promoter Group, Group Entities, or our affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with our Company, our Promoter Group, Group Entities, and our affiliates or associates, for which they have received and may in future receive compensation.

**Note:**

Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares in the Issue.

**Disclaimer in Respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, cooperative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their



constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, VCFs, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of ₹ 2,500.00 Lakhs and pension funds with a minimum corpus of ₹ 2,500.00 Lakhs, and permitted non-residents including FIIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India provided that they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

Any dispute arising out of this Issue will be subject to jurisdiction of the competent court(s) in Gandhinagar, Gujarat, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

#### **Disclaimer Clause of the SME Platform of BSE**

BSE Ltd. ("BSE") has given vide its letter dated June 26, 2015, permission to our Company to use its name in this Prospectus as one of the stock exchanges on which our Company's securities are proposed to be listed on the SME Platform of BSE. BSE has scrutinized this Prospectus for its limited internal purpose of deciding on the matter for granting the aforesaid permission to our Company. BSE does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; or
- ii. Warrant that this Company's securities will be listed or will continue to be listed on BSE; or
- iii. Take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed that this Prospectus has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities in this Company may do so pursuant to independent inquiry, investigations and analysis and shall not have any claim against BSE whatsoever by reason of loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause under Rule 144a of the U.S. Securities Act**

The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Applicant where required agrees that such Applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.



### **Filing**

A copy of Prospectus shall not be filed with the SEBI, nor will SEBI issue any observation on the Prospectus in term of Regulation 106(M) (3) of the SEBI (ICDR) Regulations. However, a copy of the Prospectus shall be filed with SEBI at the Securities and Exchange Board of India, SEBI Unit No.: 002 Ground Floor Sakar –I Nr. Gandhigram Rly Station , Nehru Bridge, Ashram Road, Ahmedabad-380009, Gujarat for their record purpose only.

A copy of the Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the Registrar of Companies, ROC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013.

### **Listing**

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009 there is no requirement of obtaining in- principle approval of the SME Platform of BSE. However, application shall been made to SME Platform of BSE for obtaining permission for listing of the Equity Shares being offered and sold in the Issue on its SME Platform after the allotment in the Issue.

BSE is Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue. If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by BSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within eight (8) days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight (8) days, be liable to repay such application money, with interest at the rate as prescribed under the Companies Act, 2013.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of BSE mentioned above are taken within twelve (12) Working Days of the Issue Closing Date.

### **Impersonation**

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

Any person who-

- a) Makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- b) Makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- c) Otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable to action under section 447 of the Companies, Act 2013

### **Consents**

Consents in writing of the (a) the Directors, the Promoters, the Company Secretary & Compliance Officer, Chief Financial Officer, the Statutory Auditor, Peer Review Auditor, the Banker(s) to the Company; (b) Lead Manager, Registrar to the Issue, Banker(s) to the Issue, Legal Advisor to the Issue, Underwriter(s) to the Issue and Market Maker to the Issue to act in their respective capacities have been obtained as required under section 26 of the Companies Act, 2013 and shall be filed along with a copy of the Prospectus with the RoC, as required under Sections 32 of the Companies Act, 2013 and such consents will not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act and the SEBI (ICDR) Regulations, M/s. J.M. Patel & Bros, Chartered Accountants, Statutory Auditor , M/s. S.S Rathi & Co., Chartered Accountants, Peer Review Auditors of the Company have agreed to provide their written consent to the inclusion of their respective reports on Statement of Possible Tax Benefits relating to the



possible tax benefits and restated financial statements as included in this Prospectus/Prospectus in the form and context in which they appear therein and such consent and reports will not be withdrawn up to the time of delivery of the Prospectus.

### Experts Opinion

Except for the reports in the section “*Financial Information of our Company*” and “*Statement of Tax Benefits*” on page 129 and page 67 of this Prospectus from the Peer Review Auditors and Statutory Auditor respectively, our Company has not obtained any expert opinions. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act 1933.

### Expenses of the Issue

The total expenses of the Issue are estimated to be approximately ₹ 40 Lacs, which is 12.35% of the Issue size. The estimated Issue related expenses include Issue Management Fee, underwriting and management fees SCSB’s commission/ Selling commission, fees, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees. All expenses with respect to the Issue would be paid by our Company.

The Estimated Issue expenses are as under:-

No.	Particulars	Amount (₹ in Lacs)	Percentage of Total Estimated Issue Expenditure (%)	Percentage of Issue Size (%)
1.	Payment to Merchant Banker including, underwriting and selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars, Bankers etc and other out of pocket expenses	34.00	85%	10.50%
2.	Printing and Stationery and postage expenses	2.00	5%	0.62%
3.	Advertising and Marketing expenses	2.00	5%	0.62%
4.	Other expenses	2.00	5%	0.62%
	<b>Total estimated Issue Expenses</b>	<b>40.00</b>	<b>100%</b>	<b>12.35%</b>

### Fees, Brokerage and Selling Commission payable to the LM

The total fees payable to the Lead Manager will be as per the (i) Memorandum of Understanding dated June 12, 2015 with the Lead Manager Hem Securities Limited, (ii) the Underwriting Agreement dated June 12, 2015 with Underwriter Hem Securities Limited and (iii) the Market Making Agreement dated June 12, 2015 with Market Maker Hem Securities Limited, a copy of which is available for inspection at our Registered Office from 10.00 am to 5.00 pm on Working Days from the date of the Prospectus until the Issue Closing Date.

### Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of applications, data entry, printing of refund orders, preparation of refund data on magnetic tape and printing of bulk mailing register will be as per the agreement between our Company and the Registrar to the Issue dated May 11, 2015 a copy of which is available for inspection at our Company’s Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to make refunds in any of the modes described in this Prospectus or send allotment advice by registered post/speed post.

### Particulars regarding Public or Rights Issues during the last five (5) years

Except as stated in this Prospectus, our Company has not made any previous public or rights issue in India or Abroad the five (5) years preceding the date of this Prospectus.



**Previous issues of Equity Shares otherwise than for cash**

For detailed description please refer to section titled "*Capital Structure*" beginning on page 45 of this Prospectus.

**Underwriting Commission, brokerage and selling commission on Previous Issues**

Since this is the initial public offering of our Company's Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing for or procuring or agreeing to procure subscription for any of the Equity Shares since our incorporation.

**Previous issues by companies under the same Management**

No company under the same management within the meaning of Section 370(1B) of the Companies Act 1956 / Section 186 of Companies Act, 2013 has made any public issue or rights issue during the last three (3) years.

**Performance vis-a-vis objects - Last Three Issues**

There has not been any previous public issue of our Equity Shares.

**Performance vis-a-vis objects - Last Issue of Group/Associate Companies**

There is no Group / Associate Company. Hence this point is not applicable.

**Outstanding Debentures or Bond Issues or Redeemable Preference Shares**

Our Company does not have any outstanding debentures or bonds or Preference Redeemable Shares as on the date of filing this Prospectus.

**Outstanding Convertible Instruments**

Our Company does not have any outstanding convertible instruments as on the date of filing this Prospectus.

**Option to Subscribe**

Equity Shares being offered through the Prospectus can be applied for in dematerialized form only.

**Stock Market Data of the Equity Shares**

This being an initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any Stock Exchanges.

**Mechanism for Redressal of Investor Grievances**

The Agreement amongst the Registrar to the Issue, our Company provides for retention of records with the Registrar to the Issue for a period of at least three (3) years from the last date of dispatch of the letters of allotment, or refund orders, demat credit or where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the relevant Designated Branch or the collection centre of the SCSBs where the Application Form was submitted by the ASBA Applicants.





### **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be fifteen (15) Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has last constituted Shareholder's and Investors Grievance Committee in the meeting of our Board of Directors held on June 13, 2015 For further details on the Shareholder's and Investor's Grievance Committee, please refer to section titled "***Our Management***" beginning on page 108 of this Prospectus.

**Our Company has appointed Ms. Komal Manoharlal Motiani, Company Secretary, as the Compliance Officer to redress complaints, if any, of the investors participating in the Issue. Contact details for our Company Secretary and Compliance Officer are as follows:**

**Ms. Komal Manoharlal Motiani**  
**Loyal Equipments Limited**  
Block No.35/1-2-3-4, Village Zak,  
Dahegam, Gujarat -382330  
Tel No: +91-02718-247236  
E-mail: [cs@loyalequipments.com](mailto:cs@loyalequipments.com)  
Website: [www.loyalequipments.com](http://www.loyalequipments.com)

**Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.**

Pursuant to the press release no. PR. No. 85/2011 dated June 8, 2011, SEBI has launched a centralized web based complaints redressal system "**SCORES**". This would enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. For more details, investors are requested to visit the website [www.scores.gov.in](http://www.scores.gov.in)

### **Status of Investor Complaints**

We confirm that we have not received any investor complaint during the three years preceding the date of this Prospectus and hence there are no pending investor complaints as on the date of this Prospectus.

### **Disposal of investor grievances by listed companies under the same management as our Company**

We do not have any other listed Company under the same management.

### **Change in Auditors during the last three (3) years**

Except for appointment of M/s. S. S Rathi, Chartered Accountants, as peer review auditor in addition to the existing auditors, there have been no changes in our Company's auditors in the last three (3) years.

### **Capitalization of Reserves or Profits**

Except as disclosed under section titled "**Capital Structure**" beginning on page 45 of this Prospectus, our Company has not capitalized its reserves or profits at any time during the last five (5) years.

### **Revaluation of Assets**

Our Company has not revalued its assets in five (5) years preceding the date of this Date of Prospectus.



### **Tax Implications**

Investors who are allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the Stock Exchanges. For details, please refer the section titled "*Statement of Tax Benefits*" beginning on page 67 of this Prospectus.

### **Purchase of Property**

Other than as disclosed in "*Our Business*" Section on page 83 of the Prospectus, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of the Prospectus, other than property, in respect of which:

The contract for the purchase or acquisition was entered into in the ordinary course of business, or the contract was entered into in contemplation of the Issue, or that the Issue was contemplated in consequence of the contract; or the amount of the purchase money is not material.

Except as stated elsewhere in the Prospectus, our Company has not purchased any property in which the Promoter and/or Directors have any direct or indirect interest in any payment made there under.

### **Servicing Behavior**

Except as stated in prospectus, there has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

### **Payment or benefit to officers of Our Company**

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

**Except as disclosed in chapter titled "*Our Management*" beginning on page 108 and "*Related Party Transactions*" beginning on page 159 of the Prospectus, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.**



## **SECTION VII – ISSUE RELATED INFORMATION**

### **TERMS OF THE ISSUE**

*The Equity Shares being offered are subject to the provisions of the Companies Act, 2013, SCRR, 1957, SEBI (ICDR) Regulations, 2009 our Memorandum and Articles of Association, the terms of the Draft Prospectus, Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note the Listing Agreement to be entered into with the SME Exchange and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, the FIPB, the RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.*

#### **Authority for the Issue**

The present Initial Public Issue of Equity Shares has been authorized by the Board of Directors of our Company at their meeting held on May 15, 2015 and was approved by the Shareholders of the Company by passing Special Resolution at the Extra Ordinary General Meeting held on May 19, 2015 in accordance with the provisions of Section 62 (1) (c) of the Companies Act, 2013.

#### **Ranking of Equity Shares**

The Equity Shares being offered / issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment. For further details, please refer to "*Main Provisions of Articles of Association of the Company*" on page 231 of the Prospectus.

#### **Mode of Payment of Dividend**

The declaration and payment of dividend will be as per the provisions of Companies Act, the Articles of Association, the provision of the SME Listing Agreement and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, For further details, please refer to "*Dividend Policy*" on page 128 of the Prospectus.

#### **Face Value and Issue Price**

The Equity Shares having a Face Value of ₹ 10.00 each are being offered in terms of the Prospectus at the price of ₹ 18/- per Equity Share.

The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the section titled "*Basis for Issue Price*" on page 64 of the Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

#### **Compliance with SEBI ICDR Regulations**

Our Company shall comply with all requirements of the SEBI ICDR Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

#### **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;



- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation; subject to any statutory or preferential claims being satisfied;
- Right of free transferability of the Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, terms of the SME Listing Agreement with the Stock Exchange and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, etc., please refer to Section titled "**Main Provisions of Articles of Association of the Company**" beginning on page 231 of the Prospectus.

### **Minimum Application Value, Market Lot and Trading Lot**

As per the provisions of the Depositories Act, 1996 and Section 29 of the Companies Act, 2013 the Equity Shares to be allotted must be in Dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. Hence, the Equity Shares being offered can be applied for in the dematerialized form only.

The investors have an option either to receive the security certificate or to hold the securities with depository. However, as per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in dematerialized form only.

The trading of the Equity Shares will happen in the minimum contract size of 8000 Equity Shares and the same may be modified by the SME Platform of BSE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Offer will be done in multiples of 8000 Equity Shares is subject to a minimum allotment of 8000 Equity Shares to the successful applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

### **Minimum Number of Allottees**

The minimum number of allottees in the Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within 15 days of closure of issue.

### **Joint Holders**

Where 2 (two) or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

### **Nomination Facility to Investor**

In accordance with Section 72 of the Companies Act, 2013 the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 72 of the Companies Act, 2013 be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.



## ***Loyal Equipments Limited***

In accordance with Section 72 of the Companies Act, 2013 any Person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

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

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 (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.

**Since the allotment of Equity Shares in the Issue is in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.**

### **Period of Operation of Subscription List of Public Issue**

<b>ISSUE OPENS ON</b>	July 03, 2015
<b>ISSUE CLOSES ON</b>	July 07, 2015

### **Minimum Subscription**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten and the details of the same have been disclosed.

As per section 39 of the new Companies Act, if the “**stated minimum amount**” has not been subscribed and the sum payable on Bid is not received within a period of 30 days from the date of issue of Prospectus, the application money has to be returned within such period as may be prescribed.

If the issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within 60 (sixty) days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 (eight) days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under Section 40 of the Companies Act, 2013 and applicable law.

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within 15 days of closure of issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

*In accordance with Regulation 106 P (1) of the SEBI (ICDR) Regulations, our Issue shall be hundred percent underwritten. Thus, the underwriting obligations shall be for the entire hundred percent of the offer through the Prospectus and shall not be restricted to the minimum subscription level.*

*Further, in accordance with Regulation 106( R) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will allotted will not be less than 50 (Fifty)*

*Further, in accordance with Regulation 106 Q of the SEBI (ICDR) Regulations the minimum application size in terms of number of specified securities shall not be less than Rupees One Lakh per application.*



### **Arrangements for disposal of odd lots**

The trading of the Equity Shares will happen in the minimum contract size of 8,000 shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME Exchange.

### **Application by Eligible NRIs, FPIs or VCFs registered with SEBI**

It is to be understood that there is no reservation for Eligible NRIs, FPIs or VCF registered with SEBI. Such Eligible NRIs, FPIs or VCF registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

### **As per the extent policy of the Government of India, OCBs cannot participate in this Issue.**

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FPIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

### **Restrictions on transfer and transmission of shares or debentures and on their consolidation or splitting**

Except for lock-in of the Pre- Issue Equity Shares and Promoter minimum contribution in the Issue as detailed in the section titled "*Capital Structure*" beginning on page 45 of the Prospectus, and except as provided in the Articles of Association of our Company, there are no restrictions on transfers of Equity Shares. There are no restrictions on transfer and transmission of shares/ debentures and on their consolidation / splitting except as provided in the Articles of Association. For further details please refer sub-heading "*Main Provisions of the Articles of Association of the Company*" on page 231 of the Prospectus.

### **Option to receive Equity Shares in Dematerialized Form**

As per section 29(1) of the new Companies Act, every company making public offer shall issue securities only in dematerialized form only. The investors have an option either to receive the security certificate or to hold the securities with depository. However, as per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in dematerialized form only. The Equity Shares on Allotment will be traded only on the dematerialized segment of the SME Exchange.

### **Migration to Main Board**

Our Company may migrate to the main board of BSE from the SME Exchange on a later date subject to the following:

- If the Paid up Capital of the Company is likely to increase above ₹ 25 Crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the Company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its main board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the main board or
- If the Company satisfy the eligibility criteria as specified in 26(1) of SEBI (ICDR) Regulations, 2009 either at the time of initial listing on SME platform or at the time of seeking migration to main board. However, same will not



be applicable where the Company had sought listing on SME platform by following the process and requirements prescribed in 26(2) (a) of SEBI (ICDR) Regulations, 2009.

**Market Making**

The shares offered through this Issue are proposed to be listed on the SME Platform of BSE (SME Exchange), wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Makers of the SME Exchange for a minimum period of 3 (three) years from the date of listing on the SME Platform of BSE. For further details of the agreement entered into between the Company, the Lead Manager and the Market Maker please refer to "**General Information - Details of the Market Making Arrangements for this Issue**" on page 42 of the Prospectus.

In accordance with the SEBI Circular No. CIR/MRD/DSA/31/2012 dated November 27, 2012, it has been decided to make applicable limits on the upper side for the Market Makers during market making process taking into consideration the Issue size in the following manner:

Issue size	Buy quote exemption threshold (including mandatory initial inventory of 5% of issue size)	Re-entry threshold for buy quotes (including mandatory initial inventory of 5% of issue size)
Upto ₹ 20 Crore, as applicable in our case	25%	24%

Further, the Market Maker shall give (2) Two way quotes till it reaches the upper limit threshold; thereafter it has the option to give only sell quotes. Two (2) way quotes shall be resumed the moment inventory reaches the prescribed re-entry threshold.

In view of the Market Maker obligation, there shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts its inventory through market making process on the platform of the exchange, the concerned stock exchange may intimate the same to SEBI after due verification.

**New Financial Instruments**

There are no new financial instruments such as deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company.

**Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Gandhinagar, Gujarat, India

**The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States, except pursuant to an exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**



### ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M) (1) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue paid up capital does not exceed ₹ 10 Crores, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("**SME Exchange**", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such an issue please refer chapter titled "**Terms of the Issue**" and "**Issue Procedure**" on page 201 and 208 of this Prospectus.

Following is the issue structure:

<b>Particulars of the Issue</b>	<b>Net Issue to Public*</b>	<b>Market Maker Reservation Portion</b>
Number of Equity Shares available for allocation	17,04,000 Equity Shares of Face Value ₹ 10/-	96,000 Equity Shares of Face Value ₹ 10/-
Percentage of Issue Size available for allocation	94.67 % of the Issue Size (Minimum 50% to Retail Individual Investors and the balance to other investors).	5.33 % of the Issue Size Firm allotment
Basis of Allotment	Proportionate subject to minimum allotment of 8,000 Equity Shares and further allotment in multiples of 8,000 Equity Shares each.  For further details please refer to " <b>Issue Procedure - Basis of Allotment</b> " on page 215 of this Prospectus.	Firm Allotment
Mode of Application	For Other than Retails Individual Investor Applicants, the application must be made compulsorily through the ASBA Process.  The Retail Individual Applicant may apply through the ASBA or the Physical Form.	Through ASBA Process Only
Minimum Application Size	<b><u>For Other than Retails Individual Investors:</u></b>  Such number of Equity Shares in multiples of 8,000 Equity Shares at an Issue price of ₹ 18 each, such that the Application Value exceeds ₹ 2,00,000/-  <b><u>For Retail Individuals Investors:</u></b>  8,000 Equity Shares at an Issue prices of ₹ 18 Each	96,000 Equity Shares of Face Value ₹ 10/-
Maximum Application Size	<b><u>For Other than Retails Individual Investors:</u></b>  The maximum application size is the Net Issue to public subject to limits the investor has to adhere under the relevant laws and regulations applicable.  <b><u>For Retail Individuals Investors:</u></b>  Such number of Equity Shares in multiples	96,000 Equity Shares of Face Value ₹ 10/-





Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
	of 8,000 Equity Shares such that the Application Value does not exceed ₹ 2,00,000/-.	
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Trading Lot	8,000 Equity Shares	8,000 Equity Shares, However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
Terms of Payment	The entire Application Amount will be payable at the time of submission of the Application Form.	

This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details please refer to “**Issue Structure**” on page 206 of this Prospectus.

\*As per Regulation 43(4) of the SEBI (ICDR) Regulations, as amended, as present issue is a fixed price issue ‘the allocation’ is the net offer to the public category shall be made as follows:

- a) Minimum fifty percent to retail individual investors; and
- b) Remaining to Investors other than retail Individual Investors; and
- c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

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

**Withdrawal of the Issue**

Our Company, in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time after the Issue Opening Date but before Allotment. If our Company withdraws the Issue, our Company will issue a public notice within two days, providing reasons for not proceeding with the Issue. The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre- Issue advertisements have appeared and the Stock Exchange will also be informed promptly.

If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh Prospectus with the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange with respect to the Equity Shares offered through the Prospectus, which our Company will apply for only after Allotment; and (ii) the final ROC approval of the Prospectus.

<b>ISSUE OPENING DATE</b>	July 03, 2015
<b>ISSUE CLOSING DATE</b>	July 07, 2015

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centers mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.

Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).



## **ISSUE PROCEDURE**

All Applicants should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (“General Information Document”) which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations. The General Information Document has been updated to include reference to certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchange and the Lead Manager. Please refer to the relevant portions of the General Information Document which are applicable to this Issue.

Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Prospectus and the Prospectus.

**This section applies to all the applicants, please note that all the applicants are required to make payment of the full Application Amount along with the Application Form.**

**Our Company and the Lead Manager are not liable for any amendments, modifications or change in applicable laws or regulations, which may occur after the date of the Prospectus.**

### **Fixed Price Issue Procedure**

The Issue is being made under Regulation 106(M) (1) of Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via Fixed Price Process.

Applicants are required to submit their Applications to the Selected Branches / Offices of the Escrow Banker(s) to the Issue who shall duly submit them to the Registrar to the Issue. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non-Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

Investors should note that according to section 29(1) of the Companies Act, 2013, allotment of Equity Shares to all successful Applicants will only be in the dematerialized form. The Application Forms which do not have the details of the Applicant’s depository account including DP ID, PAN and Beneficiary Account Number shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic application system of the stock exchanges by the Brokers (including sub-brokers) do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected. Applicants will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Applicants are required to ensure that the PAN (of the sole/ first Applicant) provided in the Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held. In case of joint Applications, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders.

### **Application Form**

Applicants shall only use the specified Application Form bearing the stamp of the Bankers to the Issue for the purpose of making an Application in terms of this Prospectus. The application form shall contain space for indicating number of specified securities subscribed for in dematerialized form. Upon completing and submitting the Application Form to the Bankers to the Issue, the Applicant is deemed to have authorized our Company to make the necessary changes in the



Prospectus and the Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Applicant.

ASBA Applicants shall submit an Application Form either in physical or electronic form to the SCSB's authorizing blocking funds that are available in the bank account specified in the Application Form used by ASBA Applicants. Upon completing and submitting the Application Form for ASBA Applicants to the SCSB, the ASBA Applicant is deemed to have authorized our Company to make the necessary changes in the Prospectus and the ASBA Application as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Applicant.

The prescribed color of the Application Form for various categories is as follows:

Category	Colour
Indian Public / NRI's applying on a non-repatriation basis (ASBA and Non-ASBA)	White
Non-Residents including eligible NRI's, FIIs, FVCI etc. applying on a repatriation basis (ASBA and Non-ASBA)	Blue

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues with effect from May 1, 2010 all the investors can apply through ASBA process and with effect from May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

**Availability of Prospectus and application Forms**

The Memorandum Form 2A containing the salient features of the Prospectus together with the application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, Lead Manager to the Issue, Registrar to the Issue and the collection Centers of the Bankers to the Issue, as mentioned in the Application Form. The application forms may also be downloaded from the website of BSE Limited i. e. [www.bseindia.com](http://www.bseindia.com), [www.bsesme.com](http://www.bsesme.com).

**Who can apply?**

1. Indian nationals resident in India who are not minors, or in the name of the minor children as natural/ legal guardian in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the Application is being made in the name of the HUF in the Application Form as follows: "Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Applications by HUFs would be considered at par with those from individuals;
3. Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in Equity Shares;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this issue;
6. Indian Financial Institutions, schedule commercial banks (excluding foreign banks), regional rural banks, cooperative banks (subject to RBI regulations, the SEBI (ICDR) Regulations and other regulations, as applicable);
7. FIIs and sub-accounts registered with SEBI, other than Category III Foreign Portfolio Investor.
8. Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals only under the Non-Institutional Applicants portion;
9. Venture Capital Funds(VCFs) registered with SEBI;
10. FVCIs registered with SEBI;
11. Multilateral and bilateral development financial institutions;
12. State Industrial Development Corporations;
13. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their constitution to hold and invest in Equity Shares;
14. Scientific and/or industrial research organizations authorized to invest in Equity Shares;
15. Insurance Companies registered with Insurance Regulatory and Development Authority;
16. Provident Funds with minimum corpus of ₹ 250 million and who are authorized under their constitution to hold and invest in Equity Shares;



17. Pension Funds with minimum corpus of ₹ 250 million and who are authorized under their constitution to hold and invest in Equity Shares;
18. 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.
19. Nominated Investor and Market Maker;
20. Insurance funds set up and managed by the army, navy or air force of the Union of India;  
Insurance funds set up and managed by the Department of Posts, India;
21. Limited Liability Partnerships registered in India and authorized to invest in equity shares and;
22. Any other person eligible to apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them under Indian laws.
23. Eligible QIBs and QFI's (subject to compliance with RBI circular bearing reference RBI/2011-12/347 dated January 13, 2012 and SEBI circular bearing reference CIR/ IMD/FII&C/3/2012 dated January 13, 2012) under the Non-Institutional Bidders category.

As per existing policy of the Government of India, OCBs cannot participate in the Issue.

**Applications not to be made by:**

1. Minors
2. Partnership firms or their nominations.
3. Foreign Nationals (except NRIs).
4. Overseas Corporate Bodies

**MAXIMUM AND MINIMUM APPLICATION SIZE**

**1. For Retail Individual Applicants**

The Application must be for a minimum of 8000 Equity Shares and in multiples of 8000 Equity Shares thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed ₹ 2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed ₹ 2,00,000.

**2. For Other than Retail Individual Applicants (Non-Institutional Applicants and QIBs):**

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹ 2,00,000 and in multiples of 8000 Equity Shares thereafter. An Application cannot be submitted for more than the Net Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application.

In case of revision in Applications, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion.

**Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Prospectus.**

**The Company in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form, subject to such terms and conditions that the Company and the LMs may deem fit.**

**The above information is given for the benefit of the Applicants. The Company and the LMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this**



**Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.**

**Participation by Associates of Lead Manager's**

Except for the Market Making and the Underwriting Obligations, the Lead Manager shall not be allowed to subscribe to this Issue in any manner. However, associates and affiliates of the LMs may subscribe to or purchase Equity Shares in the Issue, where the allocation is on a proportionate basis.

**Option to Subscribe in the Issue**

- a. As per Section 29(1) of the Companies Act, 2013 allotment of Equity Shares shall be in dematerialized mode only.
- b. The Equity Shares, on allotment, shall be traded on the Stock Exchange in demat segment only.
- c. A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines and applicable law.

**Information for the Applicants:**

- a) Our Company will file the Prospectus with the RoC at least 3 (three) Days before the Issue Opening Date.
- b) The LMs will circulate copies of the Prospectus along with the Application Form to potential investors.
- c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our registered office or from the corporate office of the LMs.
- d) Applicants who are interested in subscribing for the Equity Shares should approach the LMs or their authorized agent(s) to register their Applications.
- e) Applications made in the Name of Minors and/or their nominees shall not be accepted.
- f) Applicants are requested to mention the application form number on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

**Application by Indian Public including eligible NRIs applying on Non-Repatriation**

Application must be made only in the names of individuals, Limited Companies or Statutory Corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non Residents Indian (except for those applying on non-repatriation), trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of securities exceeding the number of securities offered to the public. Eligible NRI's applying on a non-repatriate basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE/FCNR accounts as well as NRO accounts.

**Application by Mutual Funds**

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid up share capital carrying voting rights.

The Applications made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.



In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications made by asset management companies or custodians of a mutual fund shall clearly indicate the scheme concerned for which the Application has been made.

#### **Applications by Eligible NRIs/FII's on Repatriation Basis**

Application Forms have been made available for Eligible NRIs at our registered Office.

Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The Eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to the companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to issue securities to NRI's subject to the terms and conditions stipulated therein. The Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 (thirty) days from the date of issue of shares for allotment to NRI's on repatriation basis.

Allotment of Equity Shares to Non-Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian Tax Laws and regulations and any other applicable laws.

The Company does not require approvals from FIPB or RBI for the Transfer of Equity Shares in the issue to eligible NRI's, FII's, Foreign Venture Capital Investors registered with SEBI and multilateral and bilateral development financial institutions.

#### **As per the current regulations, the following restrictions are applicable for investments by FIIs:**

The issue of Equity Shares to a single FII should not exceed 10% of our post Issue capital. In respect of an FII investing in our Equity Shares on behalf of its sub accounts, the investment on behalf of each sub account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub account is a foreign corporate or an individual.

In accordance with the foreign investment limits, the aggregate FII holding in our Company cannot exceed 24% of our total issued capital. With the approval of the Board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII may issue, deal or hold, off shore derivative instruments such as participatory notes, equity linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "Know Your Client" requirements. An FII shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity. In case of FII's in NRI/FII Portion, number of Equity Shares applied shall not exceed net issue size.

#### **Applications by Eligible QFIs**

Eligible QFIs are permitted to invest in the Equity Shares of Indian companies on a repatriation basis subject to certain terms and conditions. Eligible QFIs have also been permitted to invest in Equity Shares of Indian companies which are offered to the public in India in accordance with the SEBI Regulations. The individual and aggregate investment limits for Eligible QFIs in an Indian Company are 5.00% and 10.00% of the paid up capital of the Indian Company respectively. These limits are in addition to the investment limits prescribed under the portfolio investment scheme for FIIs and NRIs. However, in cases of those sectors which have composite foreign investment caps, Eligible QFI investment limits are required to be considered within such composite foreign investment cap. An Eligible QFI may make investments in the



Equity Shares of an Indian Company through both the FDI route and the QFI route. However, the aggregate holding of such Eligible QFI shall not exceed 5.00% of the paid-up capital of the Indian Company at any point of time.

QFIs shall be eligible to apply under the Non-Institutional Applicants category. Further, SEBI in its circular dated January 13, 2012 has specified, amongst other things, eligible transactions for Eligible QFIs (which includes investment in Equity Shares in public issues to be listed on recognised stock exchanges and sale of Equity Shares held by Eligible QFIs in their demat account through SEBI registered brokers), manner of operation of demat accounts by Eligible QFIs, transaction processes and investment restrictions. SEBI has specified that transactions by Eligible QFIs shall be treated at par with those made by Indian non-institutional investors in various respects including, margins, voting rights, public issues, etc.

Eligible QFIs shall open a single non-interest bearing Rupee account with an AD category-I bank in India for routing the payment for transactions relating to purchase of Equity Shares (including investment in Equity Shares in public issues) subject to the conditions as may be prescribed by the RBI from time to time. Eligible QFIs who wish to participate in the Issue are advised to use the Application Form meant for Non- Residents (blue in colour). Eligible QFIs shall compulsorily apply through the ASBA process to participate in the Issue.

Eligible QFIs are not permitted to issue off-shore derivative instruments or participatory notes.

### **Applications by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors**

As per the current regulations, the following restrictions are applicable for SEBI Registered Venture Capital Funds:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds registered with SEBI.

Accordingly, the holding by any individual venture capital fund registered with SEBI in one Company should not exceed 25% of the corpus of the venture capital fund a foreign Venture Capital Investors can invest its entire funds committed for investment into India in one Company. Further, Venture Capital Funds can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

The SEBI (Alternative Investment Funds) Regulations, 2012 prescribe investment restriction for various categories of AIF's.

The Category I and II AIFs cannot invest more than 25% of their respective corpus in one Investee Company. A category III AIF cannot invest more than 10% of its corpus in one Investee Company. A venture capital fund registered as a category I AIF, as defined in the SEBI (Alternate Investment Funds) Regulations, 2012, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI (Alternate Investment Funds) Regulations, 2012 shall continue to be regulated by the VCF Regulations.

The above information is given for the benefit of the Applicants. The Company and the LMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

### **Applications by Limited Liability Partnerships**

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, as amended ("LLP Act") a certified copy of certificate of registration issued under the LLP Act, 2000 must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof. Limited Liability Partnerships can participate in the Issue only through the ASBA process.

### **Applications by Insurance Companies**

In case of Applications made by Insurance Companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form or the ASBA Application Form, as the case may be.



Failing this, our Company in consultation with the LM, reserve the right to reject any Application without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

- a. Equity Shares of a Company: the least of 10% of the investee Company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- b. the entire group of the investee Company: the least of 15% of the respective fund in case of a life insurer or a general insurer or reinsurer or 15% of investment assets in all companies belonging to the group; and
- c. The industry sector in which the investee Company operates: the least of 15% of the respective fund in case of a life a life insurer or a general insurer or reinsurer or 15% of investment assets

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors, i.e. December 26, 2008, providing, among other things, that the exposure of an insurer to an infrastructure Company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub ceilings.

Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

#### **Applications under Power of Attorney**

In case of Applications made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Mutual funds, insurance companies and provident funds with minimum corpus of ₹ 2500 Lacs (subject to applicable law) and pension funds with minimum corpus of ₹ 2500 Lacs a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/ or bye laws must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority (IRDA), a certified copy of certificate of registration issued by the IRDA must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by provident funds with minimum corpus of ₹ 25 crore (subject to applicable law) and pension funds with minimum corpus of ₹ 25 crore, a certified copy of certificate from a Chartered Accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

#### **Application by Provident Funds/Pension Funds**

In case of Applications made by provident funds with minimum corpus of ₹ 25 Crore (subject to applicable law) and pension funds with minimum corpus of ₹ 25 Crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.





### **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013, the Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one Regional newspaper with wide circulation.

### **Instructions for Completing the Application Form**

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. ASBA Application Forms should bear the stamp of the SCSB's. ASBA Application Forms, which do not bear the stamp of the SCSB, will be rejected.

Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at their sole risk along with Demand payable at Mumbai.

SEBI, vide Circular No.CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for investors to submit Application forms in public issues using the stock broker ('broker) network of Stock Exchanges, who may not be syndicate members in an issue with effect from January 01, 2013. The list of Broker Centre is available on the websites of BSE i.e. [www.bseindia.com](http://www.bseindia.com) and NSE i.e. [www.nseindia.com](http://www.nseindia.com).

### **Applicant's Depository Account and Bank Details**

Please note that, providing bank account details in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Applicants. Hence, Applicants are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Applicants at the Applicants sole risk and neither the LMs or the Registrar or the Escrow Collection Banks or the SCSB nor the Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs / Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

### **BASIS OF ALLOTMENT**

Allotment will be made in consultation with SME Platform of BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).

The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).



For applications where the proportionate allotment works out to less than 8,000 Equity Shares the allotment will be made as follows:

Each successful applicant shall be allotted 8,000 Equity Shares; and

The successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.

If the proportionate allotment to an applicant works out to a number that is not a multiple of 8,000 Equity Shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 8,000 Equity Shares subject to a minimum allotment of 8,000 Equity Shares.

If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the lower nearest multiple of 8,000 Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under the Capital Structure mentioned in this Prospectus.

The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below

As per Regulation 43(4) of the SEBI (ICDR) Regulations, as amended, as present issue is a fixed price issue 'the allocation' is the net offer to the public category shall be made as follows:

- a) Minimum fifty percent to retail individual investors; and
- b) Remaining to Individual applicants other than retail individual investors; and other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be made available for allocation to the applicants in the other category, if so required.

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

'Retail Individual Investor' means an investor who applies for shares of value of not more than ₹ 2,00,000/-. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with SME Platform of BSE

The Executive Director / Managing Director of the SME Platform of BSE, Designated Stock Exchange in addition to Lead Merchant Banker and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

## **REFUNDS**

In case of Applicants receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund order. Please note that any such delay shall be at the Applicants sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the LMs shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Applications are liable to be rejected.



The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the Applicant). In such cases, the Registrar shall use Demographic Details as given in the Application Form instead of those obtained from the Depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non-Residents, NRIs, FIIs & FVCFs and all Non-Residents, NRIs, FIIs & FVCFs will be treated on the same basis with other categories for the purpose of allocation.

### **ELECTRONIC REGISTRATION OF APPLICATIONS**

The Broker / Sub Broker and SCSBs will register the Applications using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Applications are being accepted. The Lead Manager, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the Brokers and the SCSBs, (ii) the Applications uploaded by the Brokers and the SCSBs, (iii) the Applications accepted but not uploaded by the Brokers and the SCSBs or (iv) with respect to ASBA Applications, Applications accepted and uploaded without blocking funds in the ASBA Accounts.

The SCSBs shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs and (iv) with respect to Applications by ASBA Applicants, Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by the SCSBs, the full Application Amount has been blocked in the relevant ASBA Account.

In case of apparent data entry error either by the Broker / Sub Broker or the collecting bank in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s).

The Brokers / Sub Brokers and SCSBs will undertake modification of selected fields in the Application details already uploaded within one Working Day from the Issue Closing Date.

The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available with the Brokers and the SCSBs during the Issue Period. The Brokers / Sub Brokers and the Designated Branches can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the online facilities for Book Building on a regular basis. On the Issue Closing Date, the Brokers and the Designated Branches shall upload the Applications till such time as may be permitted by the Stock Exchanges. This information will be available with the Brokers / Sub Brokers on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation.

At the time of registering each Application and each ASBA Application submitted by an ASBA Applicant, the Brokers and the Designated Branches shall enter the following details of the investor in the on-line system, as applicable:

- Name of the Applicant;
- IPO Name;
- Application Form number;



- Investor Category;
- PAN (of First Applicant, if more than one Applicant);
- DP ID of the demat account of the Applicant;  Client Identification Number of the demat account of the Applicant;
- Numbers of Equity Shares Applied for;
- Cheque Details in case of Applications other than ASBA Application and Bank Account details in case of ASBA Applicants;
- Location of the Banker to the Issue or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
- Bank account number.

In case of submission of the Application by an ASBA Applicant through the Electronic Mode, the ASBA Applicant shall complete the above-mentioned details and mention the bank account number, except the Electronic ASBA Application Form number which shall be system generated.

A system generated TRS will be given to the Applicant as a proof of the registration of the application. It is the Applicant's responsibility to obtain the TRS from the Brokers / Sub Brokers or the Designated Branches. The registration of the Application by the Brokers / Sub Brokers or the Designated Branches does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.

Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

In case of QIB Applicants, the Lead Manager has the right to accept the Application or reject it. However, the rejection should be made at the time of receiving the Application and only after assigning a reason for such rejection in writing. In case on Non-Institutional Applicants and Retail Individual Applicants, Applications would be rejected on the technical grounds.

Only Applications that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. The Brokers / Sub Brokers will be given up to one day after the Issue Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Issue Period, after which the Registrar will receive this data from the Stock Exchanges and will validate the electronic Application details with depository's records. In case no corresponding record is available with depositories, which matches the three parameters, namely DP ID, Beneficiary Account Number and PAN, then such Applications are liable to be rejected.

## **ESCROW MECHANISM**

### **Terms of Payment / Payment Instructions**

The entire Issue price of ₹ 18/- per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the Company shall refund the excess amount paid on Application to the Applicants.

Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

**Cash/ Stock Invest/ Money Orders/ Postal orders will not be accepted.**

A separate Cheque or Bank Draft should accompany each application form where payment is made by other than ASBA Mechanism. Applicants should write the Share Application Number on the back of the Cheque /Draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection.

Each Applicant shall draw a cheque or demand draft for the amount payable on the Application and/ or on allocation/ Allotment as per the following terms:

1. The payment instruments for payment into the Escrow Account should be drawn in favour of:

- Indian Public including eligible NRIs applying on non-repatriation basis: "ESCROW ACCOUNT – LOYAL EQUIPMENTS LIMITED - PUBLIC ISSUE - R".



- In case of Non-Resident Retail Applicants applying on repatriation basis: "ESCROW ACCOUNT - LOYAL EQUIPMENTS LIMITED - PUBLIC ISSUE - NR"
2. In case of Application by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Applicant applying on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
  3. Where an Applicant has been allocated a lesser number of Equity Shares than the Applicant has applied for, the excess amount, if any, paid on Application, after adjustment towards the balance amount payable by the Pay in Date on the Equity Shares allocated will be refunded to the Applicant from the Refund Account.
  4. On the Designated Date and no later than 15 days from the Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Applicants and also the excess amount paid on Application, if any, after adjusting for allocation / Allotment to the Applicants.

### **Payment by Stock invest**

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/ 24.47.00/ 2003 04 dated November 5, 2003; the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

### **GENERAL INSTRUCTIONS**

The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- Ensure that the bank account details are correctly and compulsorily mentioned in the application form;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.
- Ensure that in case of Applications are made under power of attorney or Applications by limited companies, corporate, trusts etc., relevant documents are submitted
- Ensure that Applications submitted by any person resident outside India should be in compliance with applicable foreign and Indian laws



Don'ts:

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price Mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue.
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Issue.
- Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

## **OTHER INSTRUCTIONS**

### **Joint Applications in the case of Individuals**

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

### **Multiple Applications**

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two (2) or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i. All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications
- ii. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- iii. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.
- iv. For Application from Mutual Funds and FII sub accounts, submitted under the same PAN, as well as Applications on behalf of the applicants for whom submission of PAN is not mandatory such as the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, the application forms will be checked for common DP ID and Client ID

In any event, all allotments shall be done in demat form and no securities shall be allotted in Physical Form.

After submitting an ASBA Application either in physical or electronic mode, an ASBA Applicant cannot apply (either in physical or electronic mode) to either the same or another Designated Branch of the SCSB Submission of a second Application in such manner will be deemed a multiple Application and would be rejected. More than one ASBA Applicant may apply for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five Application Forms with respect to any single ASBA Account.

In case separate Application for demat and physical is made, the application for physical shares shall be treated as multiple applications and rejected accordingly.



Duplicate copies of Application Forms downloaded and printed from the website of the Stock Exchange bearing the same application number shall be treated as multiple Applications and are liable to be rejected. The Company, in consultation with the LM reserves the right to reject, in its absolute discretion, all or any multiple Applications in any or all categories. In this regard, the procedure which would be followed by the Registrar to the Issue to detect multiple Applications is given below:

- All Applications will be checked for common PAN. For Applicants other than Mutual Funds and FII subaccounts, Applications bearing the same PAN will be treated as multiple Applications and will be rejected.
- For Applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Applications on behalf of the Applicants for whom submission of PAN is not mandatory such as the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, the Application Forms will be checked for common DP ID and Client ID.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of "know your client" norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

#### **Permanent Account Number or PAN**

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number ("PAN") to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

Please note that Central or State Government and the officials appointed by the courts and investors residing in the State of Sikkim are exempted from specifying their PAN subject to the Depository Participants' verifying the veracity of such claims of the investors in accordance with the conditions and procedures under this section on Issue Procedure.

#### **Right to Reject Applications**

In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicants and Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

#### **Grounds for Technical Rejections**

- Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:
- Amount paid does not tally with the amount payable for the highest value of Equity Shares applied for;
- In case of Partnership Firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form or at appropriate place in the application form specified for;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of the Issue;
- Applications for number of Equity Shares which are less than 8,000 or not in multiples of 8,000;
- Category not ticked;



- Multiple Applications as defined in this Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Applications not duly signed;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of ₹2,00,000 received after 5.00 pm on the Issue Closing Date;
- Applications not containing the details of Bank Account and / or Depositories Account.
- Where application is made for allotment in physical mode.
- Where two or more separate applications for demat and physical are made , the applications for physical shares shall be treated as multiple application and liable for rejection.

**APPLICANTS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE BROKERS DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE APPLICATION FORM IS LIABLE TO BE REJECTED.**

Applicants should note that providing bank account details in the space provided in the application form is mandatory and application that do not contain such details are liable to be rejected.

## **IMPERSONATION**

Attention of the applicants is specifically drawn to the provisions of section 38(1) of the Companies Act, 2013 which is reproduced below:

Any person who:

- a. Makes or abets making of an application in a fictitious name, to the Company for acquiring or subscribing for, any shares therein, or
- b. Makes or abets making of multiple applications to the Company in different names or in combination of his name or surname for acquiring or subscribing for its securities; or
- c. Otherwise induces directly or indirectly to the Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,
- d. Any such person as described above shall also be liable to action under Section 447 of the Companies Act, 2013.

Section 447 of the Companies Act, 2013, is reproduced as below:





“Without Prejudice to any liability including repayment of any debt under this Act or any other law for the time being in force, any person who is found to be guilty of fraud, shall be punishable with imprisonment for a term which shall not be less than six months but which may exceed to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.

Provided that where the fraud in question involves public interest, the term of imprisonment shall not be less than three years.”

#### **Signing of Underwriting Agreement**

Vide an Underwriting agreement dated June 12, 2015 this issue is 100% Underwritten.

#### **Filing of the Prospectus with the RoC**

The Company will file a copy of the Prospectus with the RoC in terms of Section 26, 32 & 33 of the Companies Act, 2013.

#### **Designated Date and Allotment of Equity Shares**

Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Applicant's depository account will be completed within 15 Days of the Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company will ensure the credit to the successful Applicant's depository account is completed within two Working Days from the date of Allotment.

In accordance with section 29(1) of the Companies Act, 2013, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees.

Allottees will have the option to re-materialize the Equity Shares so allotted as per the provisions of the Companies Act and the Depositories Act. However, trading in the Equity shares of the Company shall be done only in dematerialized form.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be credited to their depository account pursuant to this Issue.

#### **Issuance of Allotment Advice**

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Lead Manager or the Registrar to the Issue shall send to the Bankers to the Issue a list of their Applicants who have been allocated/Allotted Equity Shares in this Issue.

Pursuant to confirmation of corporate actions with respect to Allotment of Equity Shares, the Registrar to the Issue will dispatch Allotment Advice to the Applicants who have been Allotted Equity Shares in the Issue.

The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Applicant.

#### **PAYMENT OF REFUND**

Applicants must note that on the basis of name of the Applicants, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicants' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicants' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the LMs shall be liable to compensate the Applicants for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

#### **Mode of making refunds**

The payment of refund, if any, would be done through various modes as given hereunder:



NECS (National Electronic Clearing System) - Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.

Direct Credit - Applicants having bank accounts with the Refund Banker(s), as mentioned in the Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

RTGS (Real Time Gross Settlement) - Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds ₹ 2.00 Lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the application Form. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

NEFT (National Electronic Fund Transfer) - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR number. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

#### **Mode of making refunds for ASBA Applicants**

In case of ASBA Applicants, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 9 (nine) working days from the Issue Closing Date.

#### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY**

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicants who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within 2 (two) working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 (Fifteen) days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within 15 (Fifteen) days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within 15 (Fifteen) days from the Issue Closing date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

Allotment of Equity Shares shall be made within 15 (Fifteen) days of the Issue Closing Date;



Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (Fifteen) days of the Issue Closing Date would be ensured; and

The Company shall pay interest at 15% p.a. for any delay beyond the 15 (Fifteen) days time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 15 (Fifteen) days time.

Company will provide adequate funds required for dispatch of refund orders or Allotment Advice to the Registrar to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Applications are received or through NEFT / RTGS/ direct credit. Bank charges, if any, for en-cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants

### **UNDERTAKINGS BY OUR COMPANY**

The Company undertakes the following:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of Allotment;
- that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- that the certificate of the securities / refund orders to the non-resident Indians shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Application monies are refunded on account of non-listing, under subscription etc.
- that the Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received and
- that Adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

### **UTILIZATION OF ISSUE PROCEEDS**

Our Board certifies that:

- All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 40 of the Companies Act 2013;
- 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 unutilized, under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and
- Our Company shall comply with the requirements of Clause 52 of the SME Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.
- Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

### **EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL**

To enable all shareholders of the Company to have their shareholding in electronic form, the Company has entered into an agreement dated May 20, 2015 with Central Depository Services (India) Limited and dated June 12, 2015 with the National Securities Depository Limited and Registrar of the Company



The Company's shares bear an ISN No. INE876S01017

An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.

The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.

Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.

Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.

The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis a vis those with his or her Depository Participant.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

## **COMMUNICATIONS**

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre Issue or post Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

## **ISSUE PROCEDURE FOR ASBA (APPLICATION SUPPORTED BY BLOCKED ACCOUNT) APPLICANTS**

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the LMs are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

### **ASBA Process**

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant ("ASBA Account") is maintained. The Application Form shall bear the stamp of the SCSBs and if not, the same shall be rejected.



Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application.

The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Application, as the case may be.

The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Applicants to the ASBA Public Issue Account.

In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the LMs.

ASBA Applicants are required to submit their Applications, either in physical or electronic mode. In case of application in physical mode, the ASBA Applicant shall submit the ASBA Application Form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

#### **Who can apply?**

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

#### **Mode of Payment**

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB.

Application Amount paid in cash, by money order or by postal order or by stock invest, or ASBA Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date.

On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Applicants from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Application Amount, as per the Application Form submitted by the respective ASBA Applicants, would be required to be blocked in the respective ASBA Accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

#### **Unblocking of ASBA Account**

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Application, as the case may be.



**Payment mechanism for ASBA Applications**

All investors other than retail individual investors are required to make their application using ASBA process only.

The ASBA applicants shall specify the bank account number in the Application Form and the SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Application or receipt of instructions from the Registrar to the Issue to unblock the Application Amount. In the event of withdrawal or rejection of the Application Form or for unsuccessful -Application Forms, the Registrar to the Issue shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until withdrawal of the Application by the ASBA Applicant, , as the case may be.

In case of Applications by Eligible NRIs applying on repatriation basis, a NRE Account or a FCNR Account, maintained with banks authorized to deal in foreign exchange in India, should be mentioned in the Application Form for blocking of funds, along with documentary evidence in support of the remittance.

In case of Applications by Eligible NRIs applying on a non-repatriation basis, a NRE Account or a FCNR Account maintained with banks authorized to deal in foreign exchange in India or a NRO Account, should be mentioned in the Application Form for blocking of funds, along with documentary evidence in support of the remittance.



## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment is allowed up to 100% under automatic route in our Company.

India's current Foreign Direct Investment ("FDI") Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GOI ("DIPP") by circular 1 of 2014, with effect from April 17, 2014 ("Circular 1 of 2014"), consolidates and subsumes all previous press notes, press releases and clarifications on FDI issued by the DIPP. The Government usually updates the consolidated circular on FDI Policy once every Year and therefore, Circular 1 of 2014 will be valid until the DIPP issues an updated circular.

RBI has also issued Master Circular on Foreign Investment in India dated July 01, 2014 which is valid till June 30, 2015. In terms of the Master Circular, an Indian company may issue fresh shares to persons resident outside India (who are eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.

### **Subscription by foreign investors (NRIs/FPIs)**

FPIs are permitted to subscribe to Equity Shares of an Indian Company in a public offer without the prior approval of the RBI, so long as the price of the Equity Shares to be issued is not less than the price at which the Equity Shares are issued to residents. SEBI registered FPIs have been permitted to purchase shares of an Indian company through offer, subject to total FPI investment being within the individual FPI/sub account investment limit of 10 per cent subject to the total sectoral cap of all FPIs/sub-accounts put together being 24 per cent of the paid-up capital of the Indian company.

The transfer of shares between an Indian resident and a Non-resident does not require prior approval of FIPB or RBI, subject to fulfillment of certain conditions as specified by DIPP / RBI, from time to time. Such conditions include (i) the activities of the investee company are under the automatic route under the foreign direct investment ("FDI") Policy and the non-resident shareholding is within the sectoral limits under the FDI policy; and (ii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI. Investors are advised to refer to the exact text of the relevant statutory provisions of law before investing and / or subsequent purchase or sale transaction in the Equity Shares of Our Company.

### **Representation from the Applicants**

No person shall make an Application in the Issue, unless such person is eligible to acquire Equity Shares of our Company in accordance with applicable laws, rules, regulations, guidelines and approvals.

Investors that make Application under the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters, and their respective directors, officers, agents, affiliates and representatives, as applicable, that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

There is no reservation for Non Residents, NRIs, FPIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, NRIs, FPIs and foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.



As per the existing policy of the Government of India, OCBs also cannot participate in any Public Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S promulgated under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

Our Company, LM and the Issue Management Team are not making any selling efforts in any jurisdiction outside India.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.





**SECTION VIII – MAIN PROVISION OF THE ARTICLE OF ASSOCIATION**

Pursuant to Schedule II of the Companies Act, and the SEBI ICDR Regulations, the Main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and Transmission of equity shares or debentures, their consolidation or splitting are as provided below. Each provision below is numbered as per the corresponding article number in the articles of association and defined terms herein have the meaning given to them in the Articles of Association.

1.	The Authorized Share Capital of the Company shall be such amount and be divided into such shares as may from time to time be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital and divide the shares in the capital of the Company (including Preferential Share Capital, if any) and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions as may be determined in accordance with these presents and to modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be permitted by the said Act.	<b>Share Capital</b>
2.	Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit. Further provided that the option or right to call of shares shall not be given to any person except with the sanction of the Company in general meeting.	
3.	Subject to provisions of Section 54 of the Act read with Companies (Share Capital and Debentures) Rules, 2014, the Company may issue Sweat Equity Shares on such terms and in such manner as the Board may determine.	<b>Issue of Sweat Equity Shares</b>
4.	The Company shall have powers to issue any debentures, debenture-stock or other securities at Par, discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending the General Meetings (but not voting on any business to be conducted), appointment of Directors on Board and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the General Meeting by a Special Resolution.	<b>Issue of Debentures</b>
5.	<p>i. Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within fifteen days (15) of the application for registration of transfer of transmission or within such other period as the conditions of issue shall be provided,—</p> <p style="padding-left: 20px;">a. one certificate for all his shares without payment of any charges; or</p> <p>several certificates, each for one or more of his shares, upon payment of Rupees twenty for each certificate after the first</p> <p>ii. The Company agrees to issue certificate within fifteen days of the date of lodgement of transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies or to issue within fifteen days of such lodgement for transfer, Pucca Transfer Receipts in denominations corresponding to the market units of trading autographically signed by a responsible official of the Company and bearing an endorsement that the transfer has been duly approved by the Directors or that no such approval is necessary;</p> <p>iii. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.</p>	<b>Issue of Share Certificates</b>



	iv. In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.	
6.	If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty Rupees for each certificate.	<b>Issue of Share Certificates</b>
7.	Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.	
8.	The provisions of these Articles relating to issue of Certificates shall mutatis mutandis apply to any other securities including Debentures (except where the Act otherwise requires) of the Company.	
9.	<p>i. The Company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.</p> <p>ii. The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.</p> <p>iii. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.</p>	<b>Power to pay Commission In connection with the Securities issued</b>
10.	<p>i. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.</p> <p>ii. To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.</p>	<b>Variations of Shareholder's rights</b>
11.	The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.	
12.	Subject to the provisions of section 55 and 62, any preference shares may with the sanction of ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the Company before the issue of the shares may, by special resolution, determine.	<b>Issue of Preference Shares</b>
13.	<p>(1) Where at any time Company having Share Capital proposes to increase its subscribed capital by the issue of further Shares, such shares shall be offered:</p> <p>(a) to persons who, at the date of the offer, are holders of equity shares of the company in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the conditions specified in the relevant provisions of Section 62 of the Act.</p>	<b>Further Issue of shares</b>



	<p>(b) to employees under a scheme of employees' stock option, subject to special resolution passed by company and subject to such other conditions as may be prescribed under the relevant rules of Section 62.</p> <p>(c) to any persons, if it is authorized by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed under the relevant rules of Section 62.</p> <p>(2) The notice shall be dispatched through registered post or speed post or through electronic mode to all the existing shareholders at least three days before the opening of the issue.</p> <p>(3) Nothing in this Article shall apply to the increase of the subscribed capital of company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the company to convert such debentures or loans into shares in the company:</p> <p>Provided that the terms of issue of such debentures or loan containing such an option have been approved, before the issue of such debentures or the raising of loan, by a special resolution passed by the company in general meeting.</p>	
<p>14.</p>	<p>i. The Company shall have a first and paramount lien—</p> <ol style="list-style-type: none"> <li>a. on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and</li> <li>b. on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Company;</li> <li>c. Every fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares</li> </ol> <p>Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.</p> <p>ii. The Company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.</p>	<p><b>Lien</b></p>
<p>15.</p>	<p>The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:</p> <p>Provided that no sale shall be made—</p> <ol style="list-style-type: none"> <li>a. unless a sum in respect of which the lien exists is presently payable; or</li> <li>b. until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.</li> </ol>	



<p>16.</p>	<ul style="list-style-type: none"> <li>i. To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.</li> <li>ii. The purchaser shall be registered as the holder of the shares comprised in any such transfer.</li> <li>iii. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.</li> </ul>	
<p>17.</p>	<ul style="list-style-type: none"> <li>i. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.</li> <li>ii. The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.</li> </ul>	
<p>18.</p>	<p>Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to the following and other provisions contained in these Articles:-</p> <ul style="list-style-type: none"> <li>a) The Company shall at its discretion, be entitled to decline to register more than three persons as the joint-holders of any share.</li> <li>b) The joint-holders of any shares shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.</li> <li>c) On the death of any such joint-holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.</li> <li>d) Any one of such joint-holders may give effectual receipts of any dividends or other moneys payable in respect of such share.</li> <li>e) Only the person whose name stands first in the Register of Members as one of the joint-holders of any share shall be entitled to delivery of the certificate, if any, relating to such share or to receive documents from the Company and any documents served on or sent to such person shall be deemed served on all the joint-holders.</li> <li>f) <ul style="list-style-type: none"> <li>(i) Any one of the two or more joint-holders may vote at General Meeting either personally or by attorney or by proxy in respect of such shares as if they were solely entitled hereto and if more than one such joint-holders be present at any meeting personally or by proxy or by attorney then one of such joint holders so present whose name stand first in the Register in respect of such shares shall alone be entitled to vote in respect thereof but the other or others of the joint-holders shall be entitled to vote in preference to a joint-holder present by attorney or by proxy although the name of such joint-holder present by attorney or by proxy stands first in Register in respect of such shares.</li> <li>(ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this Clause be deemed as Joint-Holders.</li> </ul> </li> <li>g) The provisions of these Articles relating to joint-holding of shares shall mutatis mutandis apply to any other securities including Debentures of the company registered in Joint-names.</li> </ul>	<p><b>Joint Holdings</b></p>



19.	<p>i. The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:</p> <p>Provided that no call shall exceed one fourth of the nominal value of the shares or be payable at less than one month from the date fixed for the payment of the last preceding call.</p> <p>ii. Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.</p> <p>iii. A call may be revoked or postponed at the discretion of the Board.</p>	<b>Calls on shares</b>
20.	A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.	
21.	The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.	
22.	<p>i. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.</p> <p>ii. The Board shall be at liberty to waive payment of any such interest wholly or in part.</p>	
23.	<p>i. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.</p> <p>ii. In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture</p> <p>iii. or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.</p>	
24.	<p>The Board—</p> <p>i. may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and</p> <p>ii. upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.</p>	
25.	<p>Any uncalled amount paid in advance shall not in any manner entitle the member so advancing the amount, to any dividend or participation in profit or voting right on such amount remaining to be called, until such amount has been duly called-up.</p> <p>Provided however that any amount paid to the extent called – up, shall be entitled to proportionate dividend and voting right.</p>	
26.	The Board may at its discretion, extend the time fixed for the payment of any call in respect of any one or more members as the Board may deem appropriate in any circumstances.	
27.	The provisions of these Articles relating to call on shares shall mutatis mutandis apply to any other securities including debentures of the company.	



28.	<ul style="list-style-type: none"> <li>i. The shares or other interest of any member in the Company shall be a movable property, transferable in the manner provided by the Articles.</li> <li>ii. Each share in the Company shall be distinguished by its appropriate number.</li> <li>iii. A Certificate under the Common Seal of the Company, specifying any shares held by any member shall be prima facie evidence of the title of the member of such shares.</li> </ul>	
29.	<ul style="list-style-type: none"> <li>i. The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.</li> <li>ii. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.</li> </ul>	
30.	<p>The Board may, subject to the right of appeal conferred by section 58 of Companies Act, 2013 and Section 22A of the Securities Contracts (Regulation) Act, 1956, decline to register, by giving notice of intimation of such refusal to the transferor and transferee within timelines as specified under the Act-</p> <ul style="list-style-type: none"> <li>i. the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or</li> <li>ii. any transfer of shares on which the Company has a lien.</li> <li>iii. Provided however that the Company will not decline to register or acknowledge any transfer of shares on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever.</li> </ul>	
31.	<p>The Board shall decline to recognise any instrument of transfer unless—</p> <ul style="list-style-type: none"> <li>i. the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;</li> <li>ii. the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and the instrument of transfer is in respect of only one class of shares.</li> </ul> <p>Provided that, transfer of shares in whatever lot shall not be refused.</p> <ul style="list-style-type: none"> <li>iii. The Company agrees that when proper documents are lodged for transfer and there are no material defects in the documents except minor difference in signature of the transferor(s),</li> <li>iv. Then the Company will promptly send to the first transferor an intimation of the aforesaid defect in the documents, and inform the transferor that objection, if any, of the transferor supported by valid proof, is not lodged with the Company within fifteen days of receipt of the Company’s letter , then the securities will be transferred;</li> <li>v. If the objection from the transferor with supporting documents is not received within the stipulated period, the Company shall transfer the securities provided the Company does not suspect fraud or forgery in the matter.</li> </ul>	<b>Transfer of shares</b>
32.	<p>The Company agrees that in respect of transfer of shares where the Company has not effected transfer of shares within 1 month or where the Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 1 month, the Company shall compensate the aggrieved party for the opportunity losses caused during the period of the delay.</p>	
33.	<p>On giving not less than seven days’ previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine.</p>	



	Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.	
34.	The provisions of these Articles relating to transfer of Shares shall mutatis mutandis apply to any other securities including debentures of the company.	
35.	The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any shares.	<b>Register of Transfers</b>
36.	<p>i. The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Article of these Articles.</p> <p>a. The Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depository Act, 1996.</p> <p>b. Option for Investors:</p> <p>Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates for the Securities.</p> <p>If a person opts to hold its Security with a Depository, the Company shall intimate such depository the details of allotment of the Security</p> <p>c. Securities in Depository to be in fungible form:-</p> <ul style="list-style-type: none"> <li>• All Securities of the Company held by the Depository shall be dematerialised and be in fungible form.</li> <li>• Nothing contained in Sections 88, 89, 112 &amp; 186 of the Companies Act, 2013 shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.</li> </ul> <p>d. Rights of Depositories &amp; Beneficial Owners:-</p> <p>Notwithstanding anything to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.</p> <p>e. Save as otherwise provided in (d) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.</p> <p>f. Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a depository.</p> <p>ii. Notwithstanding anything contained in the Act to the contrary, where Securities of the Company are held in a depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.</p> <p>iii. Nothing contained in Section 56 of the Companies Act, 2013 shall apply to a</p>	<b>Dematerialisation of Securities</b>



	<p>transfer of Securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.</p> <p>iv. Notwithstanding anything contained in the Act, where Securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.</p> <p>v. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.</p> <p>vi. The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Section 88 and other applicable provisions of the Companies Act 2013 and the Depositories Act, 1996 with the details of Shares held in physical and dematerialised forms in any media as may be permitted by law including in any form of electronic media.</p> <p>vii. The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or Country.</p>	
37.	<p>i. On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares.</p> <p>ii. Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.</p>	
38.	<p>i. Any person becoming entitled to a share, in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—</p> <p style="padding-left: 40px;">a. to be registered himself as holder of the share; or</p> <p style="padding-left: 40px;">b. to make such transfer of the share as the deceased or insolvent member could have made.</p> <p>ii. The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.</p>	<p><b>Transmission of shares</b></p>
39.	<p>i. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.</p> <p>ii. If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.</p> <p>iii. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.</p>	
40.	<p>A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:</p>	





	<p>Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.</p>	
41.	<p>The provisions of these Articles relating to transmission of shares shall mutatis mutandis apply to any other securities including debentures of the Company.</p> <p>No fee shall be charged for requisition of transfer, transmission, probate, succession certificate and letter of admiration, Certificate of Death or marriage, power of attorney or similar other documents.</p>	
42.	<p>If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.</p>	<p><b>Forfeiture of shares</b></p>
43.	<p>The notice aforesaid shall—</p> <ol style="list-style-type: none"> <li>i. name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and</li> <li>ii. state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.</li> </ol>	
44.	<p>If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.</p>	
45.	<ol style="list-style-type: none"> <li>i. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.</li> <li>ii. At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.</li> </ol>	
46.	<ol style="list-style-type: none"> <li>i. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.</li> <li>ii. The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.</li> </ol>	
47.	<ol style="list-style-type: none"> <li>i. A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;</li> <li>ii. The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute transfer of the shares in favour of the person to whom the share is sold or disposed off;</li> <li>iii. The transferee shall thereupon be registered as the holder of the share; and</li> <li>iv. The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.</li> </ol>	
48.	<p>The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share</p>	
49.	<p>Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the shares sold and cause the purchaser's name to be entered in the register of members in respect of the shares sold and after his name has been entered in the register of members in respect of such shares the validity of the sale shall not be impeached by any person.</p>	



50.	Upon any sale, re-allotment or other disposal under the provisions of the preceding articles, the certificate(s), if any, originally issued in respect of the relative shares shall (unless the same shall on demand by the company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto.	
51.	The Board may, subject to the provision of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as they think fit.	
52.	The Provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.	
53.	The provisions of these articles relating to forfeiture of shares shall mutatis mutandis apply to any other securities including debentures of the Company.	
54.	Neither a judgment in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction there under nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from proceeding to enforce forfeiture of such shares as hereinafter provided.	<b>Initial payment not to preclude forfeiture</b>
55.	The Company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.	
56.	Subject to the provisions of section 61, the Company may, by ordinary resolution,— i. consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; ii. convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; iii. sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum; iv. Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.	<b>Alteration of capital</b>
57.	Where shares are converted into stock,— i. the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit: Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.  ii. the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.  iii. Such of the articles of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.	<b>Conversion of Shares into Stock</b>



58.	<p>The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—</p> <ul style="list-style-type: none"> <li>i. its share capital;</li> <li>ii. any capital redemption reserve account; or</li> <li>iii. Any share premium account.</li> </ul>	<b>Reduction of Capital</b>
59.	<p>The Company may issue share warrants subject to, and in accordance with, the provisions of the Act, and accordingly the Board may in its discretion, with respect to any share which is fully paid-up, on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) of the share and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue of a share warrant.</p> <p>The bearer of a share warrant may at any time, deposit the warrant in the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending and voting and exercising the other privileges of a member at any meeting held after the expiry of two days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares including in the deposited warrants.</p> <p>Not more than one person shall be recognized as depositor of the share warrant.</p> <p>The Company shall, on two days written notice, return the deposited share warrants to the depositor.</p> <p>Subject herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a member of the Company or attend or vote or exercise any other privilege of a member at a meeting of the Company, or be entitled to receive any notice from the Company.</p> <p>The bearer of share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the register of members as the holders of shares included in the warrant, and he shall be a member of the Company.</p> <p>The Board may from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant of coupon may be issued by way of renewal in case of defacement, loss or destruction.</p>	<b>Share Warrants</b>
60.	<ul style="list-style-type: none"> <li>i. The Company in general meeting may, upon the recommendation of the Board, resolve— <ul style="list-style-type: none"> <li>a. that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company’s reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and</li> <li>b. that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.</li> </ul> </li> <li>ii. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards— <ul style="list-style-type: none"> <li>a. paying up any amounts for the time being unpaid on any shares held by such members respectively;</li> <li>b. paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up bonus shares, to and amongst such members in the proportions aforesaid;</li> <li>c. partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b);</li> </ul> </li> </ul>	<b>Capitalisation of profits</b>



	<p>d. A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;</p> <p>e. The Board shall give effect to the resolution passed by the Company in pursuance of this -regulation.</p>	
61.	<p>i. Whenever such a resolution as aforesaid shall have been passed, the Board shall—</p> <p>a. make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and</p> <p>b. generally to do all acts and things required to give effect thereto.</p> <p>ii. The Board shall have power—</p> <p>a. to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable infractions; and</p> <p>b. to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;</p> <p>iii. Any agreement made under such authority shall be effective and binding on such members.</p>	
62.	Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.	<b>Buy-back of shares</b>
63.	All General Meetings other than annual general meeting shall be called extra-ordinary general meetings.	
64.	<p>i. The Board may, whenever it thinks fit, call an extraordinary general meeting.</p> <p>ii. If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the Company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.</p>	<b>General Meeting</b>
65.	<p>i. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.</p> <p>ii.</p> <p>i. Unless the number of members as on date of meeting are not more than one thousand, five members personally present shall be the quorum for a general meeting of the Company.</p> <p>ii. In any other case, the quorum shall be decided as under:</p> <p>a) fifteen members personally present if the number of members as on the date of meeting is more than one thousand but up to five thousand;</p> <p>b) thirty members personally present if the number of members as on the date of the meeting exceeds five thousand;</p>	<b>Proceedings at general meetings</b>
66.	The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the Company.	
67.	If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.	



68.	If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.	
69.	The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.	
70.	A declaration by the Chairman in pursuance of Section 107 of the Companies Act, 2013 that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.	
71.	<p>i. Before or on the declaration of the result of the voting on any resolution of a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than five Lac rupees has been paid up.</p> <p>ii. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.</p>	<b>Demand for poll</b>
72.	<p>i. A poll demanded on a question of adjournment shall be taken forthwith.</p> <p>ii. A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 104 of the Act) shall be taken at such time not being later than 48 (forty eight) hours from the time when the demand was made, as the Chairman may direct.</p>	<b>Time of taking poll</b>
73.	<p>i. The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.</p> <p>ii. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.</p> <p>iii. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.</p> <p>iv. Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.</p>	<b>Adjournment of meeting</b>
74.	<p>Subject to any rights or restrictions for the time being attached to any class or classes of shares,—</p> <p>i. on a show of hands, every member present in person shall have one vote; and</p> <p>ii. on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company.</p>	
75.	A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.	
76.	<p>i. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.</p> <p>ii. For this purpose, seniority shall be determined by the order in which the names stand in the register of members.</p>	<b>Voting rights</b>
77.	A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.	
78.	Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the	



	case may be at which he proposes to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.	
79.	Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.	
80.	No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.	
81.	<p>i. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.</p> <p>ii. Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive</p>	
82.	No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.	
83.	In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the polls is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.	<b>Casting Vote</b>
84.	A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 113 of the Companies Act, 2013 authorise such person by a resolution of its Board of Directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company.	<b>Representation of Body Corporate</b>
85.	The Company shall comply with provisions of Section 111 of the Companies Act, 2013, relating to circulation of member's resolution.	<b>Circulation of member's resolution</b>
86.	The Company shall comply with provisions of Section 115 of the Act relating to resolution requiring special notice.	<b>Resolution requiring special notice</b>
87.	The provisions of Section 116 of Companies Act, 2013 shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date	<b>Resolutions passed at adjourned meeting</b>
88.	The Company shall comply with the provisions of Section 117 and 179 of the Companies Act, 2013 relating to registration of certain resolutions and agreements.	<b>Registration of resolutions and agreements</b>
89.	<p>i. The Company shall cause minutes of all proceedings of general meetings, and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for the purpose with their pages consecutively numbered.</p> <p>ii. Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed :</p> <p>A. In the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.</p> <p>B. In the case of minutes of proceedings of the general meeting by Chairman of the said meeting within the aforesaid period, of thirty</p>	<b>Minutes of proceedings of general meeting and of Board and other meetings</b>



	<p>days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.</p> <p>C. In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.</p> <p>D. The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.</p> <p>E. All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.</p> <p>F. In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:</p> <p style="padding-left: 40px;">a. the names of the Directors present at the meetings, and</p> <p style="padding-left: 40px;">b. in the case of each resolution passed at the meeting, the names of the Directors, if any dissenting from or not concurring in the resolution.</p> <p>iii. Nothing contained in Clauses (a) to (d) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:</p> <p style="padding-left: 40px;">a. is or could reasonably be regarded, as defamatory of any person</p> <p style="padding-left: 40px;">b. is irrelevant or immaterial to the proceedings; or</p> <p style="padding-left: 40px;">c. is detrimental to the interests of the Company.</p> <p>iv. The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this clause.</p>	
90.	The minutes of meetings kept in accordance with the provisions of Section 118 of the Companies Act, 2013 shall be evidence of the proceedings recorded therein.	<b>Minutes to be considered to be evidence</b>
91.	No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 118 of the Act to be contained in the Minutes of the proceedings of such meeting.	<b>Publication of reports of proceeding of general meetings</b>
92.	The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.	<b>Proxy</b>
93.	An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.	
94.	<p>A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:</p> <p>Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.</p>	
95.	<p>The first directors of the Company shall be:</p> <ol style="list-style-type: none"> <li>1. Jyotsanaben Rameshchandra Patel</li> <li>2. Rameshchandra Nathalal Patel</li> <li>3. Alkesh Rameshchandra Patel</li> </ol>	<b>Board of Directors</b>



96.	The Directors need not hold any “Qualification Share(s)”.	
97.	<p>Appointment of Senior Executive as a Whole Time Director Subject to the provisions of the Act and within the overall limit prescribed under these Articles for the number of Directors on the Board, the Board may appoint any persons as a Whole Time Director of the Company for such a period and upon such terms and conditions as the Board may decide. The Senior Executive so appointed shall be governed by the following provisions:</p> <p>He shall be liable to retire by rotation as provided in the Act but shall be eligible for re-appointment. His re-appointment as a Director shall not constitute a break in his appointment as Whole Time Director. He shall be reckoned as Director for the purpose of determining and fixing the number of Directors to retire by rotation. He shall cease to be a Director of the Company on the happening of any event specified in Section 164 of the Act. Subject to what is stated herein above, he shall carry out and perform all such duties and responsibilities as may, from time to time, be conferred upon or entrusted to him by Managing Director(s) and / or the Board, shall exercise such powers and authorities subject to such restrictions and conditions and / or stipulations as the Managing Director(s) and /or the Board may, from time to time determine.</p> <p>Nothing contained in this Article shall be deemed to restrict or prevent the right of the Board to revoke, withdraw, alter, vary or modify all or any such powers, authorities, duties and responsibilities conferred upon or vested in or entrusted to such whole time directors.</p>	
98.	<ul style="list-style-type: none"> <li>i. The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.</li> <li>ii. In addition to the remuneration payable to them in pursuance of the Act, the directors -may be paid all travelling, hotel and other expenses properly incurred by them— <ul style="list-style-type: none"> <li>a. in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or</li> <li>b. in connection with the business of the company</li> </ul> </li> </ul>	
99.	The Board may pay all expenses incurred in getting up and registering the company.	
100.	The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.	
101.	All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.	
102.	Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.	
103.	<ul style="list-style-type: none"> <li>i. Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.</li> <li>ii. Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.</li> </ul>	
104.	Not less than two-thirds of the total number of Directors of the Company, excluding the Independent directors if any appointed by the Board, shall be persons whose period of office is liable to determination by retirement of Directors by rotation and save as otherwise expressly provided in the Act and these Articles be appointed by the Company in General Meeting.	<b>Retirement and Rotation of Directors</b>





105.	The remaining Directors shall be appointed in accordance with the provisions of the Act.	
106.	At the Annual General Meeting in each year one-third of the Directors for the time being as are liable to retire by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office.	
107.	Subject to the provisions of the Act and these Articles the Directors to retire by rotation under the foregoing Article at every Annual General Meeting shall be those who have been longest in the office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot. Subject to the provision of the Act, a retiring Director shall retain office until the dissolution of the meeting at which his reappointment is decided or successor is appointed.	
108.	Subject to the provisions of the Act and these Articles, the retiring Director shall be eligible for reappointment.	
109.	Subject to the provision of the Act and these Articles, the Company, at the Annual General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing the retiring Director or some other person thereto.	
110.	Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any of the Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the Company or Body (hereinafter in this Article referred to as "the Corporation") continue to hold debentures or shares in the Company as a result of underwriting or by direct subscription or private placement, or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors wholetime or non-wholetime (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their places.	<b>Nominee Director</b>
111.	The terms and conditions of appointment of a Nominee Director/s shall be governed by the agreement that may be entered into or agreed with mutual consent with such Corporation. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors.	
112.	The Nominee Directors so appointed shall hold the said office only so long as any money only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Shares or Debentures in the Company as a result of direct subscription or private placement or the liability of the Company arising out of any Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately, if the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any Guarantee furnished by the Corporation.	
113.	The Nominee Directors appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and/or the Meetings of the Committee of which the Nominee Director/s is/are members as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes. The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Directors shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by such Nominee	



	<p>Directors in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Directors.</p> <p>Provided that if any such Nominee Directors is an Officer of the Corporation / IDBI, the sitting fees in relation to such Nominee Directors shall also accrue to the Corporation/ IDBI as the case may be and the same shall accordingly be paid by the Company directly to the Corporation.</p>	
114.	<p>Provided also that in the event of the Nominee Directors being appointed as Wholetime Directors such Nominee Directors shall exercise such powers and duties as may be approved by the Lenders. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Lenders.</p>	
115.	<p>The Company may (subject to the provisions of Act and other applicable provisions and these Articles) remove any Director before the expiry of his period of office after giving him a reasonable opportunity of being heard.</p>	<p><b>Removal of Directors</b></p>
116.	<p>Special notice as provided in the Act shall be given of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.</p>	
117.	<p>On receipt of the notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.</p>	
118.	<p>Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company and requests its notification to members of the Company, the Company shall, if the time permits it to do so-,</p> <ul style="list-style-type: none"> <li>(a) in any notice of the resolution given to members of the Company state the fact of the representations having been made, and</li> <li>(b) send a copy of the representations to every member of the Company to whom the notice of the meeting is sent ( whether before or after the receipt of representation by the Company) and if a copy of the representation is not sent as aforesaid due to insufficient time or for the company's default, the director may without prejudice to his right to be heard orally require that the representation shall be read out at the meeting: <p>Provided that copy of the representation need not be sent out and the representation need not be read out at the meeting if, on the application either of the company or of any other person who claims to be aggrieved, the Tribunal is satisfied that the rights conferred by this sub-section are being abused to secure needless publicity for defamatory matter; and the Tribunal may order the company's costs on the application to be paid in whole or in part by the director notwithstanding that he is not a party to it.</p> </li></ul>	
119.	<p>A vacancy created by the removal of a director under this article, if he had been appointed by the company in general meeting or by the Board, be filled by the appointment of another director in his place at the meeting at which he is removed, provided special notice of the intended appointment has been given as prescribed in the Act.</p>	
120.	<p>A director so appointed shall hold office till the date up to which his predecessor would have held office if he had not been removed.</p>	
121.	<p>If the vacancy is not filled under clause (5) above , it may be filled as a casual vacancy in accordance with the provisions of this Act:</p> <p>Provided that the director who was removed from office shall not be reappointed as a director by the Board of Directors.</p>	
122.	<p>Nothing in this section shall be taken-</p> <ul style="list-style-type: none"> <li>a) as depriving a person removed under this section of any compensation or damages payable to him in respect of the termination of his appointment as director as per the terms of contract or terms of his appointment as director, or of</li> </ul>	



	<p>any other appointment terminating with that as director; or</p> <p>b) as derogating from any power to remove a director under other provisions of this Act.</p>	
123.	<p>Subject to provisions of the Act, the Directors including Managing or whole time Directors shall be entitled to and shall be paid such remuneration as may be fixed by the Board of Directors from time to time in recognition of the services rendered by them for the company.</p> <p>In addition to the remuneration payable to the Directors as above, they may be paid all travelling, hotel and other expenses incurred by them.</p> <p>a. In attending and returning from meetings of the Board of Directors and committee thereof, all General Meetings of the company and any of their adjourned sittings, or</p> <p>b. In connection with the business of the Company.</p>	<p><b>Remuneration and sitting fees to Directors including Managing and whole time Directors</b></p>
124.	<p>Each Director shall be entitled to be paid out of the funds of the Company by way of sitting fees for his services not exceeding the sum of Rs. 1,00,000/- (Rupees One Lac) as may be fixed by Directors from time to time for every meeting of the Board of Directors and/ or committee thereof attended by him in addition to any remuneration paid to them. If any Director being willing is appointed to an executive office either whole time or part time or be called upon to perform extra services or to make any special exertions for the purpose of the Company then subject to Section 196, 197 &amp; 198, read with Schedule V of the Act, the Board may remunerate such Directors either by a fixed sum or by a percentage of profit or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled to.</p>	
125.	<p>i. Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board.</p> <p>a. The power to make calls on shareholders in respect of money unpaid on their shares;</p> <p>b. The Power to authorize buy-back of securities under Section 68 of the Act.</p> <p>c. Power to issue securities, including debenture, whether in or outside India</p> <p>d. The power to borrow moneys</p> <p>e. The power to invest the funds of the Company,</p> <p>f. Power to Grant loans or give guarantee or provide security in respect of loans</p> <p>g. Power to approve financial statements and the Board's Report</p> <p>h. Power to diversify the business of the Company</p> <p>i. Power to approve amalgamation, merger or reconstruction</p> <p>j. Power to take over a Company or acquire a controlling or substantial stake in another Company</p> <p>k. Powers to make political contributions;</p> <p>l. Powers to appoint or remove key managerial personnel (KMP);</p> <p>m. Powers to take note of appointment(s) or removal(s) of one level below the Key Management Personnel;</p> <p>n. Powers to appoint internal auditors and secretarial auditor;</p> <p>o. Powers to take note of the disclosure of director's interest and shareholding;</p> <p>p. Powers to buy, sell investments held by the Company (other than trade investments), constituting five percent or more of the paid up share capital and free reserves of the investee Company;</p> <p>q. Powers to invite or accept or renew public deposits and related matters;</p> <p>r. Powers to review or change the terms and conditions of public deposit;</p> <p>s. Powers to approve quarterly, half yearly and annual financial statements or financial results as the case may be.</p>	<p><b>Powers and duties of Directors:</b></p> <p><b>Certain powers to be exercised by the Board only at meeting.</b></p>



	<p>Provided that the Board may by resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in sub-clauses (d), (e) and (f) to the extent specified in clauses (ii), (iii) and (iv) respectively on such condition as the Board may prescribe.</p> <p>ii. Every resolution delegating the power referred to in sub-clause (d) of clause (i) shall specify the total amount outstanding at any one time up to which moneys may be borrowed by the delegate.</p> <p>iii. Every resolution delegating the power referred to in sub-clause (e) of clause (i) shall specify the total amount up to which the funds of the Company may be invested and the nature of the investments which may be made by the delegate.</p> <p>iv. Every resolution delegating the power referred to in sub-clause (f) of clause (i) shall specify the total amount up to which loans may be made by the delegates, the purposes for which the loans may be made and the maximum amount up to which loans may be made for each such purpose in individual cases.</p> <p>v. Nothing in this Article shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in this Article.</p>	
<p>126.</p>	<p>i. The Board of Directors of the Company shall not except with the consent of the Company in general meeting :</p> <ul style="list-style-type: none"> <li>a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking;</li> <li>b) remit, or give time for the repayment of any debt, due by a Director;</li> <li>c) invest, otherwise than in trust securities, the amount of compensation received by it as a result of any merger or amalgamation;</li> <li>d) borrow moneys, where the money to be borrowed, together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; or</li> <li>e) contribute to <i>bona fide</i> charitable and other funds, aggregate of which ill in any financial year, exceed five percent of its average net profits during the three financial years, immediately proceedings.</li> </ul> <p>ii. Nothing contained in sub-clause (a) above shall affect:</p> <ul style="list-style-type: none"> <li>a) the title of a buyer or other person who buys or takes a lease of any such undertaking as is referred to in that sub-clause in good faith and after exercising due care and caution, or</li> <li>b) the selling or leasing of any property of the Company where the ordinary business of the Company consists of, or comprises such selling or leasing.</li> </ul> <p>iii. Any resolution passed by the Company permitting any transaction such as is referred to in sub-clause (i) (a) above, may attach such conditions to the permission as may be specified in the resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from the</p>	<p><b>Restriction on powers of Board</b></p>



	<p>transaction. Provided that this clause shall not be deemed to authorise the Company to effect any reduction in its capital except in accordance with the provisions contained in that behalf in the Act.</p> <p>iv. No debt incurred by the Company in excess of the limit imposed by sub-clause (d) of clause (i) above, shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded.</p>	
127.	Due regard and compliance shall be observed in regard to matters dealt with by or in the Explanation contained in Section 180 of the Companies Act, 2013 and in regard to the limitations on the power of the Company contained in Section 182 of the Companies Act, 2013.	
128.	Subject to the provisions of the Act, the management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is by the Memorandum of Association or otherwise authorised to exercise and do and not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and other Act and of the Memorandum of Association and these Articles and to any regulations, not being inconsistent with the Memorandum of Association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.	<b>General powers of the Company vested in Directors</b>
129.	<p>Without prejudice to the general powers conferred by Article above and the other powers conferred by these presents and so as not in any way to limit any or all of those powers and subject to the provisions of the Act and these Articles, it is hereby expressly declared that the Directors shall have the following powers:</p> <p>i. to pay and charge to the capital account of the Company and interest lawfully payable thereon under the provisions of Sections 76 corresponding to Section 40 of the Companies Act, 2013;</p> <p>ii. to purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property effects, assets, rights, credits, royalties, bounties and goodwill of any person, firm or Company carrying on the business which this Company is authorised to carry on, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or acquisition to accept such title as the Board may believe or may be advised to be reasonable satisfactory;</p> <p>iii. to purchase, or take on lease for any term or terms of years, or otherwise acquire any mills or factories or any land or lands, with or without buildings and outhouses thereon, situate in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit; and in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;</p> <p>iv. to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, debenture stock or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture stock or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;</p> <p>v. To erect, construct, enlarge, improve, alter, maintain, pull down rebuilt or</p>	<b>Specific powers given to Directors</b>



	<p>reconstruct any buildings, factories, offices, workshops or other structures, necessary or convenient for the purposes of the Company and to acquire lands for the purposes of the Company;</p> <p>vi. To let, mortgage, charge, sell or otherwise dispose of subject to the provisions of Section 180 of the Companies Act, 2013 any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same in cash or otherwise, as they may think fit;</p> <p>vii. To insure and keep insured against loss or damage by fire or otherwise, for such period and to such extent as they may think proper, all or any part of the building, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power;</p> <p>viii. Subject to Section 179 of the Companies Act, 2013 to open accounts with any bank or bankers or with any Company, firm, or individual and to pay money into and draw money from any account from time to time as the Directors may think fit;</p> <p>ix. To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the properties of the Company and its unpaid capital for the time being or in such other manner as they may think fit;</p> <p>x. To attach to any shares to be issued as the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions, subject to the provisions of the Act, as to the transfer thereof as they may think fit;</p> <p>xi. To accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof subject to the provisions of the Act;</p> <p>xii. To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trusts and to provide for the remuneration of such trustee or trustees;</p> <p>xiii. To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officers or otherwise concerning the affairs of the Company and also subject to the provisions of Section 180 of the Companies Act, 2013 to compound and allow time for payment or satisfaction of any debts due, or of any claims or demands by or against the Company;</p> <p>xiv. Subject to the provisions of Sections 180 of the Companies Act, 2013 to invest and deal with any of the moneys of the Company, not immediately required for the purpose thereof, upon such Shares, securities or investments (not being Shares in this Company) and in such manner as they may think fit, and from time to time to vary or realize such investments.</p>	
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	<p>xv. Subject to such sanction as may be necessary under the Act or these Articles, to give any Director, Officer, or other person employed by the Company, an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the general profits of the Company, and such interest, commission or share of profits shall be treated as part of the working expenses of the Company.</p> <p>xvi. To provide for the welfare of employees or ex-employees of the Company and their wives, widows, families, dependants or connections of such persons by building or contributing to the building of houses, dwelling, or chawls or by grants of money, pensions, allowances, gratuities, bonus or payments by creating and from time to time subscribing or contributing to provident and other funds, institutions, or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the Directors shall think fit;</p> <p>xvii. To establish and maintain or procure the establishment and maintenance of any contributory or non contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments, to any persons who are or were at any time in the employment or services of the Company, or of any Company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary Company, or who are or were at anytime Directors or officers of the Company or of any such other Company as aforesaid, and the wives, widows, families and dependants of any such persons and, also to establish and subsidize and subscribe to any institution, association, clubs or funds collected to be for the benefit of or to advance the interests and well being of the Company or of any such other Company as aforesaid, and make payments to or towards the insurance of any such person as aforesaid and do any of the matters aforesaid, either alone or in conjunction with any such other Company as aforesaid;</p> <p>xviii. To decide and allocate the expenditure on capital and revenue account either for the year or period or spread over the years.</p> <p>xix. To appoint and at their discretion to remove or suspend such Managers, Secretaries, Officers, Clerks, Agents and servants for permanent, temporary or special service as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments and require security in such instances and to such amounts as they may think fit, and from time to time to provide for the management and transactions of the affairs of the Company in any special locality in India in such manner as they may think fit. The provisions contained in the clause following shall be without prejudice to the general powers conferred by this clause.</p> <p>xx. At any time and from time to time by power of attorney to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors may think fit) be made in favour of any Company or the members, directors, nominees or managers of any Company or firm or otherwise in favour of any fluctuating body or person whether nominated, directly or indirectly by the Directors and such power of attorney may contain any such powers for the protection or convenience of persons</p>	
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	<p>dealing with such Attorneys as the Directors may think fit; and may contain powers enabling any such delegates or Attorneys as aforesaid to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.</p> <p>xxi. To enter into all such negotiations, contracts and rescind and/or vary all such contracts and to execute and do all such acts, deeds, and things in the name of on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company;</p>	
130.	<p>a) Subject to the provisions of the Act and of these Articles the Board shall have power to appoint from time to time one or more Directors as Managing Director or Managing Directors and/or Whole-time Directors of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director(s)/Whole-time Director(s), such of the power hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such condition and subject to such restriction as it may determine, the remuneration of such Directors may be by way of monthly remuneration and/or fee for each meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.</p> <p>b) Subject to the approval of shareholders in their meeting, the managing director of the Company may be appointed and continue to hold the office of the chairman and managing director or Chief Executive officer of the Company at the same time.</p> <p>c) Subject to the provisions of Sections 197 &amp; 198 of the Act, the appointment and payment of remuneration to the above Director shall be subject to approval of the members in general meeting and of the Central Government.</p>	<p><b>MANAGING DIRECTORS</b></p> <p><b>Power to appoint Managing or Whole-time Directors</b></p>
131.	<p>a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.</p> <p>b) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.</p>	<p><b>Proceedings of the Board</b></p>
132.	The quorum for meetings of Board/Committees shall be as provided in the Act or under the rules.	
133.	<p>a) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.</p> <p>b) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.</p>	
134.	The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.	
135.	The participation of directors in a meeting of the Board/ Committees may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.	
136.	<p>a) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.</p> <p>b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.</p>	





137.	<p>a) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.</p> <p>b) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.</p>	<b>Delegation of Powers of Board to Committee</b>
138.	<p>a) A committee may elect a Chairperson of its meetings.</p> <p>b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.</p>	
139.	<p>a) A committee may meet and adjourn as it thinks fit.</p> <p>b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.</p>	
140.	All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.	
141.	Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held	
142.	<p>Subject to the provisions of the Act,—</p> <p>a) A chief executive officer, manager, Company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, Company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;</p> <p>b) A director may be appointed as chief executive officer, manager, Company secretary or chief financial officer.</p>	<b>Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer</b>
143.	A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officers, manager, Company Secretary or chief Financial Officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of , chief executive officer, manager, company secretary or chief Financial Officer .	
144.	<p>a) The Board shall provide for the safe custody of the seal.</p> <p>b) The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.</p>	<b>The Seal</b>
145.	The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.	<b>Dividends and Reserve</b>
146.	Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.	
147.	<p>a) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time</p>	



	<p>to time, thinks fit.</p> <p>b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.</p>	
148.	<p>a) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.</p> <p>b) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.</p> <p>c) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.</p>	
149.	<p>The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.</p>	
150.	<p>a) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.</p> <p>b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.</p>	
151.	<p>Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.</p>	
152.	<p>Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.</p>	
153.	<p>No dividend shall bear interest against the Company.</p> <p>Provided however that no amount outstanding as unclaimed dividends shall be forfeited unless the claim becomes barred by law and that such forfeiture, when effected, will be annulled in appropriate cases;</p>	
154.	<p>Where a dividend has been declared by a company but has not been paid or claimed within thirty days from the date of the declaration, the company shall, within seven days from the date of expiry of the thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the company in that behalf in any scheduled bank to be called the Unpaid Dividend Account as per provisions of section 124 and any other pertinent provisions in rules made thereof.</p> <p>The company shall transfer any money transferred to the unpaid dividend account of a company that remains unpaid or unclaimed for a period of seven years from the date of such transfer, to the Fund known as Investor Education and Protection Fund established under section 125 of the Act.</p>	
155.	<p>The Board may retain dividends payable upon shares in respect of which any person is, under the Transmission Clause hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares.</p>	
156.	<p>Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made.</p>	



157.	<p>a) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being directors.</p> <p>b) No member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.</p>	<b>Accounts</b>
158.	<p>Minutes Books of General Meetings</p> <p>a) The books containing the minutes of the proceedings of any general meeting of the Company shall;</p> <ol style="list-style-type: none"> <li>i. be kept at the registered office of the Company, and</li> <li>ii. be open, during the business hours to the inspection of any member without charge subject such reasonable restrictions as the Company may, in general meeting impose so however that not less than two hours in each day are allowed for inspection.</li> </ol> <p>Provided however that any person willing to inspect the minutes books of General Meetings shall intimate to the Company his willingness atleast 15 days in advance.</p> <p>b) Any member shall be entitled to be furnished, within seven days after he has made a request in that behalf of the Company, with a copy of any minutes referred to in Clause (a) above, on payment of Rs. 10/- (Ten Rupees only) for each page or part thereof.</p>	<b>Inspection of Statutory Documents of the Company</b>
159..	<p>a) The Company shall keep at its registered office a Register of charges and enter therein all charges and floating charges specifically affecting any property or assets of the Company or any of its undertakings giving in each case the details as prescribed under the provisions of the Act.</p> <p>b) The register of charges and instrument of charges, as per clause (i) above, shall be open for inspection during business hours—</p> <ol style="list-style-type: none"> <li>a. by any member or creditor without any payment of fees; or</li> <li>b. by any other person on payment of such fees as may be prescribed,</li> </ol> <p>Provided however, that any person willing to inspect the register of charges shall intimate to the Company at least 15 days in advance, expressing his willingness to inspect the register of charges, on the desired date.</p>	<b>Register of charges</b>
160.	<p>a) The first Auditor of the Company shall be appointed by the Board of Directors within 30 days from the date of registration of the Company and the Auditors so appointed shall hold office until the conclusion of the first Annual General Meeting.</p> <p>b) Appointment of Auditors shall be governed by provisions of Companies Act 2013 and rules made there under.</p> <p>c) The remuneration of the Auditor shall be fixed by the Company in the Annual General Meeting or in such manner as the Company in the Annual General Meeting may determine. In case of an Auditor appointed by the Board his remuneration shall be fixed by the Board.</p> <p>d) The Board of Director may fill any casual vacancy in the office of the auditor and where any such vacancy continues, the remaining auditor, if any may act, but where such vacancy is caused by the resignation of the auditors and vacancy shall be filled up by the Company in General Meeting.</p>	<b>Audit</b>
161.	<p>Subject to the provisions of Chapter XX of the Act and rules made there under—</p> <ol style="list-style-type: none"> <li>i. If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.</li> <li>ii. For the purpose aforesaid, the liquidator may set such value as he deems fair upon</li> </ol>	<b>Winding up</b>



	<p>any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.</p> <p>iii. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or others securities whereon there is any liability.</p>	
162.	<p>Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal Subject to the provisions of Chapter XX of the Act and rules made there under—</p>	<b>Indemnity</b>
163.	<p>Every Director, Manager, Secretary, Trustee, Member or Debenture holder, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in or about the business of the company shall, if so required by the Board before entering upon their duties sign a declaration pledging themselves to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters which may come to their knowledge in the discharge of their duties except when required to do so by the Board or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents.</p>	<b>Secrecy</b>



**SECTION IX – OTHER INFORMATION**

**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of the Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of the Prospectus, delivered to the Registrar of Companies Ahmedabad, Gujarat or registration and also the documents for inspection referred to hereunder, may be inspected at the Registered office of the Company from 11.00 a.m. to 5.00 p.m. on working days from the date of the Prospectus until the Issue Closing Date.

**Material Contracts**

1. Memorandum of Understanding dated June 12, 2015 between our Company and Hem Securities Limited as Lead Manager (LM) to the Issue.
2. Memorandum of Understanding dated May 11, 2015 executed between our Company and the Registrar to the Issue (Sharex Dynamic (India) Private Limited)
3. Escrow Agreement dated June 25, 2015 among our Company, the LM, Escrow Collection Bank(s), Refund Bank(s) and the Registrar to the Issue.
4. Market Making Agreement dated June 12, 2015 between our Company, the LM and Market Maker.
5. Underwriting Agreement dated June 12, 2015 between our Company, the LM and Underwriter.
6. Tripartite Agreement dated May 20, 2015 among CDSL, the Company and the Registrar to the Issue.
7. Tripartite Agreement dated June 12, 2015 among NDSL, the Company and the Registrar to the Issue.

**Material Documents**

1. Certificate of Incorporation dated April 20, 2007 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Fresh Certificate of Incorporation dated May 12, 2015 issued by the Registrar of Companies, Ahmedabad, Gujarat consequent upon Conversion of the Company to Public Company.
2. Certified copies of the Memorandum and Articles of Association of the Company as amended.
3. Copy of the Board Resolution dated May 15, 2015 authorizing the Issue and other related matters.
4. Copy of the Shareholders' Resolutions dated May 19, 2015 authorizing the Issue and other related matters.
5. Copies of Audited Financial Statements of our Company for the years ended March 31, 2015, 2014, 2013, 2012 & 2011.
6. Peer Review Auditors Report dated June 01, 2015 on Restated Financial Statements of our Company for the years ended March 31, 2015, 2014, 2013, 2012 & 2011.
7. Copy of the Statement of Tax Benefits dated May 29, 2015 from the Statutory Auditor.
8. Consents of the Lead Manager, Legal Advisor to the Issue, Registrar to the Issue, Market Maker, Underwriter, Escrow Collection Bank(s) and Refund Bank(s), Statutory Auditor of the Company, Peer Review Auditor, Promoters of our Company, Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, Bankers to our Company, as referred to, in their respective capacities.
9. Copy of Certificate from the Peer Review Auditors of our Company, M/s S. S. Rathi & Co, Chartered Accountants, dated June 01, 2015 regarding the Eligibility of the Issue.
10. Due Diligence Certificate from Lead Manager dated June 18, 2015 filed with BSE and dated June 29, 2015 filed with SEBI.
11. Approval from BSE vide letter dated June 26, 2015 to use the name of BSE in this Prospectus for listing of Equity Shares on the SME Platform of the BSE.



**DECLARATION**

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the regulations issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in the Prospectus is contrary to the provisions of the Companies Act the Securities and Exchange Board of India Act, 1992, each as amended or the rules made there under or guidelines / regulations issued, as the case may be. We further certify that all the statements in the Prospectus are true and correct:

**SIGNED BY THE DIRECTORS OF THE COMPANY:**

<p><b>Sd/-</b></p> <p><b>Mr. Rameshchandra Nathalal Patel</b>  <i>Chairman &amp; Whole Time Director</i>  DIN: 01307699</p>	<p><b>Sd/-</b></p> <p><b>Mr. Alkesh Rameshchandra Patel</b>  <i>Managing Director</i>  DIN: 02672297</p>
<p><b>Sd/-</b></p> <p><b>Mrs. Jyotsanaben Rameshchandra Patel</b>  <i>Whole-Time Director</i>  DIN: 01307770</p>	<p><b>Sd/-</b></p> <p><b>Mr. Babubhai Bhulabhai Patel</b>  <i>Non-Executive Independent Director</i>  DIN: 00116495</p>
<p><b>Sd/-</b></p> <p><b>Mr. Girish Nathubhai Desai</b>  <i>Non-Executive Independent Director</i>  DIN: 02824731</p>	<p><b>Sd/-</b></p> <p><b>Mr. Kalpesh Lalitchandra Joshi</b>  <i>Non-Executive Independent Director</i>  DIN: 07210197</p>

**SIGNED BY -**

<p><b>Sd/-</b></p> <p><b>Mr. Amitkumar Chandubhai Patel</b>  <i>Chief Financial Officer</i></p>	<p><b>Sd/-</b></p> <p><b>Ms. Komal Manoharlal Motiani</b>  <i>Company Secretary and Compliance Officer</i></p>
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**Place: Dahegam, Gujarat**

**Date: 29.06.2015**