



## SAMRUDDHI REALTY LIMITED

Corporate Identification Number: U07010KA2003PLC032934

Our Company was originally incorporated on November 28, 2003, as "Samruddhi Realty Private Limited" under the provisions of the Companies Act, 1956 with the Registrar of Companies, Karnataka, Bangalore. Subsequently, our Company was converted into a public limited company pursuant to Shareholders Resolution passed at the Extra Ordinary General Meeting held on January 18, 2010 and the name of our Company was changed to "Samruddhi Realty Limited" vide a fresh Certificate of Incorporation dated March 31, 2010 issued by the Registrar of Companies, Karnataka, Bangalore. For details of the changes in our name and Registered Office, please see section titled "History and Certain Corporate Matters" on page 91 of this Draft Prospectus.

**Registered Office:** 202, Raheja Chambers, 12, Museum Road, Bangalore, Karnataka – 560001; **Tel. No.** +91 – 80 – 65690190

**Corporate Office:** The Land Mark, 21/15, 4<sup>th</sup> Floor, M.G. Road, Bangalore, Karnataka – 560001

**Tel. No.** +91-80-41122991/2, +91-80-25592334/8 **Fax No** +91-80-41122993.

**E-mail:** cssamruddhi@samruddhigroup.com **Website:** http://www.samruddhirealty.com

**Contact Person:** Mr. Dharmesh M. Kuvalekar (Company Secretary & Compliance Officer)

**Promoters of our Company:** Mr. Manjunath Vellore Ramakrishnan, Mr. Hemang Dipakkumar Rawal and Mr. Ravindra Mallikarjunappa Madhudi

### THE ISSUE

**PUBLIC ISSUE OF 21,70,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH OF SAMRUDDHI REALTY LIMITED ("SRL" OR "OUR COMPANY" OR "THE ISSUER") FOR CASH AT A PRICE OF ₹ 12 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 2 PER EQUITY SHARE) ("ISSUE PRICE") AGGREGATING TO ₹ 260.40 LAKHS, OF WHICH 1,10,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 20,60,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 31.00% AND 29.43%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. FOR FURTHER DETAILS, PLEASE SEE "TERMS OF THE ISSUE" ON PAGE 232 OF THIS DRAFT PROSPECTUS.**

**THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE ISSUE PRICE IS ₹ 12. THE ISSUE PRICE IS 1.2 TIMES OF THE FACE VALUE.**

**THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER XB OF THE SEBI (ICDR) REGULATIONS, 2009, 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 SEE "ISSUE RELATED INFORMATION" BEGINNING ON PAGE 232 OF THIS DRAFT 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 Self Certified Syndicate Banks ("SCSBs"). For details in this regard, specific attention is invited to "Issue Procedure" on page 240 of this Draft Prospectus. 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.

### 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/- per equity share and the Issue Price is 1.2 times of the face value of the Equity Shares of our Company. The Issue Price (as determined and justified by our Company in consultation with the Lead Manager and as stated under the paragraph 'Basis for Issue Price' on page no. 57 of this Draft 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 Draft Prospectus. **Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page no. 9 of this Draft Prospectus.**

### ISSUER'S ABSOLUTE RESPONSIBILITY

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

### LISTING

The Equity Shares offered through this Draft Prospectus are proposed to be listed on the SME Platform of BSE Limited. 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 approval letter dated [●] 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 ("BSE").

#### LEAD MANAGER TO THE ISSUE



#### Hem Securities Limited

14/15, Khatau Building, 40, Bank Street, Fort, Mumbai- 400 001  
Tel. No.: 022 – 2267 1543 / 44  
Fax No.: 022 – 2262 5991  
Website: www.hemonline.com  
Email: rakeshb@hemonline.com  
Investor grievance email: redressal@hemonline.com  
Contact Person: Mr. Rakesh Bhalla  
SEBI Regn. No.: INM000010981

#### REGISTRAR TO THE ISSUE



#### Sharex Dynamic (India) Private Limited

Unit-1, Luthra Industrial Premises, 1st Floor, 44-E, M Vasanti Marg, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai – 400 072  
Tel. No.: 022 – 2851 5606  
Fax No.: 022 – 2851 2858  
Website: www.sharexindia.com  
Email: info@sharexindia.com  
Contact Person: Mr. K. C. Ajitkumar  
SEBI Regn. No.: INR000002102

### ISSUE PROGRAMME

ISSUE OPENS ON [●]

ISSUE CLOSES ON [●]

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## SECTION I – GENERAL

### DEFINITIONS

Term	Description
“Samruddhi Realty Limited”, “SRL”, “Samruddhi”, “We” or “us” or “our Company” or “the Issuer”	Unless the context otherwise requires, refers to Samruddhi Realty Limited, a Company incorporated under the Companies Act, 1956 vide a certificate of incorporation issued by the Registrar of Companies, Karnataka, Bangalore.
“you”, “your” or “yours”	Prospective investors in this Issue

### CONVENTIONAL / GENERAL TERMS

Terms	Description
AOA / Articles / Articles of Association	Articles of Association of Samruddhi Realty Limited, as amended from time to time
Auditors/ Statutory Auditors	The Auditors of Samruddhi Realty Limited: M/s A. R. Pai & Company, Chartered Accountants
Audit Committee	The committee of the Board of Directors constituted as the Company’s Audit Committee in accordance with 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 Samruddhi Realty Limited, including all duly constituted Committees thereof.
CIN	Corporate Identification Number
Companies Act / Act	The Companies Act, 1956, as amended from time to time
Corporate Office	The Land Mark, 21/15, 4 <sup>th</sup> Floor, M. G. Road, Bangalore 560 001, Karnataka, India.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depositories	NSDL and CDSL
DIN	Directors Identification Number
Director(s) / our Directors	Director(s) of Samruddhi Realty Limited, unless otherwise specified
Equity Shares	Equity Shares of our Company of Face Value of ₹ 10/- each unless otherwise specified in the context thereof
Executive Directors	Executive Directors are the Whole time Directors of our Company.
GIR Number	General Index Registry Number
Group Companies	The companies, firms and ventures disclosed in “ <i>Our Promoter Group and Group Companies / Entities</i> ” on page 112 promoted by the Promoters, irrespective of whether such entities are covered under section 370(1) (B) of the Companies Act, 1956.
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
MOA / Memorandum / Memorandum of Association	Memorandum of Association of Samruddhi Realty Limited.
Non Residents	A person resident outside India, as defined under FEMA Regulations.
NRIs / Non-Resident Indians	A person resident outside India, as defined under FEMA 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: M/s K. Gopalkrishnan & Co, Chartered Accountants
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	<b>1. Mr. Manjunath Vellore Ramakrishnan</b> <b>2. Mr. Ravindra Mallikarjunappa Madhudi</b> <b>3. Mr. Hemang Dipakkumar Rawal</b>
Promoter Group	The persons and entities constituting the promoter group pursuant to regulation 2(1)(zb) of the ICDR Regulations and disclosed in “ <i>Our Promoter Group and Group Companies / Entities</i> ” on page 112.



Terms	Description
Registered Office	202, Raheja Chambers, 12, Museum Road, Bangalore 560 001, India
RoC	Registrar of Companies, Karnataka at 'E' Wing, 2 <sup>nd</sup> Floor, Kendriya Sadana, Koramangala, Bangalore-560034
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	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
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Stock Exchange	BSE Limited

#### 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 Draft 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 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	Karnataka Bank Limited
Bankers to the Issue / Escrow Collection Bank(s)	[•]
Basis of Allotment	The basis on which the Equity Shares will be Allotted, described in “ <b>Issue Procedure – Basis of Allotment</b> ” on page 245 of the Draft Prospectus.
BSE	Bombay Stock Exchange 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 SEBI (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
DP ID	Depository Participant’s Identity.
Draft Prospectus	The Draft Prospectus dated March 02, 2013 filed with the BSE.
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 Draft



Terms	Description
	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 cheques or drafts in respect of the Application Amount when submitting an Application
Escrow Agreement	Agreement 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 of an aggregate of 21,70,000 Equity Shares of ₹ 10/- each at the issue price of ₹ 12/- each aggregating to ₹ 260.40 Lakhs
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	The price at which the Equity Shares are being issued by our Company under this Draft Prospectus being ₹ 12/-.
LM/Lead Manager	Lead Manager to the Issue, in this case being Hem Securities Limited.
Market Maker (HSL)	A Market Maker is a Company, or an individual, that quotes both a buy and a sell price in a financial instrument or commodity held in inventory, hoping to make a profit on the bid-offer spread, or turn. Market Makers are net sellers of an option to be adversely selected at a premium proportional to the trading range at which they are willing to provide liquidity.
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of 20,60,000 Equity Shares of ₹ 10/- each at Rs 12/- (including share premium of ₹ 2/-) per Equity Share aggregating to ₹ 2,47,20,000/- (Rupees Two Crore Forty Seven Lakhs and Twenty Thousand Only) by Samruddhi Realty Limited.
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 ₹ 200,000.
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 containing, inter alia, the issue price, the size of the issue and other information
Issue / Issue Size / Public Issue / Issue / Initial Public Offering / IPO	Public Issue of 21,70,000 Equity Shares of ₹ 10/- each for cash at a premium of ₹ 2/- per Equity Share (Price of ₹ 12/- per Equity Share) aggregating to ₹ 260.40 Lakhs (The Issue).
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	Public Financial Institutions as specified in Section 4A of the Companies Act, Scheduled Commercial Banks, Mutual Funds, Foreign Institutional Investors registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Venture Capital funds registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority (IRDA), Provident Funds with a minimum corpus of ₹ 25 Crores and Pension Funds with a minimum corpus of ₹ 25 Crores, 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, 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.
Refund Banker	[●]
Refunds through electronic	Refunds through electronic transfer of funds means refunds through ECS,



Terms	Description
transfer of funds	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) Pvt. Ltd.
Regulations	SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009
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
Self Certified Syndicate Bank(s) / SCSB(s)	Banks which are registered with SEBI under the SEBI (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 SEBI (Underwriters) Regulations, 1993, as amended from time to time
Underwriting Agreement	The Agreement dated March 01, 2013 entered between the Underwriters 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

Terms	Description
Developable Area	For built-up developments refers to the total area to be developed in each project, which includes carpet area, wall area, common area, service and storage area and car park area; and (ii) for plotted developments refers to the total area to be developed in each project, which is equivalent to the total plotted land area allocated amongst residential plots, commercial plots and community services as per applicable state norms
Planned/Forthcoming Project	A project for which land or development rights have been acquired or a memorandum of understanding or an agreement to acquire or a joint development agreement has been executed, in each case, by us, either directly or indirectly, and preliminary management development plans are complete
Acres	Area of 43,560 Square Feet
BMA	Bangalore Metropolitan Area
FTWZ	Free Trade and Warehousing Zone
BOQ	Bill of Quantities
BMICAPA	Bangalore Mysore Infrastructure Corridor Area Planning Authority
BMP	Bangalore Mahanagara Palike
BMP Bye Laws	Bangalore Mahanagara Palike Building Bye Laws – 2003
BMRDA Act	Bangalore Metropolitan Region Development Authority Act, 1985
BWSSB	Bangalore Water Supply and Sewage Board
CREDAI	Confederation of Real Estate Developers' Association of India - Bengaluru.
IGBC	Indian Green Building Council
JDA	Joint Development Agreement
KAO Act	Karnataka Apartment Ownership Act, 1972
KLR Act	Karnataka Land Revenue Act, 1964
KMC Act	Karnataka Municipal Corporation Act, 1976
KSA	Karnataka Stamp Act, 1957
KSPCB	Karnataka State Pollution Control Board
KTCP Act	Karnataka Town and Country Planning Act, 1961
Rent Act	Karnataka Rent Control Act, 1999
Revised Master Plan 2015	The latest CDP notified by the Government of Karnataka on June 25, 2007
Efficiency Ratio	It is the ratio of the Internal Floor Area and Saleable Area.  For the portion of project that has already been sold or leased, it is calculated on the basis of actual obligations of the respective owner or tenant.  For the portion of project that has not been sold or leased, it is based on management estimates subject to various factors, such as prevailing market conditions, location of the project and efficiency ratios achieved in portions of the project which have already been leased or sold.



Terms	Description
FSI	Floor Space Index, which means the quotient of the ratio of the combined gross floor area of all floors, excepting areas specifically exempted, to the total area of the plot
Internal Floor Area	Internal floor area is fixed for our Completed projects. For our Ongoing and Planned projects, internal floor area is determined on the basis of maximum FSI and assuming maximum TDRs that can be utilised in the project (TDRs may not have been actually acquired by us at the time of this calculation).
IOA	Intimation of Approval
IOD	Intimation of Disapproval
LOI	Letter of Intent
OC	Occupation Certificate
Occupancy Level	The combined Saleable Area of the occupied units of a project as a percentage of the total Saleable Area of the project available for lease
Saleable Area	The part of the developable area relating to our economic interest in each property and for which the respective owner or tenant is obliged to pay or for which we estimate that respective owner or tenant will pay
TDR	Transferable Development Rights, which means, when in certain circumstances, the development potential of land may be separated from the land itself and may be made available to the owner of the land in the form of transferable development rights
Urban Land Ceiling Act	The Urban Land (Ceiling & Regulation) Act, 1976

#### ABBREVIATIONS

Abbreviation	Full Form
AS	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
AY	Assessment Year
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	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
CS. & CO	Company Secretary & Compliance Officer
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce, Government of India
DP	Draft Prospectus
ECS	Electronic Clearing System
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



Abbreviation	Full Form
FIs	Financial Institutions
FIIs	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
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
Gol/Government	Government of India
GDP	Gross Domestic Product
HUF	Hindu Undivided Family
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
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
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
NA	Not Applicable
NAV	Net Asset Value
NPV	Net Present Value
NRIs	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Bodies
P.A.	Per Annum
PAC	Persons Acting in Concert
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	The Reserve Bank of India
ROE	Return on Equity
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
₹ / INR	Rupees, the official currency of the Republic of India
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
STT	Securities Transaction Tax
Sec.	Section
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.





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

### **CURRENCY OF FINANCIAL PRESENTATION**

In this Draft Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Samruddhi Realty Limited” and “SRL”, unless the context otherwise indicates or implies, refers to Samruddhi Realty Limited. In this Draft 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 Draft Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Draft Prospectus, all figures have been expressed in Lakhs. Unless stated otherwise, the financial data in the Draft Prospectus is derived from our financial statements prepared and restated for the financial year ended 2008, 2009, 2010, 2011 2012 and 6 months ended September 30, 2012 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 133 of this Draft Prospectus. Our Company has three subsidiaries. Accordingly, financial information relating to us is presented on a Standalone and consolidated 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 and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Draft Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft 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 Draft Prospectus, see the section Definitions and Abbreviations on page 1 & 5 of this Draft Prospectus. In the section titled “Main Provisions of Articles of Association”, defined terms have the meaning given to such terms in the Articles of Association of our Company.

### **USE OF MARKET DATA**

Unless stated otherwise, market data used throughout this Draft Prospectus was obtained from internal Company reports, data, websites, industry publications Report. 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 market data used in this Draft Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.



## FORWARD-LOOKING STATEMENTS

We have included statements in the Draft 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”.

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. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- 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;
- Increased competition in these industries;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our ability to meet our capital expenditure requirements;
- 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.

For further discussion of factors that could cause our actual results to differ, see the Section titled "**Risk Factors**" beginning on page 9 of this Draft 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 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**

### **RISK FACTORS**

An investment in Equity involves a high degree of risk. Investors should carefully consider all the information in this Draft Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. Any of the following risks as well as other risks and uncertainties discussed in this Draft Prospectus could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss of all or part of your investment. In addition, the risks set out in this Draft Prospectus may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.

#### **Materiality**

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

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 Draft 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 9 and "*Management Discussion and Analysis of Financial Condition and Results of Operations*" on page 196 of this Draft 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 Standards.

### **INTERNAL RISK FACTORS**

1. *Our Company, prior to conversion into a public limited company had resolved to pay remuneration to our Managing Director and Whole Time Directors as per the resolution passed by the Board of Directors in its meeting held on December 11, 2009. Subsequent to our conversion into public limited company on March 31, 2010, the provisions of Sections 198 & 309 of the Companies Act, 1956 became applicable, and the remuneration paid upto March 31, 2012 was in excess of the limits prescribed under the provisions of said sections, which are subject to regularization by the relevant authorities in accordance with the relevant provisions of the Companies Act. The said non-compliance of above provisions need to be regularized by the Company in accordance with Section 198 & 309 of the said Act and if such application is not granted in favour of the Company, the concerned managerial personnel would be required to refund the excess amount paid to them.*

Our Company, before becoming a public limited company had resolved to pay remuneration to our Managing Director and Whole Time Directors as per the resolution passed by the Board of Directors in its meeting held on December 11, 2009. However, subsequent to our conversion into public limited company on March 31, 2010 vide fresh certificate of incorporation, the provisions of Sections 198 & 309 of the Companies Act, 1956 became applicable, and the remuneration paid thereafter was in excess of the limits prescribed under the provisions of said sections, excepting the current year in which remuneration is being paid in accordance with Section 198 read with Schedule XIII of the Companies Act. Our Company is in the process of making appropriate application to the relevant authorities in accordance with the provisions of Sections 198 and 309, read with Schedule XIII of the Companies Act. Such application may or may not be guaranteed in favour of the Company and if the same is not granted, the concerned managerial personnel would be required to refund the excess amount paid to them.



- 2. We are currently carrying out our operations from our Registered Office & Corporate Office. Both the offices have been acquired by us from third parties on rental basis. In the event, these rental agreements are either prematurely terminated or not renewed, our operations and in turn profitability will be adversely affected.**

Our Registered Office located at No. 202, Raheja Chambers, Museum Road, Bangalore 560001 has been taken on rent by one of our Group Companies, Samruddhi Real Assets Private Limited (“SRAPL”) from a third party. SRAPL has vide Letter of Intent dated February 19, 2013 permitted our Company the use of such office and the same is in accordance with the terms of the rental agreement executed by SRAPL. Our Corporate Office located at The Land Mark, No 21/15, 4<sup>th</sup> floor, M.G. Road, Bangalore 560001 have also been acquired by the Company from third party on lease basis. Therefore, our Company is at the moment operating from all rented premises.

Although we have entered into agreements or letter of intent, as the case may be, for authorized use of such premises, which are as on date of this Draft Prospectus valid and subsisting, any adverse impact on the title /ownership rights of our landlords from whom the premises have been acquired by us on lease/rental basis or premature termination of the agreements may impede our Company’s effective operations. Further, there is no assurance in future that the landlords of such premises may be willing to renew such agreements on similar terms or renew such agreements at all. Consequently we may have to vacate the said premises in a limited period of time and we may not be able to arrange for an alternative work place in the given time. This may adversely affect our day to day operations and thus our profitability could be adversely impacted.

- 3. We share our Registered Office and Corporate Office with a few of our Group Companies and we do not have any rent sharing agreement or demarcation of the premises and facilities installed therein for use by the said Group Companies. Any multiple or overlapping use of the said facilities may create some disruption which may adversely affect our business operations.**

Our Registered Office is shared with our other Group Companies, namely Samruddhi Infratech (India) Private Limited, Samruddhi Real Assets Private Limited, Studio 3 Planners Private Limited Further, Samruddhi Gruha Nirman Private Limited, Samruddhi Vaasthu Infracon Private Limited, Samruddhi Retail Mart Private Limited, and Samruddhi Holiday Resorts Private Limited and our Corporate Office is also shared with our other Group Companies, namely Studio 3 Planners Private Limited. Neither there is any rent sharing agreement between our Company and any of the Group Companies nor there is any demarcation of the premises and facilities installed therein for use by the said Group Companies. Any multiple or overlapping use of the said facilities may create some disruption which may adversely affect of business operation.

- 4. 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 lakhs. 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.

- 5. Our Company has taken an interest free unsecured loan from one of our Promoter Directors Mr. V. R. Manjunath, the total outstanding amount of which as at September 30, 2012 is ₹ 398.38 lakhs. Since there is no agreement executed with regard to the said unsecured loan, there is no precondition for repayment of the said loan. However, incase our Promoter Director recalls the said loan at a shorter notice, it may have an adverse affect on our cash flow and financial condition.**

One of our Promoter Directors Mr. V. R. Manjunath had given an interest free unsecured loan to our Company in The Financial Year 2005 – 06, the total outstanding amount of which as at September 30, 2012 is ₹ 398.38 lakhs. There was no agreement or any other documentation executed by the said parties with regard to the said unsecured loan and consequently there is no precondition for repayment of the said loan. Although our Company presently has sufficient provisions to pay back the loan, if the loan is recalled on a short notice, our Company may have to, on an urgent basis arrange for equivalent funds to fulfill the necessary requirements. Inability of our Company to do so may require creating a security for the said loan. The occurrence of these events may have an adverse effect on our cash flow and financial conditions. For more details regarding the loan, please refer the chapter titled “Financial Statements” beginning on page 133 of this Draft Prospectus.



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

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

(₹)

Particulars	Standalone			
	For 6 months period ended	For the Financial Year ended on		
	30-Sept -12	31-Mar-12	31-Mar-11	31-Mar-10
Net Cash Generated from Operating Activities	34,216,052	(18,342,462)	(4,968,532)	12,005,841
Net Cash Generated from Investing Activities	(49,016,597)	(7,754,448)	(25,181,002)	2,585,488

For further details please refer to “**Annexure III - Statement of Cash Flows**” forming part of the chapter titled “**Financial Statements**” and chapter titled “**Management Discussion and Analysis of Financial Condition and Results of Operations**” beginning on pages 136 and 196 respectively of this Draft Prospectus.

7. *Some of our Group Companies, as they are engaged in the line of business similar to our Company. There are no non- compete agreements between our Company and such other Group Companies. We cannot assure that our Promoters will not favour the interests of the said Group Companies over our interest or that the said companies will not expand which may increase our competition, which may adversely affect business operations and financial condition of our Company.*

Our Group Companies, Elements Constructions Private Limited, Ayushi Dwellings Private Limited, Studio 3 planners Pvt. Ltd., Samruddhi Real Assets Pvt. Ltd., Lido Malls Management, Samruddhi Infratech (I) Pvt. Ltd., Samruddhi Gruh Nirman Pvt. Ltd., Samruddhi Holiday Resort Pvt. Ltd., Samruddhi Vaasthu Infracon Pvt. Ltd. are engaged in the kind of activities similar to our Company. Further, we have not entered into any non-compete agreement with any of our said group companies. We cannot assure you that our Promoters who have common interest in such other group companies would not favour the interest of the said companies or such companies would not expand, which may adversely affect our profitability and results of operations. For further details, please refer to para “**Common Pursuits**” on 110 of this Draft Prospectus.

8. *Our Subsidiaries have not begun any commercial operations till date. Any continued delay in the commencement of commercial operations may adversely affect yield on our investment in them.*

Our subsidiaries viz. Samruddhi Vaasthu Infracon Private Limited, Samruddhi Holiday Resorts Private Limited and Samruddhi Gruha Nirman Private Limited were incorporated on February 14, 2010, February 17, 2010, and February 14, 2010, respectively. However till date, none of the above subsidiaries have commenced any commercial operation and hence there is no cash generation by them. Further, our investment in them by way of subscription to their equity share capital has not earned any returns by way of dividend, or any capital appreciation. Any continued delay in the commencement of commercial operations may adversely affect the yield on our investment in them.

9. *Some of our Group Company has incurred losses during the last financial year ended March 31, 2012. It may have an adverse effect on our reputation and business.*

Our following Group Companies has incurred losses or doesn't having any operation during the last financial year ended March 31, 2012. The details of which are as follows:

(₹ in Laks)

Name	Audited Financials for March 31, 2012
Lido Business Ventures Private Limited	(2.34)
Samruddhi Retailmart Private Limited	(3.12)
Samruddhi Infratech (India) Private Limited	(0.27)
Samruddhi Real Assets Private Limited	(16.21)
Studio 3 Planners Private Limited	(1.36)

For further details, please refer to section titled “**Our Promoter Group and Group Companies/Entities**” on page 112 of this Draft Prospectus.



**10. We have certain Companies promoted by our Promoters which are non operational and were required to finalize & file their financials with the ROC after the expiry of specific period as per the Companies Act, are yet to finalize and file the same with their relevant authorities.**

We have certain Companies promoted by our Promoters which are non operational and were required to finalize & file their financials with the ROC, after the expiry of specific period as per the Companies Act, are yet to file the same with their relevant authorities.

Name
Elements Constructions Private Limited
Sacred Ash Health Care & Pharmaceuticals Private Limited
Sweet Neem Publications Private Limited

**11. We have issued Equity Shares at a price below the proposed issue price during the past 12 months prior to the date of filing the Draft Prospectus.**

Our Company has issued and allotted Equity Shares at a price which is below the issue price in the past 12 months prior to the date of filing the Draft Prospects. The details of allotment are as follows:

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration	Nature of Issue and Category of Allottees
10.08.2012	6,00,000	10	10	Cash	Preferential Allotment to Promoters
10.11.2012	1,00,000	10	10	Cash	Preferential Allotment to Promoters
30.01.2013	18,80,000	10	10	Cash	Preferential Allotment to Promoters and Promoter Group

The price at which Equity Shares have been issued in the past 12 months is not indicative of the price at which Equity Shares may be offered in the Issue or at the price at which they will trade upon listing. For further details, please refer to Section titled “**Capital Structure**” on page no 41 of this Draft Prospectus.

**12. Our Company has a Total Debt-Equity Ratio [Total Debt/Total Shareholders Fund] of 4.34 times and 4.82 times as on September 30, 2012 and March 31, 2012 respectively, which is higher than the Debt-Equity Ratio of other companies operating in the similar line of business.**

Our Company is taking up new projects which are being funded through debt, equity and internal accruals. Consequent to this, our Total Debt to Equity Ratio (Total Debt divided by Total Shareholders Fund) as on September 30, 2012 and March 31, 2012 is 4.34 times and 4.82 times to the Shareholders Fund, which is on the higher side. Our capacity to service the debt depends on our profitability. In case we are not able to achieve the required growth, due to internal constraints or external factors beyond our control like slow down in the industry/economy, we may find it difficult to service the debt and this will have an impact on the return to the shareholder. The Debt-Equity ratios of a few companies operating in the construction industry are as under:

For the period ended	Name of the Company	Debt-Equity Ratio
March 31, 2012	Arihant Superstructures Limited	1.06
	VSF Projects Limited	1.28
	Sunteck Realty Limited	0.29
	Thakkers Developers Limited	1.58

**13. Our Company does not own any land bank. Our Company enters into Joint Development Agreement for land developments rights with the owners of the land, which entails certain risks like specific performance of the terms of the agreement, litigations etc. Further, any disruption in the execution of the said agreements due to any reason whatsoever, may have an adverse affect on our commercial operations and profitability.**

Our Company does not have any land bank of its own and the land on which our ongoing projects are being undertaken are on joint development basis, for which we get land development rights. We enter into and may continue to enter in similar arrangements in the future for acquiring land development rights with respect to the



property being developed by us. Such agreements carry risks like specific performance of the terms and covenants of such agreement, project schedules and timelines to be met with, maintaining cordial relationship with the land owners, litigations/disputes etc. Since we do not acquire ownership with respect to such land upon the execution of such agreements, as a result, our Company is subject to the risk that our Company may never acquire registration of title with respect to such land. Our Company may also be required to make partial payments to the land owner for land development rights which our Company may be unable to recover under certain circumstances. Our Company's inability to acquire land development rights, or if our Company fails to recover the partial payment made by it with respect to such land developments rights, it may adversely affect our Company's business, financial condition and results of operation.

***14. We enter into joint development agreements with third parties to acquire construction and/or land development rights. Such agreements contain conditions and requirements, the non-fulfillment of which could result in delays or inability to implement and complete our projects as contemplated.***

At present our projects are joint development agreements with third parties. In most of these projects the land is owned by these third parties and we, by virtue of the development agreements, acquire construction and/or land development rights. The agreements confer rights on us to construct and develop the built-up area. Such projects involve working together with several third parties and our relationships are governed by such joint development agreements. Though we are generally empowered to make all operating decisions for development of these projects, we may be required to make certain decisions in consultation with such parties. These arrangements may limit our flexibility to make certain decisions in relation to such projects. Under these joint development agreements, we are and going forward may be required to pay a security deposit to the owners of the land, for the development rights, some of which are expected to be refunded upon the completion of the development of the property. In the event of any delay in the completion of the property within the time frame specified, we may be required to indemnify and compensate such parties with whom we have joint development agreements.

Any disputes that may arise between us and our joint development agreement parties may cause delay in completion, suspension or complete abandonment of the project we undertake. This may have a material adverse effect on our business, financial condition and reputation.

***15. We may depend on various sub-contractors or specialist agencies to construct and develop our projects.***

Our construction projects require the expertise of various professional agencies such as construction contractors, architects structural designer contractors, plumbers, etc. In order to ensure completion of our projects we have entered into agreements with the various subcontractors and agencies, which determine their scope of work and other terms and conditions. Thus, we primarily rely on these third parties for the implementation of such work which forms a crucial part or crucial base of our projects. Accordingly, the timing and quality of construction, or part thereof, partly depends on the availability and skill of such sub-contractor. Although we believe that our relationships with third party sub-contractors and agencies would be cordial, we cannot assure you that skilled sub-contractors will continue to perform their duties and obligations in a cordial manner or continue to be available at reasonable rates and in the areas in which we conduct our operations. Any delay by such agencies in performing their duties or failure by us to procure sub-contractors at the correct time may affect our project timelines and cause unforeseen delays.

***16. We have incurred a substantial amount of indebtedness amounting to ₹ 2,396.66 Lakhs as on January 31, 2013 attracting high financial cost, which may adversely affect our cash flow and our ability to operate our business.***

Our Company has incurred substantial amount of financial indebtedness amounting to ₹ 2,396.66 Lakhs as on January 31, 2013. 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 to payments on indebtedness, thereby reducing our cash flows for working capital expenditures, strategic acquisitions, investments and other general corporate requirements, if any;
- 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, borrow more money for operations or capital expenditures in the future and implement our business strategies; and
- increasing our interest expenditure, since a substantial portion of our debt bears high interest rates.



For further details of outstanding loans as on January 31, 2013, please refer to section titled “**Financial Indebtedness**” on page 194 of the Draft Prospectus.

- 17. Our Company has availed of financial facilities of ₹2175.00 Lakhs from Karnataka Bank Limited and Reliance Home Finance Limited, which includes several restrictive covenants, for which prior written approval of such Banks would be required. Failure to adhere to the said covenants or non-compliance of some or any of them or delay by the Banks in granting such approval may hinder us from taking advantage of a dynamic market environment or may even result in revocation of the said financial facilities which in turn may adversely affect our business operations and financial condition.**

Presently, we have entered into agreements for availing financial facilities from Karnataka Bank and Reliance Home Finance, which are currently outstanding as on January 31, 2013 at ₹ 1583.49.50 Lakhs. Certain covenants in these agreements require us to obtain approval / permission from our above lenders under certain conditions. These restrictive covenants *inter alia* includes, among others, alteration of our capital structure, raising of additional equity or debt capital, incurrence of indebtedness, payment of dividends, undertaking any merger, amalgamation, restructuring or changes in management etc. In the event of default or the breach of certain covenants, our lenders have the option to make the entire outstanding amount payable immediately. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain consents from the financial institutions in a timely manner or at all. The time required to secure consents may hinder us from taking advantage of a dynamic market environment. Failure by the financial institutions to grant such consents may even compel the Company to repay such loans on a short notice. However, as on date of this Draft Prospectus, from the above lenders, we have received such consent for the said proposed initial public issue. For further details in this regard, including approvals obtained from our lenders for this Issue, please refer to section titled “**Financial Indebtedness**” on page 194 of the Draft Prospectus.

- 18. Our Promoters have given personal guarantees in relation to certain debt facilities provided to our Company by Karnataka Bank Limited. In event of default on the debt obligations, the personal guarantees may be invoked thereby adversely affecting our Promoters’ ability to manage the affairs of our Company and consequently the impact our business, prospects, financial condition and results of operations.**

Our Company has availed of working capital facilities and term loan facilities aggregating to ₹ 1500.00 Lakhs from Karnataka Bank Limited to our Company, for which the outstanding facility is ₹ 110.8.50 Lakhs. Such facilities stipulate that the facility shall be secured by a personal guarantee of our Promoters. In event of default on the debt obligations, the personal guarantees may be invoked thereby adversely affecting our Promoters’ ability to manage the affairs of our Company and consequently the impact our business, prospects, financial condition and results of operations

- 19. We require high working capital for our smooth day to day operations of business and any discontinuance or our inability to acquire adequate working capital timely and on favorable terms may have an adverse affect on our operations, profitability and growth prospects.**

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

- 20. Our Company has not provided for the decline in the value of non current / long term investments.**

Our Company has made certain non current / long term investments aggregating to ₹ 0.96 Lakhs in quoted Equity Shares and ₹ 2.94 Lakhs in unquoted Equity Shares. Accounting Standard -13, prescribes for non-provisioning for any decline in the value of noncurrent / long term investments which is temporary in nature. In the opinion of our management the decline in the value of quoted investments made in the Equity Shares of Century Extrusions Limited is temporary in nature and accordingly no provisioning is required to be made in the financial statements. The historical cost of investment in Equity Shares of Century Extrusions Limited is ₹ 0.61 Lakhs and the market value, as on September 30, 2012, was ₹ 0.11 Lakhs. Hence the decline in the value of said investments as on that date was of ₹ 0.50 Lakhs.





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

We require certain statutory and regulatory approvals, licenses, registrations and permissions to operate our business. Our projects are at various stages of development/completion, and we have obtained approvals from statutory/ regulatory authorities as are required at the various stages of development. We are also in the process of making applications to certain statutory/regulatory authorities for the approvals that will be required further. We will be required to obtain change in land use permissions, including from agricultural use to non-agricultural use and in certain cases, requisite environmental consents, fire safety clearances, commencement, completion and occupation certificates etc. from the relevant government authorities. The development plans and use of the projects may be subject to further changes, depending on various factors such as prevailing economic conditions, preferences of our customers and laws and regulations applicable to us from time to time.

We believe that we have complied considerably with such laws and regulations, as are applicable to our projects however, statutory/regulatory authorities may allege non-compliance and we cannot assure you that we will not be subjected to any such regulatory action in the future, including penalties, seizure of land and other civil or criminal proceedings. While we also believe that we will be able to obtain or renew the necessary permits and approvals as and when required; there can be no assurance that the relevant authorities will issue/renew any or all requisite permits or approvals in the time-frame anticipated by us, or at all. Failure by us to obtain, renew or maintain the required permits or approvals may result in the interruption of our operations or delay or prevent the development of our existing/future projects and may have a material adverse effect on our business, financial condition and results of operations. For more information please see the section titled "Government Approvals" appearing on page 212 of this Draft Prospectus.

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

Our success is highly dependent on the expertise and services of our Promoter Directors, Mr. V. R. Manjunath, Mr. Hemang D. Rawal and Mr. Ravindra M. Madhudi, and key managerial personnel. Our ability to successfully function and meet future business challenges partly depends on our ability to attract and retain these key managerial personnel. We cannot assure you that we will be able to retain any or all of the key members of our management. The loss of the services of any key member of our management team could have an adverse effect on our ability to implement new projects and expand our business. For further details of our Promoter Directors and key managerial personnel, please refer to the section "Our Management" on page 97 of the Draft Prospectus.

**23. *Our Company, during the financial year ended March 31, 2012 and for the 6 months period ended September 30, 2012, had entered into various transactions aggregating to ₹ 186.57 Lakhs and ₹ 327.94 Lakhs respectively with our Promoters, Promoter Group, Directors and their Relatives, Subsidiary Companies and Group Companies. 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 had these transactions have been entered with non-related parties resulting into relatively more favorable terms and conditions and better margins.***

Our Company, during the financial year ended March 31, 2012 and for the 6 months period ended September 30, 2012, had entered into various transactions aggregating to ₹ 186.57 Lakhs and ₹ 327.94 Lakhs respectively with our Promoters, Promoter Group, Directors and their Relatives, Subsidiary Companies and Group Companies. These transactions, inter-alia includes advances received/made, payment for services availed, interest on loan paid, remuneration, professional charges etc. Our Company entered into such transactions due to easy proximity and quick execution. However, there can be no assurance that we could not have obtained better and more favorable terms had our Company not entered into such related party transactions. Our Company may enter into such transactions in future also and we cannot assure that in such that event there would be no adverse affect on results of our operations. For details please refer to Annexure M on Related Party Transactions of the Auditor's Report under Section titled "Financial Statements" beginning on page 133 of this Draft Prospectus.

**24. *Our Insurance cover may be inadequate to protect us fully from all losses and damages which in turn would adversely affect our financial condition and results of operations.***

Our Company has availed of Office Umbrella Package Policy covering physical loss or damage to our furniture and fixture, cash, baggage and goods, fixed glass and sanitary fittings, electrical equipment and installations,



portable computer and mobile phones and public liability. In addition, the Company has also availed of Private Car Package Policy and Private Car Vehicle Policy covering damage to our vehicles, death or bodily injury to any person and damage caused to third party property. However, there can be no assurance that the insurance policies will adequately cover losses and damages which may be suffered by us. We may also incur losses on the occurrence of unforeseen events such as floods, fire, accidents, etc. which we may not have envisaged and hence not obtained insurance for the same. Losses suffered by our Company in excess of the availed insurance coverage or due to occurrence of unforeseen events will have to be borne by our Company itself. Also, there cannot be any assurance that all claims made by the Company will be honoured duly by the insurers. If our claims are not fully honoured, our financial condition may be affected adversely. For further details, kindly refer to “*Our Business – Insurance*” on page 78 of this Draft Prospectus.

**25. *Our continued success depends upon availability of adequate labour on timely basis. Any work stoppages or other labour related problems could adversely affect our business.***

We require skilled and unskilled labour for successful running of our existing, as well as, future operations. Any shortage of adequate labour or skilled labour or stoppage due to any labour related issues may affect smooth running of our operations and we may not be able to meet our project timelines. We maintain cordial relationship with the labour and have not encountered any work stoppages and other labour problems so far.

**26. *We require substantial capital for our business operations, and the failure to obtain additional financing in the form of debt or equity may adversely affect our ability to grow and our future profitability.***

Our business is capital intensive, requiring substantial capital to develop and market our projects. The actual amount and timing of our future capital requirements may also differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our projects, change in business plans due to prevailing economic conditions, unanticipated expenses, regulatory and engineering design changes. To the extent our planned expenditure requirements exceed our available resources; we will be required to seek additional debt or equity financing. Additional financing in the form of debt could increase our overall project cost due to outgoing interest payments and adherence to additional restrictive covenants and Additional financing in the form of equity could lead to dilution of our earnings per share. We cannot assure that in future, we will be able to raise additional financing on acceptable terms in a timely manner or at all.

**27. *We may not be able to identify suitable project sites or enter into Joint Development Agreements for land development rights at reasonable cost or favourable terms which may adversely affect our business and results of operations.***

Our performance is dependent on our ability to identify the suitable projects sites or to enter into Joint Development Agreements for acquiring land development rights at reasonable cost and on favourable terms. Further, there are other factors that are beyond our control like availability of suitable land, location, the willingness of landowners to assign land development rights on terms acceptable, the availability and cost of financing, encumbrances on targeted project sites, government directives on land use, obtaining the necessary permits and approvals for land development, etc. Such factors may impede our efforts to acquire development rights on acceptable/suitable terms and conditions. This may cause us to modify, delay or abandon projects, which could adversely affect our business and results of operations.

**28. *The business and future results of operations of our Company may be adversely affected if we incur any time or cost overruns.***

Our Company’s business plans are subject to various risks including time and cost overruns and delays in obtaining regulatory approvals. The length of time required to complete a project usually ranges from 24 to 48 months, within which there can be changes in the economic environment, local real estate market, prospective customer’s perception, price escalation, etc. Further, there could also be unexpected delays and cost overrun in relation to our projected / future projects and thus, no assurance can be given to complete them on scheduled time and within the expected budget. If such changes take place during the course of development of any of our projects, then our projections regarding the costs, revenues, return on the project, profitability as well as our operations will be adversely affected.

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

The objects of our proposed Initial Public Issue, as detailed in the section titled “Objects of the Issue” are to partly repay the DPN Term loan taken from Karnataka Bank. Any failure or delay on our part to mobilize the



required funds from the Issue Proceeds may continue to attract higher financial cost (Interest on said loan) thus adversely affecting our cash flows and results of operations.

**30. *We face competition in our business from both domestic and international competitors. Such competition may have an adverse impact on our business and financial performance.***

The real estate and construction industry is highly competitive and fragmented, and we face competition from various domestic real estate developers. Some of our competitors may have greater financial, marketing, sales and other resources than we do. Going forward we may seek to diversify into new geographical areas, we will face competition from competitors that have a pan-India presence and also from competitors that have a strong presence in regional markets. Competitive overbuilding in certain markets may have a material adverse effect on our operations.

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

We had filed an application for registration of our Company label which has been objected by the Trade Marks Registry under Section 11 of the Trade Mark Act, 1999. Accordingly, there is no assurance that the application will be approved by the Trade Mark Registry. Furthermore, our application for the registration of the trade mark may be opposed by third parties and we may have to incur significant cost and spend time in litigations in relation to these oppositions. In case any applications for similar trade name/trademark are advertised, we may have to adopt opposition proceedings against the same. The outcome of such proceedings may have a direct bearing on our pending application for registration. In the event we are not able to obtain the trademark registration of our Company, we may not be able to avail the legal protection and legal remedies (in case of infringement) available as a proprietor of registered trademarks. Non-registration may adversely affect our Company's ability to protect its trademark against infringements which may materially and adversely affect our goodwill and business. If our Company fails to successfully protect or enforce its intellectual property rights, it may be required to change its logo. Any such change could require our Company to incur additional costs and may impact its brand recognition among customers. For details on the trademark applications, kindly refer to "Our Business - Intellectual Property" on page 77 of this Draft Prospectus.

**32. *Any change in interest rates and banking policies may have an adverse impact on our Company's operations and profitability.***

Our Company has taken DPN Term Loan, Construction Finance Loan and Overdraft facilities from Banks and NBFCs amounting to ₹ 1,876.07 Lakhs and is dependent on bank(s) and NBFC's /financial institutions for arranging the long term financing for its business operations. Accordingly, any change in the existing banking policies or increase in interest rates may have an adverse impact on the Company's operations and profitability.

**33. *Our business is subject to various operating risks at our construction sites, the occurrence of which can affect our results of operations and consequently, financial condition of our Company.***

Our business operations are subject to operating risks, such as breakdown or failure of equipments used at the project sites, weather conditions, interruption in power supply due to breakdown of power generators, shortage of consumables, performance below expected levels of output or efficiency, natural disasters, obsolescence, labour disputes, industrial accidents, our inability to respond to technological advancements and emerging realty industry standards and practices along with the need to comply with the directives of relevant government authorities. The occurrence of these risks, if any, could significantly affect our operating results, and the slowdown / shutdown of business operations may have a material adverse affect on our business operations and financial conditions.

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

**34. *Our Promoters, together with our Promoter Group, will continue to retain majority shareholding in our Company after the proposed Initial Public Issue, which will allow them to exercise significant control over us. We cannot assure you that our Promoters and Promoter Group members will always act in the best interests of the Company.***

After the completion of our Initial Public Issue, our Promoters, along with our Promoter Group members, will hold, approximately 69% of our post issue paid up equity capital of our Company. As a result, our Promoters will continue to exercise significant control over us, including being able to control the composition of our



Board and determine matters requiring shareholder approval or approval of our Board. Our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholder. By exercising their control, our Promoters could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company. We cannot assure you that our Promoters and Promoter Group members will always act in our Company's or your best interests. For further details, please refer to the chapters titled "Capital Structure" and "Our Promoter, Promoter Group and Group Companies" beginning on page 41 and 112 respectively, of this Draft Prospectus.

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

Our Company has not paid any dividend (including any interim dividend) on its shares during the preceding 5 financial years and the stub period ending September 30, 2012. Further, our ability to pay dividends in the future will depend upon a variety of factors, including our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements, if any. As a result, we cannot assure you that we will make dividends of any particular amount, with any particular frequency or at all.

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

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

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

Under current Indian tax laws and regulations, capital gains arising from the sale of Equity Shares in an Indian Company are generally taxable in India. Any gain realized on the sale of listed Equity Shares on a stock exchange held for more than 12 months 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 61 of this Draft Prospectus.

***38. 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 or at all. Any failure or delay in obtaining the approvals would restrict your ability to dispose off your Equity Shares.



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

Prior to this Issue, there has been no public market for our Equity Shares. Hem Securities Limited is acting as Market Maker for the Equity Shares of our Company. However, the trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian Capital Markets, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of our Equity Shares. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue. For further details of the obligations and limitations of Market Makers, please refer to the section titled "**General Information – Details of the Market Making Arrangement for this Issue**" on page 39 of this Draft Prospectus.

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

Subsequent to listing, our Company may be subject to a daily circuit breaker imposed on listed companies by the BSE, which does not allow transactions having crossed certain volatility limit in the price of its Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our Company's circuit breaker is set by the BSE based on certain factors such as the historical volatility in the price and trading volume of the Equity Shares. The BSE is not required to inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker, if imposed, would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, we cannot assure that the shareholders will be able to sell the Equity Shares at desired prices.

**C. External Risk Factors**

**41. *A slowdown in economic growth in India could cause our business to suffer.***

Our results of operations and financial condition are dependent on, and have been adversely affected by, conditions in financial markets in the global economy and, particularly in India. The Indian economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, business corruption, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, inflation, commodity and energy prices and various other factor Any slowdown in the Indian economy may adversely affect our business, financial condition, results of operations and the price of our Equity Shares.

**42. *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 or our other geographic markets could adversely affect our business operations or financial conditions.



***43. Instability of economic policies and the political situation in India or elsewhere could adversely affect the fortunes of the industry.***

There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. The Government of India plays an important role by regulating the policies governing the private sector over the past several years.

Unstable internal and international political environment could impact the economic performance in both the short term and the long term. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business, and the market price and liquidity of the Equity Shares, may be affected by changes in interest rates, changes in the Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

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

Terrorist attacks, civil unrest and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares will trade and also adversely affect the worldwide financial markets. In addition, the Asian region has from time to time experienced instances of civil unrest and hostilities among neighboring countries. Hostilities and tensions may occur in the future and on a wider scale. Military activity or terrorist attacks in India, such as the attacks in Mumbai in November 2008 and in July 2011, may result in investor concern about stability in the region, which may adversely affect the price of our Equity Shares. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have an adverse effect on the market for securities of Indian companies, including our Equity Shares.

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

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

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

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating 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 an adverse effect on our financial results and business prospects, ability to obtain financing for capital expenditures and the price of our Equity Shares.

***47. Our transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.***

Our Company may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, the IFRS announced by the Ministry of Corporate Affairs, Government of India through a press note dated January 22, 2010 ("IFRS Convergence Note"). The Ministry of Corporate Affairs by a press release dated February 25, 2011 has notified that 32 Indian Accounting Standards are to be converged with IFR. The date of implementation of such converged Indian accounting standards has not yet been determined and will be notified by the Ministry of Corporate Affairs after various tax related issues are resolved. We have not yet determined with certainty what impact the adoption of IFRS will have on our financial reporting. Our financial condition, results of operations, cash flows or changes in the



shareholders' equity may appear materially different under IFRS than under Indian GAAP or our adoption of IFRS may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognized during that period.

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

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

These facts and other statistics include the facts and statistics included in “*Summary of Industry*” and “*Industry Overview*” on pages 24 and 69, respectively. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

**Prominent Notes**

1. Initial public Issue of 21,70,000 Equity Shares of face value of ₹ 10 each of our Company for cash at a price of ₹ 12 per Equity Share (including a share premium of ₹ 2/- per Equity Share) aggregating up to ₹ 260.40 Lakhs. Out of the Issue, 1,10,000 Equity Shares of face value of ₹ 10/- each at a price of ₹ 12/- per Equity Share aggregating to ₹ 13.20 Lakhs, will be reserved for subscription by Market Makers to the Issue (the “Market Maker Reservation Portion”) and Net Issue to the Public of 20,60,000 Equity Shares of ₹ 10/- each at a price of ₹ 12/- per Equity Share aggregating to ₹ 247.20 Lakhs (hereinafter referred to as the “Net Issue”). The Issue and the Net Issue will constitute 31.00% and 29.43% 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
    - i. Individual applicants other than retail individual investors; and
    - ii. Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
  - c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.
3. The Standalone Net worth of our Company as on September 30, 2012 and March 31, 2012 was ₹ 439.38 Lakhs and ₹ 320.52 Lakhs respectively. The Consolidated Net worth of our Company as on September 30, 2012 and March 31, 2012 was ₹ 438.54 Lakhs and ₹ 319.68 Lakhs respectively. For more information, see the section titled “Financial Statements” beginning on page 133 of this Draft Prospectus.
4. The NAV / Book Value per Equity Share, based on Standalone Restated Financials of our Company as on September 30, 2012 and March 31, 2012 was ₹ 15.42/- and ₹ 14.25/- respectively. The NAV / Book Value per Equity Share, based on Consolidated Restated Financials of our Company as on September 30, 2012 and March 31, 2012 was ₹ 15.39/- and ₹ 14.21/- respectively. For more information, see the section titled “Financial Statements” beginning on page 133 of this Draft 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 (₹)
Mr. V. R. Manjunath	16,00,000	10/-
Mr. Hemang D. Rawal	15,10,000	10/-
Mr. Ravindra M. Madhudi	15,10,000	10/-



As certified by our Statutory Auditor vide their certificate dated February 18, 2013.  
For Further details, please refer to “Capital Structure” on page 41 of this Draft Prospectus.

6. The details of transactions of our Company with related parties, nature of transactions and the cumulative value of transactions during 6 months period ended September 30, 2012 and last financial year ended March 31, 2012 on Standalone and Consolidated basis are as follows:

(in ₹)

Nature of Transaction	Standalone		Consolidated	
	Transaction Amount during 6 months period ended September 30, 2012	Transaction Amount for last Financial Year ended March 31, 2012	Transaction Amount during 6 months period ended September 30, 2012	Transaction Amount for last Financial Year ended March 31, 2012
Remuneration Paid	35,52,000	71,04,000	35,52,000	71,04,000
Professional Charges paid	9,90,000	13,20,000	9,90,000	13,20,000
Shares Allotted	60,00,000	-	60,00,000	-
Services Availed from associates	-	13,29,000	-	13,29,000
Interest Paid on Advances	-	40,00,000	-	40,00,000
Advances Received/ Given / Paid	1,61,31,520	38,66,900	1,61,15,520	38,61,900
Loans and Advance received / repaid (adjusted)	61,20,000	10,36,640	61,20,000	10,36,640

For more details on the related party transactions, please refer to section titled “Financial Statements - Annexure M - Statement of Related Parties Transactions, as Restated” on page 157 and 157 respectively.

7. No Group companies have any business or other interest in our Company, except as stated in section titled “Financial Statements - Annexure M - Statement of Related Parties Transactions, as Restated” on page 133 and 157 respectively, and “Our Promoters and Group Entities” on page 112, 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 originally incorporated on November 28, 2003, as “Samruddhi Realty Private Limited” under the provisions of the Companies Act, 1956 with the Registrar of Companies, Bangalore. Subsequently, our Company was converted into a public limited Company pursuant to a Shareholders Resolution passed at the Extra Ordinary General Meeting held on January 18, 2010 and the name of our Company was changed to “Samruddhi Realty Limited” vide a fresh certificate of incorporation dated March 31, 2010 issued by the Registrar of Companies, Karnataka, Bangalore consequent to such change of status. For details of change in our name, please refer to Section titled “History and Certain Corporate Matters” on page 91 of this Draft 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 Draft Prospectus.
10. Our Company, Promoters, Directors, Promoter Group, Subsidiary Companies, Group companies 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 57 of this Draft Prospectus.
12. The Lead Manager and our Company shall update this Draft Prospectus / Prospectus and keep the investors / public informed of any material changes till listing of the Equity Shares offered in terms of this Draft 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 245 of this Draft 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 Samruddhi Realty Limited) 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” on page 97 of this Draft 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” beginning on page 133 of this Draft Prospectus.



## **SECTION III – INTRODUCTION**

### **SUMMARY OF OUR INDUSTRY**

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Draft Prospectus, including the information contained in the chapter titled “*Risk Factors*” and “*Financial Statements of the Company*” and related notes beginning on page 9 and 133 of this Draft Prospectus before deciding to invest in our Equity Shares.

#### **Industry Overview**

##### **The Indian Economy**

In late 2012, the Indian Government announced reforms and deficit reduction measures to reverse India's slowdown. The outlook for India's medium-term growth is positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. India has many long-term challenges that it has not yet fully addressed, including poverty, inadequate physical and social infrastructure, limited non-agricultural employment opportunities, inadequate availability of quality basic and higher education, and accommodating rural-to-urban migration.

Despite this, Indian economy has strong fundamentals and is host to several eminent global corporate giants that are leaders in their respective fields. According to the Global Competitive Report 2011-12, India ranks at 56 among 142 countries. The country ranks higher than many countries in key parameters such as market size (3rd) and innovation (38th). It also has a sound financial market, which ranks 21st in the world.

According to UNCTAD’s World Investment Prospects Survey 2012–2014, India is the third-most attractive destination for FDI (after China and the US) in the world. Indian markets have significant potential and offer prospects of high profitability and a favorable regulatory regime for investors.

<u>GDP – Purchasing Power Parity :</u>	\$ 4.735 Trillion (2012 EST.)
<u>GDP - Real Growth Rate:</u>	5.4% (2012 est.)
<u>GDP - Composition by Sector:</u>	Agriculture: 17%, Industry: 18%, Services: 65% (2011 est.)
<u>Labor Force:</u>	498.4 million (2012 est.)
<u>Population below poverty line:</u>	29.8% (2010 est.)
<u>Inflation Rate (Consumer prices):</u>	9.2% (2012 est.)
<u>Exports:</u>	\$309.1 billion (2012 est.)
<u>Imports:</u>	\$500.3 billion (2012 est.)

*Indian rupees (INR) per US dollar - 53.17 (2012 est.)*

*(Source: The World Fact book)*

India continues to urbanise at a strong pace driven by a combination of up trending consumption, robust job creation and growing financial penetration, according to Morgan Stanley's proprietary Alpha Wise City Vibrancy Index.

##### **The Real Estate & Construction Industry**

The Real Estate Industry has grown from family based entities with focus on single products and having one market presence into corporate entities with multi-city presence having differentiated products. The industry has witnessed considerable shift from traditional financing methods and limited debt support to an era of structured finance, private equity and public offering.

##### **Real Estate comprises of four sub-sectors –**

- Housing,
- Retail
- Hospitality
- Commercial.

The Economic Survey 2011-12 shows that the housing sector ranks fourth in terms of the multiplier effect on the economy. And as per the industry reports, the total economic value of the real estate activity in the country ranges between US\$40-45 billion, which contributes 5-6% to the GDP growth. Of its total size, residential



segment, with 90-95% size, forms the major chunk of the market, followed by the commercial segment (4-5%) and organised retail segment (1%).

**Housing** contributes to five-six percent of the country's GDP, the remaining three sub-sectors are also growing at a rapid pace, meeting the increase in infrastructural needs.

**Retail** space accounts for a small portion of the overall real estate market and organised retailers are few, increasing collaborations between international retail brands and Indian partners is likely to promote a strong growth in the retail space

**Hospitality** market comprises hotels, service apartments and convention centers. NCR and Mumbai remain the biggest hospitality markets in India.

**Commercial** space demand is arising from metro cities like Delhi-NCR, Mumbai and Bangalore, and will see an upward trend at a CAGR of 7 percent between 2010 and 2014.

Real Estate sector is not only the biggest contributor to gross domestic product (GDP) of the country but is also the fourth largest sector in terms of foreign direct investment (FDI) inflows in the country. The two main reasons responsible for boom in Indian real estate sector include liberalisation of Government policies, which has decreased the need for permissions and licenses before taking up mega construction projects and the expanding industrial sector. Urbanisation and increasing household income are some of the major factors that influence demand for residential real estate and growth in the retail sector

### **Construction Sector**

Today, India is one of the fastest growing economies in the world. The Indian construction industry is an integral part of the economy and a conduit for a substantial part of its development investment, is poised for growth on account of industrialization, urbanization, economic development and people's rising expectations for improved quality of living. Construction is expected to be the biggest beneficiary of the surge in infrastructure investment.

The Construction Sector is a major employment driver, being the second largest employer in the country, next only to agriculture. This is because of the chain of backward and forward linkages that the sector has with other sectors of the economy. About 250 ancillary industries such as cement, steel, brick, timber and building material are dependent on the construction industry.

### **Market Size/ Growth Prospects**

The Indian Real estate market size is expected to touch US\$ 180 billion by 2020. The demand is expected to grow at a compound annual growth rate (CAGR) of 19 per cent between 2010 and 2014, with tier I metropolitan cities projected to account for about 40 per cent of this.

Growing infrastructure requirements from sectors such as education, healthcare and tourism are providing numerous opportunities in the sector. Further, India is going to produce an estimated two million new graduates from various Indian universities during this year, creating demand for 100 million square feet of office and industrial space. In addition, presence of a large number of Fortune 500 and other reputed companies will attract more companies to initiate their operational bases in India thus, creating more demand for corporate space.

(Source: [www.ibef.org](http://www.ibef.org))



## **SUMMARY OF OUR BUSINESS**

*The following information should be read together with the information contained in the sections titled “Risk Factors”, “Industry Overview”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Information” on pages 9,69,196 and 133 respectively, of this Draft Prospectus.*

Our Company was originally incorporated with the Registrar of Companies, Bangalore on November 28, 2003 as Samruddhi Realty Private Limited. During the initial years of our operations our Company took small steps by undertaking the execution of high value luxury apartments under the small size segment. Our Company completed its initial projects with assured quality standards and delivered them to the customers in scheduled time. With determined efforts and gradually progression we achieved a built area of approximately 1, 25,000 sq feet by the year 2009.

We are a growing Real Estate Development Company headquartered in Bangalore, Karnataka. We believe that we have established a successful track record in the Bangalore real estate industry by developing innovative projects through our focus on contemporary architecture, strong project execution and quality construction. Our core area of operations is residential projects.

We use a knowledge-based approach from internal and external sources in making development and lease/sales decisions. We have an in-house architectural and designing team which co-ordinates the entire process from initiation of a project to its final delivery, that ensure quality of and timely execution of each project. Most of the developments carried out by us are on a joint development model with the landowners being given built up area. We currently follow a sale model for our residential projects.

Currently, we have a head office and a corporate office located in Bangalore, Karnataka. In over 9 years of our existence, we have executed projects at different locations in the Bangalore region. As part of our growth plans, We are contemplating taking up projects in other cities such as New Delhi, Chennai, Pune, Ahmedabad and Hyderabad.

Our Promoters have been connected with real estate industry for over 18 years. Our Company is benefitted from their rich experience, expert in-sight of the industry and has expanded its operation many fold since their association with us.

Our company is a member of Confederation of Real Estate Developers’ Associations of India (CREDAI) which is a prominent body for private Real Estate developers in India. CREDAI represents over 6,000 developers through 18 member associations across the country. Our Company is also member with Indian Green Building Council (IGBC).

### **Our growth strategy**

We intend to pursue the following strategies in order to grow further:

#### **Increased focus on Bangalore Region.**

The real estate industry in India is predominantly regional due to difficulties with respect to large scale land acquisition in unfamiliar locations, inadequate infrastructure to market projects in new locations, the complex legal framework and the large number of approvals which are necessary to be obtained from different authorities at various stages of construction under local laws, and the long gestation period of projects. We also believe that due to our base at Bangalore and experience of our management about markets in and around, we will be able to focus and expand our business in and around Bangalore.

#### **Focus on Performance and Project Execution**

We also believe that it is important to identify additional land and development rights in strategic locations at a competitive cost, we currently intend to focus on developing our Forthcoming Projects in a timely and efficient manner. We will continue to leverage advanced technologies, designs and project management tools to increase productivity and maximize asset utilization in capital intensive construction activities.



### **Details of our completed, ongoing and upcoming projects:**

As on the date of this Draft Prospectus we have completed 4 Projects with a Developable & Saleable Area of approx. 1,25,000 Sq. Feet. We have 3 Ongoing Projects with a Developable & Saleable Area of approx. 4,46,117 Sq. Feet and 2 upcoming Projects with a Developable & Saleable Area of approx. 4,75,000 Sq. Feet. For further details of our various projects please refer to the chapter titled “Our Business” on page 72 of this Draft Prospectus.

### **OUR COMPETITIVE STRENGTHS**

#### **Strong presence in Bangalore**

We believe that we have good knowledge of the market and regulatory environment in Bangalore that assists us in identifying opportunities in this region. Our Completed, Ongoing and Upcoming projects are located in Bangalore, which we believe is an attractive real estate market in terms of returns on investment, product positioning and depth of demand for real estate developments. Bangalore’s position as the IT/ITES destination of India, the population of high-income customer base and an expanding segment of young, upwardly mobile professionals provides a substantial market for our projects.

#### **Established brand image**

Our Promoters have been connected with real estate business since over two decades. We believe that our track record of developing projects, strong project execution and quality construction have enabled us to achieve sales for our projects. We believe that we have an established brand which is a differentiating factor for our customers, which helps establish customer confidence, influences buying decisions and has enabled us to achieve sales for our projects.

#### **Strong project pipeline providing near term cash flow visibility**

We have a number of project in pipeline. We currently have 4 ongoing and 5 upcoming projects, which we expect to provide a total Saleable Area of approximately 30,00,000 square feet. With all the planned projects to be launched and executed in the next three to five years, we feel that cash flows will be adequate.

#### **Strong and stable management team**

Our promoters have an experience of over two decades in the real estate industry. We also have a strong and well supportive management team with established and structured corporate processes. Before executing a project we undertake research for our projects and then commence any project. We utilise an outsourcing model that allows scalability design and quality construction. We have experienced and capable design management and project management teams who oversee and execute all aspects of project development. Our strong and long-standing relationships with external service providers such as architects, landscape planners & contractors would prove beneficial to us. We believe that the strength of our management team and their understanding of the real estate market will enable us to continue to take advantage of current and future market opportunities.

#### **Human Resources**

As on date of this Draft Prospectus, the total of manpower employed by our Company comprises of 56 employees who are on the Payroll of the Company.



**SUMMARY STANDALONE FINANCIAL INFORMATION**

Statement Of Assets and Liabilities, As Restated

(in ₹)

	Particulars	As at					
		30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
<b>A</b>	<b>Non-current assets</b>						
	<b>Fixed Assets:</b>						
	Tangible assets	23,461,143	9,016,463	8,276,788	4,566,192	5,363,912	6,745,289
	Less : Revaluation Reserve	-	-	-	-	-	-
	Net Block after adjustment of Revaluation Reserve	23,461,143	9,016,463	8,276,788	4,566,192	5,363,912	6,745,289
	Intangible assets	-	-	-	-	-	-
	Capital work-in-progress	-	-	-	-	-	-
	Intangible assets under development	-	-	-	-	-	-
	Non-current investments	390,198	390,198	390,198	294,000	84,000	84,000
	Deferred tax assets (net)	980,309	1,178,588	847,561	636,977	474,635	171,477
	Long-term loans and advances	64,545,882	32,576,882	27,376,882	6,923,174	10,528,191	7,438,459
	Other non-current assets	1,133,550	833,550	1,935,431	1,409,934	858,470	-
	<b>Total non-current assets</b>	<b>A 90,511,082</b>	<b>43,995,681</b>	<b>38,826,860</b>	<b>13,830,277</b>	<b>17,309,208</b>	<b>14,439,225</b>
<b>B</b>	<b>Current Assets</b>						
	Current Investments	-	-	-	528,186	-	-
	Inventories	123,772,427	101,170,229	63,112,446	62,322,360	46,161,935	35,938,723
	Trade Receivables	105,730,011	65,515,291	36,842,848	6,619,946	11,661,241	19,399,260
	Cash & Bank Balances	49,377,893	30,735,439	25,573,867	17,411,513	2,611,121	3,898,000
	Short Term Loans & Advances	6,651,365	4,655,732	4,012,106	2,904,939	2,759,967	2,071,392
	Other Current Assets	34,686,662	26,302,805	4,619,901	3,720,227	3,393,879	1,757,592
	<b>Total Current Assets</b>	<b>B 320,218,358</b>	<b>228,379,496</b>	<b>134,161,168</b>	<b>93,507,171</b>	<b>66,588,143</b>	<b>63,064,967</b>
<b>C</b>	<b>Total Assets (C=A+B)</b>	<b>C 410,729,440</b>	<b>272,375,177</b>	<b>172,988,028</b>	<b>107,337,448</b>	<b>83,897,351</b>	<b>77,504,192</b>
<b>D</b>	<b>Non Current Liabilities</b>						
	Long-term borrowings	151,245,653	114,907,074	69,872,903	58,604,279	60,517,780	62,193,276
	Deferred tax liabilities (net)	-	-	-	-	-	-
	Other long-term liabilities	-	-	-	-	-	-
	Long-term provisions	1,739,277	1,286,391	1,055,415	962,175	839,637	556,546
	<b>Total Non Current Liabilities</b>	<b>D 152,984,930</b>	<b>116,193,465</b>	<b>70,928,318</b>	<b>59,566,454</b>	<b>61,357,417</b>	<b>62,749,822</b>
<b>E</b>	<b>Current liabilities</b>						
	Short-term borrowings	13,657,586	13,512,127	13,906,841	2,944,783	-	-
	Trade payables	35,947,297	17,219,137	6,418,164	4,001,294	5,353,618	1,983,727
	Other current liabilities	159,866,557	89,472,284	52,984,481	32,737,104	14,019,953	5,474,549
	Short-term provisions	4,334,591	3,926,108	699,838	431,132	15,727	10,424
	<b>Total Current Liabilities</b>	<b>E 213,806,031</b>	<b>124,129,656</b>	<b>74,009,324</b>	<b>40,114,313</b>	<b>19,389,298</b>	<b>7,468,700</b>
<b>F</b>	<b>Share Application Money Pending Allotment</b>	<b>F -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>G</b>	<b>Total Liabilities (G=D+E+F)</b>	<b>G 366,790,961</b>	<b>240,323,121</b>	<b>144,937,642</b>	<b>99,680,767</b>	<b>80,746,715</b>	<b>70,218,522</b>
<b>H</b>	<b>Net Worth (C-G):</b>	<b>H 43,938,479</b>	<b>32,052,056</b>	<b>28,050,386</b>	<b>7,656,681</b>	<b>3,150,636</b>	<b>7,285,670</b>
<b>I</b>	<b>Net Worth Represented by:</b>						
	Share Capital	28,500,000	22,500,000	22,500,000	5,000,000	5,000,000	5,000,000
	Reserves & Surplus	15,438,479	9,552,056	5,550,386	2,656,681	(1,849,364)	2,295,170
	Less : Revaluation Reserve	-	-	-	-	-	-
	Less: Miscellaneous Expenses not w/off	-	-	-	-	-	9,500
	<b>Net Worth</b>	<b>I 43,938,479</b>	<b>32,052,056</b>	<b>28,050,386</b>	<b>7,656,681</b>	<b>3,150,636</b>	<b>7,285,670</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 Annexures II, III and IV.



Statement Of Profit And Loss, As Restated

(in ₹)

Particulars		For the period 6 months ended	For the Year ended				
		30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
<b>Revenue from operations:</b>							
- Revenues from Property Development		97,558,116	123,144,417	54,428,410	28,240,333	34,578,450	89,855,320
<b>Net Revenue from operations</b>		<b>97,558,116</b>	<b>123,144,417</b>	<b>54,428,410</b>	<b>28,240,333</b>	<b>34,578,450</b>	<b>89,855,320</b>
Other income		1,185,210	2,483,955	2,064,899	647,605	-	546,345
<b>Total Revenue</b>	<b>A</b>	<b>98,743,326</b>	<b>125,628,372</b>	<b>56,493,309</b>	<b>28,887,938</b>	<b>34,578,450</b>	<b>90,401,665</b>
<b>Expenses:</b>							
Cost of Sales		72,427,016	96,816,507	47,068,206	25,927,896	37,048,560	43,770,181
Changes in inventories of finished goods, WIP and Stock-in-Trade		(22,602,198)	(38,057,783)	(19,486,794)	(16,160,425)	(10,223,212)	33,480,270
Employee benefits expense		10,961,203	16,008,946	11,921,847	7,249,337	7,880,280	6,210,573
Finance costs		9,109,342	14,259,325	2,343,695	819,997	1,247,384	416,680
Depreciation and amortization expense		1,386,658	2,429,983	1,236,440	1,361,208	1,747,833	803,908
Preliminary Expenses written off		-	-	-	-	9,500	9,500
Other expenses		18,676,603	25,700,750	9,676,795	4,823,659	1,151,562	1,905,384
<b>Total Expenses</b>	<b>B</b>	<b>89,958,624</b>	<b>117,157,728</b>	<b>52,760,189</b>	<b>24,021,671</b>	<b>38,861,907</b>	<b>86,596,496</b>
<b>Profit before exceptional and extraordinary items and tax (A-B)</b>	<b>C</b>	<b>8,784,702</b>	<b>8,470,644</b>	<b>3,733,121</b>	<b>4,866,267</b>	<b>(4,283,457)</b>	<b>3,805,169</b>
Exceptional item		-	-	-	-	-	-
<b>Profit before extraordinary items and tax</b>	<b>D</b>	<b>8,784,702</b>	<b>8,470,644</b>	<b>3,733,121</b>	<b>4,866,267</b>	<b>(4,283,457)</b>	<b>3,805,169</b>
Extraordinary item		-	-	-	-	-	-
<b>Profit Before Tax</b>	<b>E</b>	<b>8,784,702</b>	<b>8,470,644</b>	<b>3,733,121</b>	<b>4,866,267</b>	<b>(4,283,457)</b>	<b>3,805,169</b>
<b>Provision for Tax</b>							
- Current Tax		2,700,000	4,800,000	1,050,000	630,000	-	1,600,000
- Fringe Benefit Tax		-	-	-	-	164,235	133,453
- Tax adjustment of prior years		-	-	-	(107,436)	-	-
- Deferred Tax Liability / (Asset)		198,279	(331,027)	(210,584)	(162,342)	(303,158)	(50,415)
<b>Restated profit after tax from continuing operations</b>	<b>F</b>	<b>5,886,423</b>	<b>4,001,671</b>	<b>2,893,705</b>	<b>4,506,045</b>	<b>(4,144,534)</b>	<b>2,122,131</b>
<b>Discontinuing operation</b>		-	-	-	-	-	-
<b>Restated profit for the year</b>		<b>5,886,423</b>	<b>4,001,671</b>	<b>2,893,705</b>	<b>4,506,045</b>	<b>(4,144,534)</b>	<b>2,122,131</b>
Balance brought forward from previous year		9,552,056	5,550,386	2,656,681	(1,849,364)	2,295,170	173,039
<b>Accumulated Profit/ (Loss) carried to Balance Sheet</b>		<b>15,438,479</b>	<b>9,552,056</b>	<b>5,550,386</b>	<b>2,656,681</b>	<b>(1,849,364)</b>	<b>2,295,170</b>
<b>Note:</b> The above statement should be read with the significant accounting policies and notes to restated summary statement of assets and liabilities, and cash flows statement as appearing in Annexures I, III and IV.							



Statement of Cash Flow, As Restated

(in ₹)

Particulars	For the period 6 months ended	For the Year ended				
		30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09
<b>1. Cash Flow From Operating Activities:</b>						
Net Profit before tax and extraordinary item	8,784,702	8,470,644	3,733,121	4,866,267	(4,283,457)	3,805,169
<i>Adjustments for:</i>						
Depreciation and amortization expense	1,386,658	2,429,983	1,236,440	1,361,208	1,757,333	813,408
Interest Paid	9,041,039	13,380,976	1,418,795	822,219	1,230,521	320,721
(Profit)/Loss on sale of Fixed Assets	-	304,911	213,549	-	-	(255,079)
(Profit)/Loss on sale of Shares	-	-	-	(34,516)	-	-
Dividend Received	-	(5,000)	-	(1,500)	-	-
Interest Received/ Other Non Operative Receipts	(779,374)	(1,558,748)	(1,108,470)	(283,665)	-	-
<b>Operating Profit before Working Capital Changes</b>	<b>18,433,025</b>	<b>23,022,766</b>	<b>5,493,435</b>	<b>6,730,013</b>	<b>(1,295,603)</b>	<b>4,684,219</b>
<i>Adjustments for:</i>						
Inventories	(22,602,198)	(38,057,783)	(790,086)	(16,160,425)	(10,223,212)	33,480,270
Trade Receivables	(40,214,720)	(28,672,443)	(30,222,902)	5,041,295	7,738,019	(19,399,260)
Movement in other current/non-current assets	(8,683,857)	(20,581,023)	(1,425,171)	(877,812)	(2,494,757)	(1,757,592)
Trade Payables	18,728,160	10,800,973	2,416,870	(1,352,324)	3,369,891	(1,345,745)
Other Current Liabilities	70,394,273	36,487,803	20,247,377	18,717,151	8,545,404	(11,262,566)
Short term Provision	408,483	3,226,270	268,706	415,405	5,303	(404,184)
Long term Provision	452,886	230,976	93,240	122,538	283,091	556,546
<b>Cash Generated from Operation</b>	<b>36,916,052</b>	<b>(13,542,462)</b>	<b>(3,918,532)</b>	<b>12,635,841</b>	<b>5,928,136</b>	<b>4,551,688</b>
Taxes Paid	(2,700,000)	(4,800,000)	(1,050,000)	(630,000)	(164,235)	(1,733,453)
<b>Net Cash from Operating Activities</b>	<b>34,216,052</b>	<b>(18,342,462)</b>	<b>(4,968,532)</b>	<b>12,005,841</b>	<b>5,763,901</b>	<b>2,818,235</b>
<b>2. Cash Flow From Investing Activities:</b>						
Fixed Assets Purchased	(15,831,338)	(3,754,569)	(5,260,585)	(421,536)	(366,456)	(6,353,431)
Sale of Fixed Assets	-	280,000	100,000	-	-	502,000
Dividend Received	-	5,000	-	1,500	-	-
Interest Received	779,374	1,558,748	1,108,470	283,665	-	-
Investments (Purchased) / Sold	-	-	431,988	(738,186)	-	(84,000)
Long/Short Term Loans and Advance	(33,964,633)	(5,843,627)	(21,560,875)	3,460,045	(3,778,307)	3,804,190
Long Term Current Liabilities		-	-	-	-	-
<b>Net Cash from Investing Activities</b>	<b>(49,016,597)</b>	<b>(7,754,448)</b>	<b>(25,181,002)</b>	<b>2,585,488</b>	<b>(4,144,763)</b>	<b>(2,131,241)</b>
<b>3. Cash Flow From Financing Activities:</b>						
Proceeds from issue of shares	6,000,000	-	17,500,000	-	-	4,000,000
Proceeds from Short term borrowings	145,459	(394,714)	10,962,058	2,944,783	-	-
Proceeds from Long term borrowings	36,338,579	45,034,171	11,268,624	(1,913,501)	(1,675,496)	(3,549,367)
Interest paid	(9,041,039)	(13,380,976)	(1,418,795)	(822,219)	(1,230,521)	(320,721)
<b>Net Cash from Financing Activities</b>	<b>33,442,999</b>	<b>31,258,481</b>	<b>38,311,887</b>	<b>209,063</b>	<b>(2,906,017)</b>	<b>129,912</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents</b>	<b>18,642,454</b>	<b>5,161,572</b>	<b>8,162,354</b>	<b>14,800,392</b>	<b>(1,286,879)</b>	<b>816,906</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>30,735,439</b>	<b>25,573,867</b>	<b>17,411,513</b>	<b>2,611,121</b>	<b>3,898,000</b>	<b>3,081,094</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>49,377,893</b>	<b>30,735,439</b>	<b>25,573,867</b>	<b>17,411,513</b>	<b>2,611,121</b>	<b>3,898,000</b>





**Note:** 1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on Cash Flow Statements as recommended by Companies accounting standard rules, 2006.  
2. Figures in Brackets represents outflow.  
3. The above statement should be read with the significant accounting policies and notes to restated summary statement of assets and liabilities and statement of profit and loss as appearing in Annexures I, II and IV.



**SUMMARY CONSOLIDATED FINANCIAL INFORMATION**

**Statement of Assets and Liabilities, As Restated**

( in ₹ )

	Particulars	As at			
		30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10
<b>A</b>	<b>Non-current assets</b>				
	<b>Fixed Assets:</b>				
	Tangible assets	23,461,143	9,016,463	8,276,788	4,566,192
	Less : Revaluation Reserve	-	-	-	-
	Net Block after adjustment of Revaluation Reserve	23,461,143	9,016,463	8,276,788	4,566,192
	Intangible assets (Goodwill on consolidation)	86,664	75,464	60,795	49,215
	Capital work-in-progress	-	-	-	-
	Intangible assets under development	-	-	-	-
	Non-current investments	96,198	96,198	126,198	30,000
	Deferred tax assets (net)	980,309	1,178,588	847,561	636,977
	Long-term loans and advances	64,545,882	32,576,882	27,376,882	6,923,174
	Other non-current assets	1,133,550	833,550	1,935,431	1,409,934
	<b>Total non-current assets</b>	<b>A 90,303,746</b>	<b>43,777,145</b>	<b>38,623,655</b>	<b>13,615,492</b>
<b>B</b>	<b>Current Assets</b>				
	Current Investments	-	-	-	528,186
	Inventories	123,772,427	101,170,229	63,112,446	62,322,360
	Trade Receivables	105,730,011	65,515,291	36,842,848	6,619,946
	Cash & Bank Balances	49,635,033	30,992,579	25,830,107	17,657,753
	Short Term Loans & Advances	6,620,365	4,640,732	4,002,106	2,904,939
	Other Current Assets	34,686,662	26,302,805	4,619,901	3,720,227
	<b>Total Current Assets</b>	<b>B 320,444,498</b>	<b>228,621,636</b>	<b>134,407,408</b>	<b>93,753,411</b>
<b>C</b>	<b>Total Assets (C=A+B)</b>	<b>C 410,748,244</b>	<b>272,398,781</b>	<b>173,031,063</b>	<b>107,368,903</b>
<b>D</b>	<b>Non Current Liabilities</b>				
	Long-term borrowings	151,245,654	114,907,074	69,872,903	58,604,279
	Deferred tax liabilities (net)	-	-	-	-
	Other long-term liabilities	-	-	-	-
	Long-term provisions	1,739,277	1,286,391	1,055,415	962,175
	<b>Total Non Current Liabilities</b>	<b>D 152,984,931</b>	<b>116,193,465</b>	<b>70,928,318</b>	<b>59,566,454</b>
<b>E</b>	<b>Current liabilities</b>				
	Short-term borrowings	13,657,586	13,512,127	13,906,841	2,944,783
	Trade payables	35,947,297	17,219,137	6,418,164	4,001,294
	Other current liabilities	159,916,501	89,522,228	53,017,571	32,753,649
	Short-term provisions	4,334,591	3,926,108	699,838	431,132
	<b>Total Current Liabilities</b>	<b>E 213,855,975</b>	<b>124,179,600</b>	<b>74,042,414</b>	<b>40,130,858</b>
<b>F</b>	<b>Share Application Money Pending Allotment</b>	<b>F -</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>G</b>	<b>Total Liabilities (G=D+E+F)</b>	<b>G 366,840,905</b>	<b>240,373,065</b>	<b>144,970,732</b>	<b>99,697,312</b>
<b>H</b>	<b>Minority Interest</b>	<b>H 52,860</b>	<b>57,660</b>	<b>63,945</b>	<b>68,910</b>
<b>I</b>	<b>Net Worth (C-G-H):</b>	<b>I 43,854,479</b>	<b>31,968,056</b>	<b>27,996,386</b>	<b>7,602,681</b>
<b>J</b>	<b>Net Worth Represented by:</b>				
	Share Capital	28,500,000	22,500,000	22,500,000	5,000,000
	Reserves & Surplus	15,354,479	9,468,056	5,496,385	2,602,681
	Less : Revaluation Reserve	-	-	-	-
	Less: Miscellaneous Expenses not w/off	-	-	-	-
	<b>Net Worth</b>	<b>J 43,854,479</b>	<b>31,968,056</b>	<b>27,996,385</b>	<b>7,602,681</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 Annexures II, III and IV.



Statement of Profit And Loss, As Restated

(in ₹)

Particulars		For the period 6 months ended	For the Year ended		
		30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10
<b>Revenue from operations:</b>					
- Revenues from Property Development		97,558,116	123,144,417	54,428,410	28,240,333
<b>Net Revenue from operations</b>		<b>97,558,116</b>	<b>123,144,417</b>	<b>54,428,410</b>	<b>28,240,333</b>
Other income		1,185,210	2,483,955	2,064,899	647,605
<b>Total Revenue</b>	<b>A</b>	<b>98,743,326</b>	<b>125,628,372</b>	<b>56,493,309</b>	<b>28,887,938</b>
<b>Expenses:</b>					
Cost of Sales		72,427,016	96,816,507	47,068,206	25,927,896
Changes in inventories of finished goods, WIP and Stock-in-Trade		(22,602,198)	(38,057,783)	(19,486,794)	(16,160,425)
Employee benefits expense		10,961,203	16,008,946	11,921,847	7,249,337
Finance costs		9,109,342	14,259,325	2,343,695	819,997
Depreciation and amortization expense		1,386,658	2,429,983	1,236,440	1,361,208
Preliminary Expenses written off		-	-	-	-
Other expenses		18,676,603	25,700,750	9,676,795	4,823,659
<b>Total Expenses</b>	<b>B</b>	<b>89,958,624</b>	<b>117,157,728</b>	<b>52,760,189</b>	<b>24,021,672</b>
<b>Profit before exceptional and extraordinary items and tax (A-B)</b>	<b>C</b>	<b>8,784,702</b>	<b>8,470,644</b>	<b>3,733,121</b>	<b>4,866,266</b>
Exceptional item		-	-	-	-
<b>Profit before extraordinary items and tax</b>	<b>D</b>	<b>8,784,702</b>	<b>8,470,644</b>	<b>3,733,121</b>	<b>4,866,266</b>
Extraordinary item		-	-	-	-
<b>Profit Before Tax</b>	<b>E</b>	<b>8,784,702</b>	<b>8,470,644</b>	<b>3,733,121</b>	<b>4,866,266</b>
<b>Provision for Tax</b>					
- Current Tax		2,700,000	4,800,000	1,050,000	630,000
- Fringe Benefit Tax		-	-	-	-
- Tax adjustment of prior years		-	-	-	(107,436)
- Deferred Tax Liability / (Asset)		198,279	(331,027)	(210,584)	(162,342)
<b>Restated profit after tax from continuing operations</b>	<b>F</b>	<b>5,886,423</b>	<b>4,001,671</b>	<b>2,893,705</b>	<b>4,506,044</b>
<b>Discontinuing operation</b>		-	-	-	-
<b>Restated profit for the year</b>		<b>5,886,423</b>	<b>4,001,671</b>	<b>2,893,705</b>	<b>4,506,044</b>
Balance brought forward from previous year		9,468,056	5,496,385	2,602,681	(1,849,363)
Adjustment for Consolidation of Subsidiaries and Associates		-	(30,000)	-	(54,000)
<b>Accumulated Profit/ (Loss) carried to Balance Sheet</b>		<b>15,354,479</b>	<b>9,468,056</b>	<b>5,496,385</b>	<b>2,602,681</b>

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



Statement of Cash Flow, As Restated

( in ₹ )

Particulars	For the period	For the Year ended		
	6 months ended	31-Mar-12	31-Mar-11	31-Mar-10
	30-Sep-12			
<b>1. Cash Flow From Operating Activities:</b>				
Net Profit before tax and extraordinary item	8,784,702	8,470,644	3,733,121	4,866,266
<i>Adjustments for:</i>				
Depreciation and amortization expense	1,386,658	2,429,983	1,236,440	1,361,208
Interest Paid	9041039	13,380,976	1418795	822,219
Adjustment for Consolidation of Subsidiaries and Associates	-	(30,000)	-	(54,000)
(Profit)/Loss on sale of Fixed Assets	-	304,911	213,549	-
(Profit)/Loss on sale of Shares	-	-	-	(34,516)
Dividend Received	-	(5,000)	-	(1,500)
Interest Received/ Other Non Operative Receipts	(779,374)	(1,558,748)	(1,108,470)	(283,665)
<b>Operating Profit before Working Capital Changes</b>	<b>18,433,025</b>	<b>22,992,766</b>	<b>5,493,435</b>	<b>6,676,012</b>
<i>Adjustments for:</i>				
Inventories	(22,602,198)	(38,057,783)	(790,086)	(16,160,425)
Trade Receivables	(40,214,720)	(28,672,443)	(30,222,902)	5,041,295
Movement in other current/non-current assets	(8,683,857)	(20,581,023)	(1,425,171)	(877,812)
Trade Payables	18,728,160	10,800,973	2,416,870	(1,352,324)
Other Current Liabilities	70,394,273	36,504,657	20,263,922	18,733,696
Short term Provision	408,483	3,226,270	268,706	415,405
Long term Provision	452,886	230,976	93,240	122,538
<b>Cash Generated from Operation</b>	<b>36,916,051</b>	<b>(13,555,608)</b>	<b>(3,901,987)</b>	<b>12,598,386</b>
Taxes Paid	(2,700,000)	(4,800,000)	(1,050,000)	(630,000)
<b>Net Cash from Operating Activities</b>	<b>34,216,051</b>	<b>(18,355,608)</b>	<b>(4,951,987)</b>	<b>11,968,386</b>
<b>2. Cash Flow From Investing Activities:</b>				
Fixed Assets Purchased	(15,831,338)	(3,754,569)	(5,260,585)	(421,536)
(Increase)/Decrease in Intangible Assets	(11,200)	(14,669)	(11,580)	(49,215)
Sale of Fixed Assets	-	280,000	100000	-
Dividend Received	-	5,000	-	1,500
Interest Received	779,374	1,558,748	1,108,470	283,665
Investments (Purchased) / Sold	-	30,000	431,988	(474,186)
Long/Short Term Loans and Advance	(33,948,633)	(5,838,627)	(21,550,875)	3,460,045
Long Term Current Liabilities		-	-	-
<b>Net Cash from Investing Activities</b>	<b>(49,011,797)</b>	<b>(7,734,117)</b>	<b>(25,182,582)</b>	<b>2,800,273</b>
<b>3. Cash Flow From Financing Activities:</b>				
Proceeds from issue of shares	6,000,000	-	17,500,000	-
Proceeds from issue of shares to minority interest	(4,800)	(6,285)	(4,965)	68,910
Proceeds from Short term borrowings	145,459	(394,714)	10,962,058	2,944,783
Proceeds from Long term borrowings	36,338,580	45,034,171	11,268,624	(1,913,501)
Interest paid	(9,041,039)	(13,380,976)	(1,418,795)	(822,219)
<b>Net Cash from Financing Activities</b>	<b>33,438,200</b>	<b>31,252,196</b>	<b>38,306,922</b>	<b>277,973</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents</b>	<b>18,642,454</b>	<b>5,162,472</b>	<b>8,172,354</b>	<b>15,046,632</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>30,992,579</b>	<b>25,830,107</b>	<b>17,657,753</b>	<b>2,611,121</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>49,635,033</b>	<b>30,992,579</b>	<b>25,830,107</b>	<b>17,657,753</b>
<b>Note:</b> 1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on Cash Flow Statements as recommended by Companies accounting standard rules, 2006.				
2. Figures in Brackets represents outflow.				
3. The above statement should be read with the significant accounting policies and notes to restated summary statement of assets and liabilities and statement of profit and loss as appearing in Annexures I, II and IV.				



## THE ISSUE

<b>PRESENT ISSUE IN TERMS OF THIS DRAFT PROSPECTUS</b>	
<b>Equity Shares Offered:</b> Present Issue of Equity Shares by our Company	21,70,000 Equity Shares of ₹ 10/- each for cash at a price of ₹ 12/- per share aggregating to ₹ 260.40 Lakhs
<b>Issue Reserved for the Market Makers</b>	1,10,000 Equity Shares of ₹ 10/- each for cash at a price of ₹ 12/- per share aggregating ₹ 13.20 Lakhs
<b>Net Issue to the Public*</b>	20,60,000 Equity Shares of ₹ 10/- each for cash at a price of ₹ 12/- per share aggregating ₹ 247.20 Lakhs
	<b>of which</b>
	10,30,000 Equity Shares of ₹ 10/- each at a premium of ₹ 2/- per Equity Share will be available for allocation for allotment to Retail Individual Investors of upto ₹ 2.00 Lakhs
	10,30,000 Equity Shares of ₹ 10/- each at a premium of ₹ 2/- per Equity Share will be available for allocation for allotment to Other Investors of above ₹ 2.00 Lakhs
<b>Equity Shares outstanding prior to the Issue</b>	48,30,000 Equity Shares of face value of ₹ 10 each
<b>Equity Shares outstanding after the Issue</b>	70,00,000 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 52 of this Draft 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 237 of this Draft 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
  - i. Individual applicants other than retail individual investors; and
  - ii. Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.



## GENERAL INFORMATION

Our Company was originally incorporated as “Samruddhi Realty Private Limited” under the provisions of the Companies Act, 1956 on November 28, 2003, with the Registrar of Companies, Bangalore. Our Company was converted into public limited Company upon issue of fresh certificate of incorporation dated March 31, 2010, issued by the Registrar of Companies, Karnataka, Bangalore.

### Brief Company and Issue Information

<b>Registered Office</b>	202, Raheja Chambers, 12, Museum Road, Bangalore 560 001, Karnataka India. Tel No.: +91 – 80 - 65690190 Website: <a href="http://www.samruddhirealty.com">www.samruddhirealty.com</a>
<b>Corporate Office</b>	The Land Mark , 21/15, 4 <sup>th</sup> Floor, M. G. Road, Bangalore 560 001, Karnataka, India. Tel No.:91-80-4112 2991/4112 2992 Fax No.:91-80-4112 2993
<b>Date of Incorporation</b>	November 28, 2003
<b>Corporate Identification No.</b>	U07010KA2003PLC032934
<b>Address of Registrar of Companies</b>	'E' Wing, 2nd Floor, Kendriya Sadana, Koramangala, Bangalore-560034, Karnataka, India <a href="mailto:roc.bangalore@mca.gov.in">roc.bangalore@mca.gov.in</a>
<b>Name of the Stock Exchange</b>	SME Platform of BSE Limited
<b>Issue Programme</b>	Issue Opens on : [●] Issue Closes on : [●]
<b>Company Secretary &amp; Compliance Officer</b>	Mr. Dharmesh Maruti Kuvalekar The Land Mark , 21/15, 4 <sup>th</sup> Floor, M. G. Road, Bangalore 560 001, Karnataka, India. Tel No.:91-80-4112 2991/ 4112 2992, Fax No.:91-80-4112 2993 Email: <a href="mailto:cssamruddhi@samruddhigroup.com">cssamruddhi@samruddhigroup.com</a>

**Note:** Investors can contact the Compliance Officer or the Lead Manager or the Registrar to the Issue in case of any Pre Issue or Post Issue related problems such as non-receipt of letter of allotment, credit of allotted securities in depository’s beneficiary account or dispatch of refund orders etc.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the concerned SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the ASBA Application Form was submitted by the ASBA Applicant.



## Board of Directors of our Company

Our Board of Directors of our Company consists of:

Name	Designation	DIN No.
Mr. V. R. Manjunath	Chairman and Whole Time Director	01134899
Mr. Hemang D. Rawal	Managing Director	00513746
Mr. Ravindra M. Madhudi	Whole Time Director	00513694
Mr. Praveen Narayanaswamy	Non Executive Independent Director	02461407
Mr. Srinivas G. S.	Non Executive Independent Director	06485065
Ms. Sushma T. S.	Non Executive Independent Director	06485057

For further details of the Directors of our Company, please refer to the chapter titled “*Our Management*” on page 97 of this Draft Prospectus.

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

<b>Lead Manager of the Issue</b> <b>Hem Securities Limited</b> 14/15 Khatau Building, 40, Bank Street, Mumbai - 400001 Tel: 022 – 22671543/44, Fax: 022 – 2262 5991 Web: <a href="http://www.hemonline.com">www.hemonline.com</a> Email: <a href="mailto:rakeshb@hemonline.com">rakeshb@hemonline.com</a> Investor Grievance E-mail: <a href="mailto:redressal@hemonline.com">redressal@hemonline.com</a> Contact Person: Mr. Rakesh Bhalla SEBI Regn. No. INM000010981	<b>Bankers to the Company</b> <b>Karnataka Bank Limited</b> 16/ 2, Wood Street, Ashok nagar, Bangalore -560025, Karnataka, India Tel No:080–22955837, Fax No:080–22955838 Web: <a href="http://www.karnatakabank.com">www.karnatakabank.com</a> Email: <a href="mailto:blr.ashoknagar@ktkbank.com">blr.ashoknagar@ktkbank.com</a> Contact Person: Mr. Venugopalan A.V.
<b>Registrar to the Issue</b> <b>Sharex Dynamic (India) Pvt. Ltd.</b> Unit-1, Luthra Industrial Premises, 1st Floor, 44 - E, M Vasanti Marg, Andheri-Kurla Rd, Safed Pool, Andheri (E), Mumbai - 400072 Tel:022 – 28515606, Fax:022 – 28512858 Web: <a href="http://www.sharexindia.com">www.sharexindia.com</a> Email: <a href="mailto:info@sharexindia.com">info@sharexindia.com</a> Contact Person: Mr. K.C. Ajitkumar SEBI Regn. No. INR000002102	<b>Legal Advisor to the Issue</b> <b>Kanga &amp; Company, Advocates &amp; Solicitors</b> 43, Ready Money Mansion, 1 <sup>st</sup> Floor, Veer Nariman Road, Mumbai - 400001 Tel No:022 – 66230000, Fax:022 – 66339656 Web: <a href="http://www.kangacompany.com">www.kangacompany.com</a> Email: <a href="mailto:srl.ipo@kangacompany.com">srl.ipo@kangacompany.com</a> Contact Person: Mr. Chetan Thakkar
<b>Statutory Auditors of the Company</b> <b>M/S. A. R. Pai &amp; Co., Chartered Accountants,</b> 45, 2 <sup>nd</sup> Floor, Industry House, Race Course Road, Bangalore - 560 001, Karnataka, India FRN.: 002519S Tel. No: 080-41472689 Email: <a href="mailto:arpai.aka@gmail.com">arpai.aka@gmail.com</a> Contact Person: Mr. A. R. Pai	<b>Peer Review Auditors</b> <b>K. Gopalkrishnan &amp; Co, Chartered Accountants</b> 120, Infantry Road, Ramsadan Office Compound, Next to Balaji Plywoods, Bangalore - 560 001 FRN No.: 009600S Tel. No:080-294-2417-909 Email: <a href="mailto:gopalfca@gmail.com">gopalfca@gmail.com</a> Contact Person: Mr. K. Gopalkrishnan
<b>Bankers to the Issue (Escrow Collection Banks)</b>	<b>Refund Banker to the Issue</b>
[●] To be appointed prior to filing of prospectus with RoC	[●] To be appointed prior to filing of prospectus with RoC



#### **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.

#### **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, 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 ₹ 500.00 crores.

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 “Statement of Tax Benefits” Report dated February 18, 2013 obtained from the Statutory Auditor; our Company has not obtained any expert opinions.

#### **Appraising Entity**

No appraising entity has been appointed in respect of any objects of this Issue. Besides other related and consequential objects of this issue, the main object of the issue is the part repayment of term loan amounting to Rs 207.00 Lacs taken from Karnataka Bank which presently is included in the total outstanding amount of Rs 1108.50 of the said loan as per the Certificate issued by the Statutory Auditors dated February 18, 2013. Issue related expenses (except regulatory/statutory expenses) are based on management estimation. Under Means of Finance, amount of internal accruals are based upon the Certificate of the Statutory Auditors dated February 22, 2013.





## 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 March 01, 2013 entered into by us with Underwriter – Hem Securities Limited, the obligations of the Underwriter are subject to certain conditions specified therein. In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their underwriting obligation in full. 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 Lakhs)	% of the Total Issue Size Underwritten
<b>Hem Securities Limited</b> 203, Jaipur Tower, M.I. Road, Jaipur, Rajasthan Tel: 0141-2378608, 2363278 ; Fax: 022 – 2262 5991 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	21,70,000*	260.40	100%

*\*Includes 1,10,000 equity shares of the Market Maker Reservation Portion which are to be subscribed by the Market Maker (Hem Securities Limited) in its OWIN 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 March 01, 2013 with the following Market Maker to fulfill the obligations of Market Making for this issue:

<b>Name</b>	<b>Hem Securities Ltd.</b>
<b>Correspondence Address:</b>	203, Jaipur Tower, M.I. Road, Jaipur, Rajasthan
<b>Tel No.:</b>	+91 – 141-2378608, 2363278
<b>Fax No.</b>	+91 – 22 – 2262 5991
<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) 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 Merchant Banker, who shall then be responsible to appoint a replacement Market Maker(s) and execute a fresh arrangement.

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 106 V of the SEBI (ICDR) Regulations, 2009, as amended. 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 particular point of time.

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



## CAPITAL STRUCTURE

The Share Capital of our Company as on the date of this Draft Prospectus is set forth below:

(₹ in Lakhs, except share data)

Sr. No.	Particulars	Aggregate Value at Face Value (₹)	Aggregate Value at Issue Price (₹)
A	<b>Authorized Share Capital</b> 1,00,00,000 Equity Shares having Face Value of ₹ 10/- each	1,000.00	-
B	<b>Issued, Subscribed &amp; Paid-up Share Capital prior to the Issue</b> 48,30,000 Equity Shares having Face Value of ₹ 10/- each	483.00	-
C	<b>Present Issue in terms of this Draft Prospectus*</b> 21,70,000 Equity Shares having Face Value of ₹ 10/- each at a Premium of ₹ 2/- per share	217.00	260.40
	<b>Which Comprises</b>		
I.	<b>Reservation for Market Maker portion</b> 1,10,000 Equity Shares of ₹ 10/- each at a premium of ₹ 2/- per Equity Share	11.00	13.20
II.	<b>Net Issue to the Public</b> 20,60,000 Equity Shares of ₹ 10/- each at a premium of ₹ 2/- per Equity Share	206.00	247.20
	<b>of which</b>		
	10,30,000 Equity Shares of ₹ 10/- each at a premium of ₹ 2/- per Equity Share will be available for allocation for allotment to Retail Individual Investors of upto ₹ 2.00 Lakhs	103.00	123.60
	10,30,000 Equity Shares of ₹ 10/- each at a premium of ₹ 2/- per Equity Share will be available for allocation for allotment to Other Investors of above ₹ 2.00 Lakhs	103.00	123.60
D	<b>Paid up Equity capital after the Issue</b> 70,00,000 Equity Shares having Face Value of ₹ 10/- each	700.00	-
E	<b>Securities Premium Account</b> Before the Issue After the Issue	Nil 43.40	

\*The present Issue of 21,70,000 Equity Shares in terms of this Draft Prospectus has been authorized pursuant to a resolution of our Board of Directors dated January 10, 2013 and by special resolution passed under Section 81 & 81(1A) of the Companies Act, 1956 at the Extra-ordinary General Meeting of the members held on January 24, 2013.

### Classes of Shares

The 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
28.11.2003	On Incorporation, the initial authorized share capital of the Company comprised of ₹ 10 Lakhs divided into 1,00,000 Equity Shares of ₹10/- each
15.03.2007	Increase in the authorized share capital of the Company from ₹ 10 Lakhs divided into 1,00,000 Equity Shares of ₹10/- each to ₹ 100 Lakhs divided into 10,00,000 Equity Shares of ₹ 10/- each.
06.09.2010	Increase in the authorized share capital of the Company from ₹100 Lakhs divided into 10,00,000 Equity Shares of ₹10/- each to ₹ 300 Lakhs divided into 30,00,000 Equity Shares of ₹ 10/- each.
27.02.2012	Increase in the authorized share capital of the Company from ₹ 300 Lakhs divided into 30,00,000 Equity Shares of ₹10/- each to ₹ 500 Lakhs divided into 50,00,000 Equity Shares of ₹ 10/- each.
10.12.2012	Increase in the authorized share capital of the Company from ₹500 Lakhs divided into 50,00,000 Equity Shares of ₹10/- each to ₹ 1,000 Lakhs divided into 1,00,00,000 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
8.11.2003	10,000	10,000	10	10	Nil	1,00,000	Cash	Subscribers to the Memorandum <sup>1</sup>
31.08.2005	90,000	1,00,000	10	10	Nil	10,00,000	Cash	Preferential Allotment to Promoters and Promoter Group <sup>2</sup>
31.05.2007	4,00,000	5,00,000	10	10	Nil	50,00,000	Cash	Preferential Allotment to Promoters and Promoter Group <sup>3</sup>
11.10.2010	10,00,000	15,00,000	10	10	Nil	1,50,00,000	Cash	Preferential Allotment to Promoters & Promoter Group <sup>4</sup>
01.02.2011	7,50,000	22,50,000	10	10	Nil	2,25,00,000	Cash	Preferential Allotment to Promoters <sup>5</sup>
10.08.2012	6,00,000	28,50,000	10	10	Nil	2,85,00,000	Cash	Preferential Allotment to Promoters <sup>6</sup>
10.11.2012	1,00,000	29,50,000	10	10	Nil	2,95,00,000	Cash	Preferential Allotment to Promoters <sup>7</sup>
30.01.2013	18,80,000	48,30,000	10	10	Nil	4,83,00,000	Cash	Preferential Allotment to Promoters and Promoter Group <sup>8</sup>

1. The Subscribers to the Memorandum of Association of our Company were Mr. V. R. Manjunath and Ms. Mahalakshmi Ramakrishnan.
2. Preferential allotment of 49,000 Equity Shares to Mr. V. R. Manjunath, 19,000 Equity Shares to Mr. Hemang D. Rawal, 19,000 Equity Shares to Mr. Ravindra M. Madhudi, 1,000 Equity Shares to Mrs. Chaitali H. Rawal, 1,000 Equity Shares to Mrs. Nanda R. Madhudi and 1,000 Equity Shares to Mrs. Rajni Manjunath.
3. Preferential allotment of 2,36,000 Equity Shares to Mr. V. R. Manjunath, 76,000 Equity Shares to Mr. Hemang D. Rawal, 76,000 Equity Shares to Mr. Ravindra M. Madhudi, 4,000 Equity Shares to Mrs. Chaitali H. Rawal, 4,000 Equity Shares to Mrs. Nanda R. Madhudi and 4,000 Equity Shares to Mrs. Rajni Manjunath.
4. Preferential allotment of 6,00,000 Equity Shares to Mr. V. R. Manjunath, 1,90,000 Equity Shares to Mr. Hemang D. Rawal, 1,90,000 Equity Shares to Mr. Ravindra M. Madhudi, 10,000 Equity Shares to Mrs. Chaitali H. Rawal, and 10,000 Equity Shares to Mrs. Nanda R. Madhudi .
5. Preferential allotment of 4,50,000 Equity Shares to Mr. V. R. Manjunath, 1,50,000 Equity Shares to Mr. Hemang D. Rawal and 1,50,000 Equity Shares to Mr. Ravindra M. Madhudi.
6. Preferential allotment of 3,00,000 Equity Shares to Mr. Hemang D. Rawal and 3,00,000 Equity Shares to Mr. Ravindra M. Madhudi.
7. Preferential allotment of 50,000 Equity Shares to Mr. Hemang D. Rawal and 50,000 Equity Shares to Mr. Ravindra M. Madhudi.
8. Preferential allotment of 260,000 Equity Shares to Mr. V. R. Manjunath, 7,25,000 Equity Shares to Mr. Hemang D. Rawal, 7,25,000 Equity Shares to Mr. Ravindra M. Madhudi, 85,000 Equity Shares to Mrs. Chaitali H. Rawal, and 85,000 Equity Shares to Mrs. Nanda R. Madhudi .

### 3. 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.



#### 4. Capital Build Up in respect of shareholding of Our Promoters:

Date of Allotment of Fully Paid-up Shares	Consideration	Nature of Issue	No. of Equity Shares*	Face Value (₹)	Issue Price / Acquisition Price/ Transfer Price (₹)	% of Pre-issue paid up capital	% of Post-issue paid up capital
<b>Mr. V. R. Manjunath</b>							
28.11.2003	Cash	Subscribers to the Memorandum	5,000	10	10	0.10	0.07
31.08.2005	Cash	Allotment	49,000	10	10	1.01	0.70
31.05.2007	Cash	Allotment	2,36,000	10	10	4.89	3.37
11.10.2010	Cash	Allotment	6,00,000	10	10	12.42	8.57
01.02.2011	Cash	Allotment	4,50,000	10	10	9.32	6.43
30.01.2013	Cash	Allotment	2,60,000	10	10	5.38	3.71
<b>Total no. of Equity Shares as on the date of Draft Prospectus</b>			<b>16,00,000</b>	<b>10</b>	<b>-</b>	<b>33.12</b>	<b>22.85</b>
<b>Mr. Hemang D. Rawal</b>							
31.08.2005	Cash	Allotment	19,000	10	10	0.39	0.27
31.05.2007	Cash	Allotment	76,000	10	10	1.57	1.09
11.10.2010	Cash	Allotment	1,90,000	10	10	3.93	2.71
01.02.2011	Cash	Allotment	1,50,000	10	10	3.11	2.14
10.08.2012	Cash	Allotment	3,00,000	10	10	6.21	4.29
10.11.2012	Cash	Allotment	50,000	10	10	1.04	0.71
30.01.2013	Cash	Allotment	7,25,000	10	10	15.01	10.36
<b>Total no. of Equity Shares as on the date of Draft Prospectus</b>			<b>15,10,000</b>	<b>10</b>	<b>-</b>	<b>31.26</b>	<b>21.57</b>
<b>Mr. Ravindra M. Madhudi</b>							
31.08.2005	Cash	Allotment	19,000	10	10	0.39	0.27
31.05.2007	Cash	Allotment	76,000	10	10	1.57	1.09
11.10.2010	Cash	Allotment	1,90,000	10	10	3.93	2.71
01.02.2011	Cash	Allotment	1,50,000	10	10	3.11	2.14
10.08.2012	Cash	Allotment	3,00,000	10	10	6.21	4.29
10.11.2012	Cash	Allotment	50,000	10	10	1.04	0.71
30.01.2013	Cash	Allotment	7,25,000	10	10	15.01	10.36
<b>Total no. of Equity Shares as on the date of Draft Prospectus</b>			<b>15,10,000</b>	<b>10</b>	<b>-</b>	<b>31.26</b>	<b>21.57</b>

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

#### 5. Details of the Pre and Post Issue Shareholding of our Promoters and Promoter Group is as below:

Name	Pre Issue		Post Issue	
	No. of Shares	as a % of Issued Equity	No. of Shares	as a % of Issued Equity
<b>Promoters</b>				
Mr. V. R. Manjunath	16,00,000	33.12	16,00,000	22.85
Mr. Hemang D. Rawal	15,10,000	31.26	15,10,000	21.57
Mr. Ravindra M. Madhudi	15,10,000	31.26	15,10,000	21.57
<b>Promoter Group</b>				
Mrs. Chaitali H. Rawal	1,00,000	2.07	1,00,000	1.43
Mrs. Nanda R. Madhudi	1,00,000	2.07	1,00,000	1.43
Mrs. Rajni Manjunath	5,000	0.11	5,000	0.07
Ms. Mahalakshmi Ramakrishnan	5,000	0.11	5,000	0.07
<b>Total</b>	<b>48,30,000</b>	<b>100.00</b>	<b>48,30,000</b>	<b>69.00</b>



## 6. Promoter's Contribution and Lock-in:

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

Date of Allotment of Fully Paid-up Shares	Nature of Issue & Consideration	No. of Equity Shares	Face Value (₹)	Issue Price / Consideration (₹)	% of Pre-issue paid up capital	% of Post-issue paid up capital	Lock in period
<b>Mr. V. R. Manjunath</b>							
28.11.2003	Subscribers to the Memorandum	5,000	10	10	0.10	0.07	3 years
31.08.2005	Preferential Allotment for Cash	49,000	10	10	1.01	0.70	
31.05.2007	Preferential Allotment for Cash	2,36,000	10	10	4.89	3.37	
11.10.2010	Preferential Allotment for Cash*	2,50,000	10	10	5.18	3.57	
	<b>Sub- Total – A</b>	<b>5,40,000</b>			<b>11.18</b>	<b>7.71</b>	
<b>Mr. Hemang D. Rawal</b>							
31.08.2005	Preferential Allotment for Cash	19,000	10	10	0.39	0.27	3 years
31.05.2007	Preferential Allotment for Cash	76,000	10	10	1.57	1.09	
11.10.2010	Preferential Allotment for Cash	1,90,000	10	10	3.93	2.71	
01.02.2011	Preferential Allotment for Cash	1,50,000	10	10	3.11	2.14	
	<b>Sub- Total – B</b>	<b>4,35,000</b>			<b>9.00</b>	<b>6.21</b>	
<b>Mr. Ravindra M. Madhudi</b>							
31.08.2005	Preferential Allotment for Cash	19,000	10	10	0.39	0.27	3 years
31.05.2007	Preferential Allotment for Cash	76,000	10	10	1.57	1.09	
11.10.2010	Preferential Allotment for Cash	1,90,000	10	10	3.93	2.71	
01.02.2011	Preferential Allotment for Cash	1,50,000	10	10	3.11	2.14	
	<b>Sub- Total – C</b>	<b>4,35,000</b>			<b>9.00</b>	<b>6.21</b>	
	<b>Total (A+B+C)</b>	<b>14,10,000</b>			<b>29.18</b>	<b>20.14</b>	<b>3 Years</b>

\*Out of 6,00,000 Equity Share allotted to Mr. V. R. Manjunath on 11.10.2010 at a issue price of ₹ 10 each having face value of ₹ 10 each, 2,50,000 Equity Shares have been used for computation of Promoters Contribution for 3 years lock-in.

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 issuer.

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 capitalisation 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 two years from the date of allotment in this Issue.

Our Promoters, Mr. V. R. Manjunath, Mr. Hemang D. Rawal and Mr. Ravindra M. Madhudi have, by a written undertaking, consented to have 5,40,000, 4,35,000 & 4,35,000 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 Draft Prospectus with SME Platform of BSE till the date of commencement of lock-in period as stated in the Draft Prospectus. The Equity Shares under the Promoters contribution will constitute 20.14 % 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**

Reg. No.	Promoters' Minimum Contribution Conditions	Eligibility Status of Equity Shares forming part of Promoter's Contribution
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	<b>Eligible</b>
33 (1) (a) (ii)	Specified securities acquired during the preceding three years, resulting from a bonus issue by utilisation of revaluation reserves or unrealized profits of the issuer or from bonus issue against Equity Shares which are ineligible for minimum promoters' contribution	<b>Eligible</b>
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	<b>Eligible</b>
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	<b>Eligible</b>
33 (1) (d)	Specified securities pledged with any creditor.	<b>Eligible</b>

**Details of Share Capital Locked In For Two Years**

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 34,20,000 Equity Shares shall be locked in for a period of two years from the date of allotment of Equity Shares in this Issue.

The Equity Shares which are subject to lock-in shall carry inscription 'nontransferable' 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.

#### 7. 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	Number of shares held in dematerialized form	Total shareholding as a % of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of Shares	As a % of Shareholding
<b>(A)</b>	<b>Promoter and Promoter Group</b>							
<b>(1)</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	7	48,30,000	Nil	100.00	100.00	Nil	Nil
(b)	Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total (A)(1)</b>	<b>7</b>	<b>48,30,000</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>(2)</b>	<b>Foreign</b>							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Any Other (specify)	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>Total Shareholding of Promoters and Promoter group (A)= A(1)+(A)(2)</b>	<b>7</b>	<b>48,30,000</b>	<b>Nil</b>	<b>100.00</b>	<b>100.00</b>	<b>Nil</b>	<b>Nil</b>
<b>(B)</b>	<b>Public shareholding</b>							





Category code	Category of shareholder	No. of shareholders	Total no. of shares	Number of shares held in dematerialized form	Total shareholding as a % of total number of shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of Shares	As a % of Shareholding
<b>(1)</b>	<b>Institutions</b>							
(a)	Mutual Funds/UTI	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Financial Institutions/Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Central Government/State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f)	Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Nominated investors (as defined in Chapter XA of SEBI (ICDR) Regulations )	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i)	Market Makers	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Any Other (specify)	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>(2)</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Individuals - i. Individual shareholders holding Nominal share capital up to ₹ 1 lakh.  ii. Individual shareholders holding Nominal share capital in excess of ₹ 1 lakh.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total (B) (2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>TOTAL (A) + (B)</b>	<b>7</b>	<b>48,30,000</b>	<b>Nil</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
(b)	Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>7</b>	<b>48,30,000</b>	<b>Nil</b>	<b>100.00</b>	<b>100.00</b>	<b>Nil</b>	<b>Nil</b>

\*As on date the entire shareholding of our Company is in physical form. We have already applied for Dematerialization of Equity Shares with NSDL and CDSL letter dated February 27, 2013. We are awaiting for the approval and ISIN No.



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

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

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

Sr. No.	Name of the Shareholders	No. of Shares	% of Pre-issue paid up capital
1.	Mr. V. R. Manjunath	16,00,000	33.12
2.	Mr. Hemang D. Rawal	15,10,000	31.26
3.	Mr. Ravindra M. Madhudi	15,10,000	31.26
4.	Mrs. Chaitali H. Rawal	1,00,000	2.07
5.	Mrs. Nanda R. Madhudi	1,00,000	2.07
6.	Mrs. Rajni Manjunath	5,000	0.11
7.	Ms. Mahalakshmi Ramakrishnan	5,000	0.11
	<b>Total</b>	<b>48,30,000</b>	<b>100.00</b>

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

Sr. No.	Name of the Shareholders	No. of Shares	% of paid up capital (Two years prior to the date of Draft Prospectus, represented by 22,50,000 Equity Shares)
1.	Mr. V. R. Manjunath	13,40,000	59.56
2.	Mr. Hemang D. Rawal	4,35,000	19.33
3.	Mr. Ravindra M. Madhudi	4,35,000	19.33
4.	Mrs. Chaitali H. Rawal	15,000	0.67
5.	Mrs. Nanda R. Madhudi	15,000	0.67
6.	Mrs. Rajni Manjunath	5,000	0.22
7.	Ms. Mahalakshmi Ramakrishnan	5,000	0.22
	<b>Total</b>	<b>22,50,000</b>	<b>100.00</b>

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

S. No.	Name of Shareholder	Promoter/Promoter Group/Director	Number Equity Shares	Subscribed/ Acquired/ Transferred
1.	Mr. V. R. Manjunath	Promoter & Director	1,310,000	Subscribed
2.	Mr. Hemang D. Rawal	Promoter & Director	1,415,000	Subscribed
3.	Mr. Ravindra M. Madhudi	Promoter & Director	1,415,000	Subscribed
4.	Mrs. Chaitali H. Rawal	Promoter Group	95,000	Subscribed
5.	Mrs. Nanda R. Madhudi	Promoter Group	95,000	Subscribed

11. Details of the aggregate number of 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 this Draft Prospectus are.



Name	Date of Allotment/ Acquisition	Nature of Allotment/ Acquisition	No. of Shares	Face Value	Allotment/ Acquisition Price	Consideration
Mr. V. R. Manjunath	30.01.2013	Preferential Allotment	2,60,000	10	10	Cash
Mr. Hemang D. Rawal	10.11.2012	Preferential Allotment	50,000	10	10	Cash
	30.01.2013	Preferential Allotment	7,25,000	10	10	Cash
Mr. Ravindra M. Madhudi	10.11.2012	Preferential Allotment	50,000	10	10	Cash
	30.01.2013	Preferential Allotment	7,25,000	10	10	Cash
Mrs. Chaitali H. Rawal	30.01.2013	Preferential Allotment	85,000	10	10	Cash
Mrs. Nanda R. Madhudi	30.01.2013	Preferential Allotment	85,000	10	10	Cash

The maximum and minimum price at which the aforesaid allotments were made was ₹ 10/- per equity share.

12. Details 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 Draft Prospectus\*:

Date of Issue	No. of Equity Shares Issued	Face Value (₹)	Issue Price (₹)	Consideration	Nature of Issue and Category of Allottees
10.08.2012	6,00,000	10	10	Cash	Preferential Allotment to Promoters <sup>1</sup>
10.11.2012	1,00,000	10	10	Cash	Preferential Allotment to Promoters <sup>2</sup>
30.01.2013	18,80,000	10	10	Cash	Preferential Allotment to Promoters and Promoter Group <sup>3</sup>

<sup>1</sup>Preferential allotment of 3,00,000 Equity Shares to Mr. Hemang D. Rawal and 3,00,000 Equity Shares to Mr. Ravindra M. Madhudi.

<sup>2</sup>Preferential allotment of 50,000 Equity Shares to Mr. Hemang D. Rawal and 50,000 Equity Shares to Mr. Ravindra M. Madhudi.

<sup>3</sup>Preferential allotment of 2,60,000 Equity Shares to Mr. V. R. Manjunath, 7,25,000 Equity Shares to Mr. Hemang D. Rawal, 7,25,000 Equity Shares to Mr. Ravindra M. Madhudi, 85,000 Equity Shares to Mrs. Chaitali H. Rawal, and 85,000 Equity Shares to Mrs. Nanda R. Madhudi .

\*The Equity Shares were issued at an issue price of ₹ 10/- each i.e at par, which is lower than the issue price of ₹ 12/- each for the present issue of 21,70,00,000 Equity Shares through this Draft Prospectus.

13. 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 Draft Prospectus.
14. As on the date of filing of the Draft 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.
15. As on the date of this Draft Prospectus, the Issued Share Capital of our Company is fully paid up.
16. Our Company has not raised any bridge loan against the proceeds of the Issue.
17. Since the entire issue price per share is being called up on application, all the successful applicants will be allotted fully paid-up shares.
18. As on the date of this Draft Prospectus, none of the shares held by our Promoters / Promoters Group are subject to any pledge.



19. 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.
20. The LM and their associates do not hold any Equity Shares in our Company as on the date of filing of Draft Prospectus.
21. 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 Draft Prospectus until the Equity Shares offered have been listed or application moneys refunded on account of failure of Issue.
22. 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.
23. None of our Equity Shares have been issued out of revaluation reserve created out of revaluation of assets.
24. 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.
25. 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.
26. 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.
27. At any given point of time there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
28. 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.
29. As on the date of this Draft Prospectus, we do not have any Employees Stock Option Scheme / Employees Stock Purchase Scheme.
30. We have 7 (Seven) Shareholders as on the date of filing of the Draft Prospectus.
31. 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.
32. Our Promoters and Promoter Group will not participate in this Issue.
33. This issue is being made through Fixed Price method.
34. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.
35. 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.



36. There are no safety net arrangements for this public issue.
37. 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 Draft 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 Objects of the Issue are as follows:

- To reduce overall indebtedness of the Company by partial repayment of the outstanding long term loan from Karnataka Bank.
- To Meet the Issue Expenses

In addition, our Company expects to receive the benefits from listing of Equity Shares on the SME Platform of BSE.

We believe that listing will enhance our corporate image and brand name of our Company.

Our Company is primarily engaged in the business of Construction and Realty sector. 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.

The high debt equity situation has resulted from a combination of factors like high input cost factors and other related factors in the Realty and Construction Industry. Further, we have been incurring heavy financial costs due to high debt by way of term loan / over draft facility obtained from Banks and Non- Banking Financial Company with regard to certain project undertaken by the Company in the past years. Accordingly, our debt equity ratio in the following years has been quit high due to which our margins have been adversely affected.

Period	As at 30.09.2012	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010
<b>Debt Equity Ratio</b>	4.34	4.82	3.02	8.28

\*based upon Restated Financial Statements (Standalone)

In our endeavor to partly reduce the long term debt and consequently high interest cost for improved and better operating results in the coming years, our Company intends to utilize the proposed public issue proceeds towards the part repayment of term loan to the extent of ₹ 207.00 Lakhs against the total outstanding balance of ₹ 1108.50 Lakhs as on February 06, 2013 obtained from Karnataka Bank.

For details of our borrowings outstanding, kindly refer to the Section titled “Financials Indebtedness” on page 194 of this Draft Prospectus.

### **Requirement of funds**

The following table summarizes the requirement of funds:

		(₹ In Lakhs)
Sr. No.	Particulars	Amount
1	Part Repayment of Term Loan taken from Karnataka Bank	207.00
2	Issue Expenses	60.40
	<b>Total</b>	<b>267.40</b>

### **Means of Finance**

		(₹ In Lakhs)
Sr. No.	Particulars	Amount
1	Public Issue Proceeds	260.40
2	Internal Accruals	7.00*
	<b>Total</b>	<b>267.40</b>

\*As per the Fund Deployment Certificate by the Statutory Auditors dated February 22, 2013.

The entire requirement of funds is proposed to be funded through the proceeds of the Issue and from internal accruals\* which have already been deployed as per the Fund Deployment Certificate by the Statutory Auditors dated February 22, 2013.



Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may, subject to compliance with applicable laws and regulations, also include rescheduling the proposed utilization of Issue Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Issue Proceeds. In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through our internal accruals. Also, any decreased fund requirements that lead to additional funds available for deployment as compared to the funding requirements mentioned below, the same shall be utilized as per the discretion of our management for general corporate purposes. In case of any delay in raising the funds proposed through this Issue, the Company shall utilize its Internal Accruals to pay for the Issue related expenses till then.

Our Company confirms that it is not required to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance, as it intends to raise the amount through proposed public issue.

### Details of the use of the proceeds

#### 1. Part Repayment of Term Loan taken from Karnataka Bank

We have availed debt facilities from Karnataka Bank to finance the construction of 59 villa at Bidarahalli Hobli, Bangalore under the project name 'Lake Drive'. Pursuant to a Certificate dated February 18, 2013, issued by our Statutory Auditors M/s. A. R. Pai & Co., Chartered Accountants have confirmed that the above loan was substantially utilized for the purpose it was sanctioned. For details of our indebtedness, please see the section "Financial Indebtedness" beginning on page 194 of this Draft Prospectus.

We intend to utilize an amount of ₹ 207.00 Lakhs out of the Net Proceeds of the Issue to part repayment of amount outstanding under the loan availed by us from Karnataka Bank for our business. We may repay/prepay this facility on or prior to the scheduled dates for the repayment/prepayment.

The details of the loan proposed to be repaid out of Net Proceeds of the Issue are provided in the table below

Name of Bank /Financial Institution	Karnataka Bank
Nature of loan facility	Term Loan
Amount of Sanctioned Facility (in ₹ Lakhs)	1500.00 Lakhs
Amount Disbursed (in ₹ Lakhs)	1233.50 Lakhs
Amount Outstanding as on 31.01.2013 (in ₹ Lakhs)*	1108.50 Lakhs
Date of sanction letter/facility agreement	Credit Sanction Intimation dated 03.01.2011 bearing sanction reference no. MDS LCFD 209/10-11 dated 31.12.2010.
Tenor	23 Months
Rate of Interest	14.00% p.a.
Interest Reset, if any	Linked to changes in the BPLR
Repayment Schedule	Repayable in 12 EMI with a moratorium of 23 months from the date of disbursement.

\*As certified by A. R. Pai & Co., Chartered Accountants pursuant to a certificate dated February 18, 2013.

#### 2. Public Issue Expenses

The estimated issue related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses, registrar's fees, depository fees and listing Fees. The total expenses for this Issue are estimated to be approximately ₹ 60.40 Lakhs.

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	Expenses (₹ in Lakhs)
Payment to Merchant Banker including fees and reimbursements of Market Making Fees, underwriting and selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars, Bankers etc and other out of pocket expenses*	46.00



Printing and Stationery and postage expenses	4.00
Advertising and Marketing expenses	4.50
Other Expenses	1.90
Regulatory fees and expenses	4.00
<b>Total estimated issue expenses</b>	<b>60.40</b>

#### Proposed year-wise Deployment of Funds and Schedule of Implementation:

The proposed year wise break up of deployment of funds is as under:

(₹ in Lakhs)

Sr. No.	Particulars	Amount already incurred upto 22. 02. 2013	Amount to be deployed in F.Y. 2013-14
1	Part Repayment of Term Loan taken from Karnataka Bank	--	207.00
2	Issue Expenses	7.00	60.40
	<b>Total</b>	<b>7.00</b>	<b>267.40</b>

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

##### Deployment of Funds

Our Statutory Auditors - M/s. A. R. Pai & Co., have vide certificate dated February 22, 2013 confirmed that as on February 22, 2013, the Company has deployed the following funds from the proposed Requirement of Funds mentioned above. The amount spent so far is towards part of the Issue expenses and the same has been financed through internal sources

(₹ in Lakhs)

Sr. No.	Particulars	Amount deployed
1	Issue Expenses	7.00
	<b>Total</b>	<b>7.00</b>

##### Sources of Financing for the Funds Deployed

(₹ in Lakhs)

Sr. No.	Particulars	Amount deployed
1	Internal Accruals	7.00
	<b>Total</b>	<b>7.00</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 management estimates. The funding requirements of our Company are dependent on a number of factors which may not be in the control of our management, including variations in interest rate structures, changes in our financial condition and current commercial conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy.

##### Bridge Financing Facilities

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

##### Shortfall of Funds

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

##### Monitoring Utilization of Funds

The management of the 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 Draft 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 will be certified by the Statutory Auditors of our Company.

#### **Interim Use of Proceeds**

Our management, in accordance with the policies established by the Board, 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. Such investments would be in accordance with the investment policies approved by our Board from time to time and at the prevailing commercial rates at the time of investment.

#### **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 law.



### **BASIC TERMS OF ISSUE**

The Equity Shares, now being offered, are subject to the terms and conditions of this Draft Prospectus, Prospectus, Application form, Confirmation of Allocation Note (“CAN”), the Memorandum and Articles of Association of our Company, the guidelines for listing of securities issued by the Government of India and SEBI (ICDR) Regulations, 2009, the Depositories Act, Stock Exchanges, 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.

The present issue has been authorized pursuant to a resolution of our Board dated January 10, 2013 and by Special Resolution passed under Section 81(1A) of the Companies Act, 1956 at the Extra - Ordinary General Meeting of our shareholders held on January 24, 2013.

<b>Face Value</b>	Each Equity Share shall have the face value of ₹ 10/- each.
<b>Issue Price</b>	Each Equity Share is being offered at a price of ₹ 12/- each.
<b>Market Lot and Trading Lot</b>	The Market lot and Trading lot for the Equity Share is 10,000 (Ten Thousand) and the multiple of 10,000; subject to a minimum allotment of 10,000 Equity Shares to the successful applicants.
<b>Terms of Payment</b>	100% of the issue price of ₹ 12/- shall be payable on Application. For more details please refer to page 247 of this Draft Prospectus.
<b>Ranking of the Equity Shares</b>	The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividends with the existing Equity Shares of the Company.

### **MINIMUM SUBSCRIPTION**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten and the details of have been disclosed on page 56 of this Draft Prospectus.

If the issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under section 73 of the Companies Act, 1956.



## **BASIS FOR ISSUE PRICE**

The Issue Price has been determined by our Company in consultation with the Lead Manager on the basis of the key business strengths. The face value of the Equity Shares is ₹ 10/- and Issue Price is ₹ 12/- per Equity Shares and is 1.2 times the face value.

Investors should read the following summary with the “Risk factors” beginning from page 9 of this Draft Prospectus, section titled "About the Company" beginning from page 69 and "Financial Information" beginning from page 133 of this Draft Prospectus. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

### **QUALITATIVE FACTORS**

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

#### **Strong and stable management team with proven ability**

We have experienced management team with established processes. We believe our management team has a long-term vision and has proven its ability to achieve long term growth of the Company. Our Promoters have more than a decade of experience in diverse segments of Industry. We believe that the strength of our management team and their understanding of the real estate market will enable us to continue to take advantage of current and future market opportunities.

#### **Development of Projects through Joint Development Model**

We utilize an outsourcing model that allows scalability and emphasizes quality construction. Our Management is well assisted by experienced project manager who oversees the functions of contractors. We also have strong and long-standing relationships with various contractors.

#### **Our Development Capabilities and Project Execution Skills**

We undertake research for our projects prior to commence any project. In the past we have demonstrated our ability to develop projects.

#### **Cordial relations with our Customers and Contractors**

Our record has helped us to build strong relationships over a number of years with our customers as well as with our contractors, which allows us to repetitive order with our customers as well as efficient and timely execution of projects.

#### **Financial Strength**

Our Net Worth stands at ₹ 439.38 Lakhs as on 30th September, 2012 and ₹ 320.52 Lakhs as on 31<sup>st</sup> March 2012. Our profits have grown from ₹ 40.00 Lakhs in fiscal 2011-12 to ₹ 58.86 Lakhs during the half year ended 30th September, 2012.

For further details regarding some of the qualitative factors, which form the basis for computing the Issue Price, see the chapters titled “Business Overview” and “Risk Factors” beginning on pages 72 and 9, respectively, of this Draft Prospectus.

### **QUANTITATIVE FACTORS**

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



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

### Standalone:

Period	Basic & Diluted EPS (₹)	Weight
FY 2009-10	9.01	1
FY 2010-11	2.65	2
FY 2011-12	1.78	3
<b>Weighted Average</b>	<b>3.28</b>	
Six months period ended September 30, 2012*	2.43	

\*Not annualized

### Consolidated:

Period	Basic & Diluted EPS (₹)	Weight
FY 2009-10	8.90	1
FY 2010-11	2.65	2
FY 2011-12	1.77	3
<b>Weighted Average</b>	<b>3.25</b>	
Six months period ended September 30, 2012*	2.43	

\*Not annualized

### Notes:

- The figures disclosed above are based on the restated summary statements of the Company.
- The face value of each Equity Share is ₹ 10.
- Earnings Per Share has been calculated in accordance with Accounting Standard 20 - Earnings Per Share issued by the Institute of Chartered Accountants of India.
- The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in Annexure IV.

## 2. Price Earning (P/E) Ratio in relation to the Issue Price of ₹ 12/-

### Standalone:

Sr. No.	Particulars	P/E Ratio
1.	P/E ratio based on the Basic & Diluted EPS for FY 2011-12	6.74
2.	P/E ratio based on the Weighted Average EPS for FY 2011-12	3.66

### Consolidated:

Sr. No.	Particulars	P/E Ratio
1.	P/E ratio based on the Basic & Diluted EPS for FY 2011-12	6.78
2.	P/E ratio based on the Weighted Average EPS for FY 2011-12	3.69

### Peer Group P/ E\*

Sr. No.	Particulars	P/E Ratio
1.	Highest (Sunteck Realty Limited)	363.70
2.	Lowest (Unity Infraprojects Limited)	2.80
	<b>Industry Composite</b>	<b>19.90</b>

\* Source: Capital Market dated Feb -18-March 03, 2013; Sector – Construction

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

Financial Period	RoNW (%)	Weight
Financial Year 2010	58.85	1
Financial Year 2011	10.32	2
Financial Year 2012	12.48	3
<b>Weighted Average</b>	<b>19.49</b>	
Six months period ended September 30, 2012*	13.40	

\*Restated PAT/Net Worth, as restated



#### Return on Net Worth (RoNW)\* - Consolidated

Financial Period	RoNW (%)	Weight
Financial Year 2010	58.56	1
Financial Year 2011	10.34	2
Financial Year 2012	12.42	3
<b>Weighted Average</b>	<b>19.42</b>	
Six months period ended September 30, 2012*	13.42	

\*Restated PAT/Net Worth, as restated

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

The minimum return on increased net worth required maintain pre-Issue EPS for the financial year 2012:

##### Standalone:

- (a) Based on Basic and Diluted EPS of ₹ 1.78 :
  - At the Issue Price of ₹ 12.00 – 13.88% on the restated financial statements.
- (b) Based on Weighted Average EPS of ₹ 3.28 :
  - At the Issue Price of ₹ 12.00 – 25.57 % on the restated financial statements.

##### Consolidated:

- (a) Based on Basic and Diluted EPS of ₹ 1.77 :
  - At the Issue Price of ₹ 12.00 – 13.81 % on the restated financial statements.
- (b) Based on Weighted Average EPS of ₹ 3.25 :
  - At the Issue Price of ₹ 12.00 – 25.36 % on the restated financial statements.

#### 5. Net Asset Value per Equity Share :

Period	NAV Standalone (₹)	NAV Consolidated (₹)
Financial Year 2010	15.31	15.21
Financial Year 2011	12.47	12.44
Financial Year 2012	14.25	14.21
As at Six months period ended September 30, 2012	15.42	15.39
NAV after the Issue	12.83	12.81
<b>Issue Price</b>	<b>12.00</b>	

#### 6. Comparison of Accounting Ratios with Industry Peer\*

Sr. No.	Name of the Company	Standalone/ Consolidated	Face Value (₹ per Share)	EPS (₹)	P/E Ratio#	RoNW (%)	NAV (₹ per Share)
	Samruddhi Realty Limited**	Standalone	10.00	1.78	6.74	12.48	14.25
	<b>Peers</b>						
1.	VSF Projects Limited	Standalone	10.00	1.59	19.86	10.66	14.92
2.	Arihant Superstructures Ltd.	Standalone	10.00	2.92	19.09	18.30	15.94

\* Source: Respective annual report of the Company, as available, for the Financial Year 2012. Information on industry peer is on a Standalone basis.

\*\* Based on restated financial statements of the Company for Financial Year 2012.

# Based on closing market price as on February 20, 2013 on BSE and EPS for the year ended March 31, 2012, extracted from the respective annual report of the Company, as available on BSE website.

7. The face value of our shares is ₹ 10/- per share and the Issue Price is of ₹ 12/- per share is 1.2 times of the face value.
8. The Company in consultation with the Lead Manager believes that the Issue Price of ₹ 12/- 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.

9. Investors are requested to see the section titled "*Risk Factors*" and "*Financial Statements*" beginning on pages 9 and 133 respectively of the Draft Prospectus, including important profitability and return ratios, as set out in "ANNEXURE P" on page 162 of the Draft Prospectus to have a more informed view.



## STATEMENT OF TAX BENEFITS

To,  
The Board of Directors,  
**Samruddhi Realty Limited**  
202, Raheja Chambers,  
12, Museum Road,  
Bangalore 560 001

Dear Sir,

### Statement of Possible Tax Benefits Available to the Company and its shareholders

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 (provisions of Finance Act, 2012), and Wealth Tax Act, 1957 presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant 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.

**For: A. R. Pai & Company**  
**Chartered Accountants**

A. R. Pai  
Membership No. 23139  
*Proprietor*  
Date: February 18, 2013  
Place: Bangalore



**The following key tax benefits are available to the Company and the prospective shareholders under the current direct tax laws in India.**

**Benefits available under the Income Tax Act, 1961 (The 'Income Tax Act'):**

**(i) Special Tax Benefits**

**1. Special tax benefits available to the Company**

There are no special tax benefits available to the Company.

**2. Special tax benefits available to the shareholders of the Company**

There are no special tax benefits available to the shareholders of the Company.

**(ii) General Tax Benefits**

The Income Tax Act, 1961 and Wealth Tax Act, 1957 presently in force in India, make available the following general tax benefits to companies and to their shareholders. Several of these benefits are dependent on the companies or their shareholders fulfilling the conditions prescribed under the relevant provisions of the statute.

**I. Benefits to the Company under the Income Tax Act, 1961 ("the act"):**

The Company will be entitled to deduction under the sections mentioned hereunder from its total income chargeable to Income Tax.

1. As per Section 10(34) of the Act, income earned by the Company by way of dividend income from another domestic Company referred to in section 115-O of the act is exempt from tax.
2. As per section 10(35) of the Acts, the following income will be exempt from tax in the hands of the Company:
  - a) Income received in respect of the units of a Mutual Fund specified under section 10(23D) (other than income arising from transfer of such units); or
  - b) Income received in respect of units from the Administrator of the specified undertaking; or
  - c) Income received in respect of units from the specified Company:
3. 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, will be exempt in the hands of the Company. However, income by way of long term capital gain shall not be reduced in computing the book profits for the purposes of computation of minimum alternate tax ("MAT") under section 115JB of the I.T. Act.
4. As per provisions of Section 48 of the Income Tax Act, Long term Capital Gain arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration
5. Under section 32 of the Act, the Company is entitled to claim depreciation subject to the conditions specified therein, at the prescribed rates on its specified assets used for its business.
6. 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 tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty Lakhs in a year. Where the "long term specified asset" are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
7. As per section 111A of the Act, short term capital gains arising to the Company from the sale of Equity Shares or units of an equity oriented mutual 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 and education cess). Further, short term gains as computed above that are not liable to STT would be subject to tax at a rate of 30% (plus applicable surcharge and education cess) in case of a Company.





8. In accordance with section 112 of the Act, long-term capital gains to the extent not exempt under Section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits. However, as per the proviso to Section 112 of the Act, if the tax on long-term capital gains is resulting from transfer of listed securities or units or zero coupon bonds, then long term capital gain will be chargeable to tax at the rate lower of the following: -
  - a) 20% (plus applicable surcharge and education cess) of the capital gains as computed after indexation of the cost; or
  - b) 10% (plus applicable surcharge and education cess) of the capital gains as computed without indexation.
9. The amount of tax paid under section 115JB by the Company for any assessment year beginning on or after 1st April, 2006 will be available as credit to the extent specified in section 115JAA. In accordance with the provisions of Section 115JAA, from assessment year 2010-11 the credit is available for ten years succeeding the assessment year in which MAT credit becomes allowable.
10. Business losses, if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years.
11. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against income from any other source in the subsequent assessment years as per section 32(2) subject to the provisions of section 72(2) and section 73(3) of the Act.
12. As per provisions of Section 71 read with Section 74 of the Act, short - term capital loss arising during a year is allowed to be set-off against short - term as well as long - term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.
13. As per provisions of Section 71 read with Section 74 of the Act, long - term capital loss arising during a year is allowed to be set-off only against long - term capital gains. Balance loss, if any, shall be carried forward and set-off against long – term capital gains arising during subsequent eight assessment years.
14. Under Section 35 (1) (ii) and (iii) of the Act, in respect of any sum paid to a scientific research association which has as its object the undertaking of scientific research, or to any approved university, College or other institution to be used for scientific research or for research in social sciences or statistical scientific research to the extent of a sum equal to one and one fourth times the sum so paid. Under Section 35 (1) (iia) of the Act, any sum paid to a Company, which is registered in India and which has as its main object the scientific research and development, and being approved by the prescribed authority and such other conditions as may be prescribed, shall also qualify for a deduction of one and one fourth times the amount so paid.
15. Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.
16. As per the provisions of section 90, for taxes on income paid in Foreign Countries with which India has entered into Double Taxation Avoidance Agreements (Tax Treaties from projects/activities undertaken thereat), the Company will be entitled to the deduction from the India Income-tax of a sum calculated on such doubly taxed income to the extent of taxes paid in Foreign Countries. Further, the Company as a tax resident of India would be entitled to the benefits of such Tax Treaties in respect of income derived by it in foreign countries. In such cases the provisions of the Income tax Act shall apply to the extent they are more beneficial to the Company. Section 91 provides for unilateral relief in respect of taxes paid in foreign countries.

## **II. Benefits to the Members / Shareholders**

### **A. Resident members / shareholders**

1. As per section 10(34) of the Act, income earned by the resident member by way of dividend income from the domestic Company referred to in section 115-O of the act is exempt from tax.



2. Under Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act will be exempted from tax to the extent of ₹ 1,500/- per minor child.
3. As per section 10(38) of the Act, long term capital gains arising to the resident member 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, will be exempt in the hands of such members. However, in case the shareholder is a Company, income by way of long term capital gain shall not be reduced in computing the book profits for the purposes of computation of minimum alternate tax ("MAT") under section 115JB of the I.T. Act.
4. As per provisions of Section 48 of the Income Tax Act, Long term Capital Gain arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration
5. As per section 111A of the Act, short term capital gains arising to the resident members from the sale of Equity Shares or units of an equity oriented mutual 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 and education cess). Further, short term gains as computed above that are not liable to STT would be subject to tax at a rate of 30% (plus applicable surcharge and education cess) in case the shareholder is a Company and it would be taxable at their normal tax rates in case the shareholder is other than a Company.
6. In accordance with section 112 of the Act, long-term capital gains to the extent not exempt under Section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits. However, as per the proviso to Section 112 of the Act, if the tax on long-term capital gains is resulting from transfer of listed securities or units or zero coupon bonds, then long term capital gain will be chargeable to tax at the rate lower of the following: -
  - a) 20% (plus applicable surcharge and education cess) of the capital gains as computed after indexation of the cost; or
  - b) 10% (plus applicable surcharge and education cess) of the capital gains as computed without indexation.
7. As per provisions of Section 71 read with Section 74 of the Act, short - term capital loss arising during a year is allowed to be set-off against short - term as well as long - term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.
8. As per provisions of Section 71 read with Section 74 of the Act, long - term capital loss arising during a year is allowed to be set-off only against long - term capital gains. Balance loss, if any, shall be carried forward and set-off against long – term capital gains arising during subsequent eight assessment years.
9. 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 tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty Lakhs in a year. Where the "long term specified asset" are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
10. As per the provisions of section 54F of the Act and subject to the conditions specified therein, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family will be exempt from tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years from the date of transfer.
11. Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.



12. The assessee is not entitled to a deduction in respect of the Security Transaction Tax ('STT') paid by him against the income chargeable under the head 'Capital Gains'.
13. As per provisions of Section 56(2)(vii) of the Income Tax Act and subject to exception provided in second proviso therein, where an individual or a HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value (as defined) of the shares and securities by an amount exceeding ₹ 50,000, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'.
14. No income tax is deductible at source from income by way of capital gains under the present provisions of the Act in case of residents.

**B. Non-Resident Indian Members / Shareholders or Non-Resident Members / Shareholders (other than FIIs and Foreign Venture Capital Investors):**

1. As per section 10(34) of the Act, income earned by way of dividend income from the domestic Company referred to in section 115-O of the act is exempt from tax.
2. Under Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act will be exempted from tax to the extent of ₹ 1,500/- per minor child.
3. As per section 10(38) of the Act, long term capital gains arising 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, will be exempt. However, in case the shareholder is a Company, income by way of long term capital gain shall not be reduced in computing the book profits for the purposes of computation of minimum alternate tax ("MAT") under section 115JB of the I.T. Act.
4. As per section 111A of the Act, short term capital gains arising from the sale of Equity Shares or units of an equity oriented mutual 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 and education cess). Further, short term gains as computed above that are not liable to STT arising to non resident shareholders would be subject to tax at their normal tax rates (plus applicable surcharge and education cess).
5. In accordance with section 112 of the Act, long-term capital gains to the extent not exempt under Section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits. However, as per the proviso to Section 112 of the Act, if the tax on long-term capital gains is resulting from transfer of listed securities or units or zero coupon bonds, then long term capital gain will be chargeable to tax at the rate lower of the following: -
  - a) 20% (plus applicable surcharge and education cess) of the capital gains as computed after indexation of the cost; or
  - b) 10% (plus applicable surcharge and education cess) of the capital gains as computed without indexation.
6. As per the first proviso to section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, will be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost indexation benefit will not be available in such a case.
7. As per provisions of Section 71 read with Section 74 of the Act, short - term capital loss arising during a year is allowed to be set-off against short - term as well as long - term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.
8. As per provisions of Section 71 read with Section 74 of the Act, long - term capital loss arising during a year is allowed to be set-off only against long - term capital gains. Balance loss, if any, shall be carried forward and set-off against long – term capital gains arising during subsequent eight assessment years.
9. 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 tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty Lakhs in a year. Where the "long term specified asset" are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.

10. As per the provisions of section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) and subject to the condition specified therein arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family will be exempt from tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years from the date of transfer.
11. As per provisions of Section 56(2)(vii) of the Income Tax Act and subject to exception provided in second proviso therein, where an individual or a HUF (if applicable) receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value (as defined) of the shares and securities by an amount exceeding ₹ 50,000, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'.
12. Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.
13. Under the provisions of Section 195 of the Income Tax Act, any income (not being an income chargeable under the head 'Salaries'), payable to non residents, is subject to withholding tax as per the prescribed rate in force, subject to the tax treaty. Accordingly income tax may have to be deducted at source in the case of a non-resident at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities.
14. The tax rates and consequent taxation mentioned above will 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 nonresident.

**Special provision in respect of income / LTCG from specified foreign exchange assets available to Non- resident Indians (NRI) under Chapter XII-A of the Income Tax Act**

15. In accordance with section 115E, income from investment or income from long- term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% (plus applicable surcharge and education cess). Income by way of long term capital gains in respect of a specified asset (as defined in section 115C (f) of the act), shall be chargeable at 10% (plus applicable surcharge and education cess).
16. In accordance with section 115F, subject to the conditions and to the extent specified therein, long- term capital gain arising from transfer of shares of the Company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the Income-Tax Act.
17. In accordance with section 115G, it is not necessary for a Non resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the Company acquired out of convertible foreign exchange or income by way of long term capital gains earned on transfer of shares of the Company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Income-tax Act.
18. In accordance with section 115I, where a Non Resident Indian opts not to be governed by the provision of chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the Company) will be computed and tax will be charged according to the other provisions of the Income-tax Act.
19. As per section 115H of the Act, where a 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 that year under section 139 of the Act to the effect that the provisions of 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.

#### **C. Foreign Institutional Investors (FII's)**

1. As per section 10(34) of the Act, income earned by way of dividend income from the domestic Company referred to in section 115-O of the act is exempt from tax.
2. As per section 10(38) of the Act, long term capital gains arising 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, will be exempt.
3. As per provisions of Section 115AD of the Act, income (other than income by way of dividends referred to Section 115-O) received in respect of securities (other than units referred to in Section 115AB) is taxable at the rate of 20% (plus applicable surcharge and education cess).
4. As per section 115 AD read with section 111A of the Act, short term capital gains arising from the sale of Equity Shares of the Company 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 and education cess).
5. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the provisions of section 10(38) of the Act at the following rates:

<b>Nature of Income</b>	<b>Rate of tax (%)*</b>
a) Long term capital gains	10
b) Short term capital gains (other than referred to in section 111A)	30

*\*(plus applicable surcharge and education cess)*

6. 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.
7. The tax rates and consequent taxation mentioned above will 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.
8. 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 tax if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty Lakhs in a year. Where the "long term specified asset" are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.

#### **D. Benefits available to Mutual Funds**

As per the provisions of 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 or authorized by the Reserve Bank of India, would be exempt from income tax subject to the conditions as the Central Government may notify. However, the mutual funds shall be liable to pay tax on distributed income to unit holders under section 115 R of the act.



#### **E. Benefits available to Venture Capital Companies/ Funds**

As per the provisions of section 10(23FB) of the Act, any income of Venture Capital Companies / Funds (set up to raise funds for investment in a venture capital undertaking registered and notified in this behalf) registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified therein. However, the exemption is restricted to the Venture Capital Company and Venture Capital Fund set up to raise funds for investment in a Venture Capital Undertaking, which is engaged in the business as specified under section 10(23FB)(c). However, the income distributed by the Venture Capital Companies/ Funds to its investors would be taxable in the hands of the recipients.

#### **F. Benefits available under the Wealth Tax Act, 1957**

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957. Hence, no wealth tax will be payable on the market value of shares of the Company held by the shareholder of the Company.

#### **Notes:**

- i) In the above statement only basic tax rates have been enumerated and the same is subject to surcharge and education cess, wherever applicable.
- ii) 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.
- iii) All the above benefits are as per the current tax laws (including amendments made by the Finance Act 2012), legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the benefits listed above. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above.
- iv) Several of these benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the provisions of the relevant sections under the relevant tax laws.
- v) This statement is only extended 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 tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its investments in the shares of the Company.



## SECTION IV - ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government bodies and industry websites/publications. We may have reclassified such data for the purpose of this section. Industry sources/websites/publications generally state that the information contained in therein has been obtained from sources believed to be reliable but the accuracy and completeness of the information are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in the Draft Prospectus is reliable, it has not been independently verified. Similarly, internal Company estimates, while believed by us to be reliable, have not been verified by any independent agency.*

#### **The Indian Economy**

In late 2012, the Indian Government announced reforms and deficit reduction measures to reverse India's slowdown. The outlook for India's medium-term growth is positive due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. India has many long-term challenges that it has not yet fully addressed, including poverty, inadequate physical and social infrastructure, limited non-agricultural employment opportunities, inadequate availability of quality basic and higher education, and accommodating rural-to-urban migration.

Despite this, Indian economy has strong fundamentals and is host to several eminent global corporate giants that are leaders in their respective fields. According to the Global Competitive Report 2011-12, India ranks at 56 among 142 countries. The country ranks higher than many countries in key parameters such as market size (3rd) and innovation (38th). It also has a sound financial market, which ranks 21st in the world.

According to UNCTAD's World Investment Prospects Survey 2012–2014, India is the third-most attractive destination for FDI (after China and the US) in the world. Indian markets have significant potential and offer prospects of high profitability and a favorable regulatory regime for investors.

GDP – Purchasing Power Parity :	\$ 4.735 Trillion (2012 EST.)
GDP - Real growth rate:	5.4% (2012 est.)
GDP - Composition by sector:	Agriculture: 17% Industry: 18% Services: 65% (2011 est.)
Labor Force:	498.4 million (2012 est.)
Population below poverty line:	29.8% (2010 est.)
Inflation rate (consumer prices):	9.2% (2012 est.)
Exports:	\$309.1 billion (2012 est.)
Imports:	\$500.3 billion (2012 est.)

*Indian rupees (INR) per US dollar - 53.17 (2012 est.)  
(Source: The World Fact book)*

India continues to urbanise at a strong pace driven by a combination of up trending consumption, robust job creation and growing financial penetration, according to Morgan Stanley's proprietary AlphaWise City Vibrancy Index.

#### **The Real Estate & Construction Industry**

The Real Estate Industry has grown from family based entities with focus on single products and having one market presence into corporate entities with multi-city presence having differentiated products. The industry has witnessed considerable shift from traditional financing methods and limited debt support to an era of structured finance, private equity and public offering.

#### **Real Estate comprises of four sub-sectors –**

- Housing,
- Retail
- Hospitality
- Commercial.



The Economic Survey 2011-12 shows that the housing sector ranks fourth in terms of the multiplier effect on the economy. And as per the industry reports, the total economic value of the real estate activity in the country ranges between US\$40-45 billion, which contributes 5-6% to the GDP growth. Of its total size, residential segment, with 90-95% size, forms the major chunk of the market, followed by the commercial segment (4-5%) and organised retail segment (1%).

**Housing** contributes to five-six percent of the country's GDP, the remaining three sub-sectors are also growing at a rapid pace, meeting the increase in infrastructural needs.

**Retail** space accounts for a small portion of the overall real estate market and organised retailers are few, increasing collaborations between international retail brands and Indian partners is likely to promote a strong growth in the retail space

**Hospitality** market comprises hotels, service apartments and convention centres. NCR and Mumbai remain the biggest hospitality markets in India.

**Commercial** space demand is arising from metro cities like Delhi-NCR, Mumbai and Bengaluru, and will see an upward trend at a CAGR of 7 percent between 2010 and 2014.

Real Estate sector is not only the biggest contributor to gross domestic product (GDP) of the country but is also the fourth largest sector in terms of foreign direct investment (FDI) inflows in the country. The two main reasons responsible for boom in Indian real estate sector include liberalisation of Government policies, which has decreased the need for permissions and licenses before taking up mega construction projects and the expanding industrial sector. Urbanisation and increasing household income are some of the major factors that influence demand for residential real estate and growth in the retail sector

### **Construction Sector**

Today, India is one of the fastest growing economies in the world. The Indian construction industry is an integral part of the economy and a conduit for a substantial part of its development investment, is poised for growth on account of industrialization, urbanization, economic development and people's rising expectations for improved quality of living. Construction is expected to be the biggest beneficiary of the surge in infrastructure investment.

The Construction Sector is a major employment driver, being the second largest employer in the country, next only to agriculture. This is because of the chain of backward and forward linkages that the sector has with other sectors of the economy. About 250 ancillary industries such as cement, steel, brick, timber and building material are dependent on the construction industry.

### **Market Size/ Growth Prospects**

The Indian Real estate market size is expected to touch US\$ 180 billion by 2020. The demand is expected to grow at a compound annual growth rate (CAGR) of 19 per cent between 2010 and 2014, with tier I metropolitan cities projected to account for about 40 per cent of this.

Growing infrastructure requirements from sectors such as education, healthcare and tourism are providing numerous opportunities in the sector. Further, India is going to produce an estimated two million new graduates from various Indian universities during this year, creating demand for 100 million square feet of office and industrial space. In addition, presence of a large number of Fortune 500 and other reputed companies will attract more companies to initiate their operational bases in India thus, creating more demand for corporate space.

(Source: [www.ibef.org](http://www.ibef.org))

### **FDI in Sector**

The demographic advantage of the country and the rising thrust on infrastructure is triggering a plethora of events, significant among which is the rising FDI in the sector. It is estimated that the FDI in the sector will grow from the current US\$4 billion to US\$25 billion within a span of 10 years. A report released by the United Nations (UN) states that India ranks third after China and the US in terms of the most favoured investment destination for global companies. As per the report, the FDI inflow in the sector is expected to increase by 20% Factors that will drive growth in this sector





- Robust economic growth is driving the demand for commercial property. Urbanisation and growing household income is boosting demand for residential real estate.
- Hospitality space is gaining from increased flow of foreign tourists to the country (CAGR of 6.6 percent during 2005-10).
- FDI in real estate and construction is on an uptrend, accounting for 22 percent of total FDI. 110 deals were closed in the sector between 2001 – mid 2011.
- Housing segment growth is leading to higher demand for cement for homebuilding.
- Government's 12th Five Year Plan focuses on increasing infrastructure (upgraded airports, ports, railway expansion, etc.) to drive construction activity.
- The Reserve Bank of India (RBI) cut short-term lending rate (repo rate) by 25 basis points to 7.75 per cent in January 2013. It also cut the Cash Reserve Ratio (CRR) by a similar margin to four per cent. This is expected to ease the liquidity into the system and bode well for both buyers and developers. Home loan rates will get cheaper for customers and the builders will get be able to raise funds at a cheaper rate.

*(Source: [www.info.shine.com](http://www.info.shine.com))*

### **Government Initiatives**

- The Government of India has allowed FDI up to 100 per cent under the automatic route in townships, housing, built-up infrastructure and construction development projects to increase investment, generate economic activity, create new employment opportunities and add to the available housing stock and built-up infrastructure
- The Union Budget 2012-13 gives major thrust on accelerating the pace of investment in infrastructure, as this is critical for sustaining and accelerating an overall growth. Efforts to attract private investment into infrastructure through the Public-Private Partnership (PPP) route have met with considerable success at both Central Government and State Government levels
- The Reserve Bank of India (RBI) has granted permission to foreign citizens of Indian origin to purchase property in India for residential or commercial purposes
- The government is also committed to introducing FDI in multi brand retail, introduce changes in the existing SEZ policy to resurrect developer interest and expand the role of the private sector in infrastructure development
- Further, the Government of India has proposed one per cent TDS (tax deduction at source) on transfer of immovable property if the sale value exceeds Rs 5 million (US\$ 91,825.77) in urban centres and Rs 2 million (US\$ 36,730.63) in other areas in the Union Budget 2012-13

*(Source: [www.ibef.org](http://www.ibef.org))*

### **Road Ahead**

The year 2012 has seen maximum number of steps taken by the Government to boost real estate sector. As a result, developers believe that 2013 would be a positive year for the sector and more robust compared to the past few years based on the Government's impetus on the infrastructure development including the Mumbai Metropolitan Region; coupled with positive steps taken by the Centre to find concrete solutions for issues in the industry. The real estate market in India is yet in a promising stage. Further, the sector is set for robust inflows from overseas investors in the next couple of years, with Bangalore, Delhi and Mumbai emerging as the favourites, as per Jones Lang LaSalle, a global real estate consultancy giant.

Emergence of nuclear families and growing urbanisation has given rise to several townships that are developed to take care of the elderly. With a number of senior citizen housing projects been planned, the segment is expected to grow significantly in the future

*(Source: [www.ibef.org](http://www.ibef.org))*



## OUR BUSINESS

Our Company was originally incorporated with the Registrar of Companies, Bangalore on November 28, 2003 as Samruddhi Realty Private Limited. During the initial years of our operations our Company took small steps by undertaking the execution of high value luxury apartments under the small size segment. Our Company completed its initial projects with assured quality standards and delivered them to the customers in scheduled time. With determined efforts and gradually progression we achieved a developable and saleable area of approximately 1,25,000 sq feet by the year 2009.

We are a growing Real Estate Development Company headquartered in Bangalore, Karnataka. We believe that we have established a successful track record in the Bangalore real estate industry by developing innovative projects through our focus on contemporary architecture, strong project execution and quality construction. Our core area of operations is residential projects.

We use a knowledge-based approach from internal and external sources in making development and lease/sales decisions. We have an in-house architectural and designing team which co-ordinates the entire process from initiation of a project to its final delivery, that ensure quality of and timely execution of each project. Most of the developments carried out by us are on a joint development model with the landowners being given built up area. We currently follow a sale model for our residential projects.

Currently, we have a head office and a corporate office located in Bangalore, Karnataka. In over 9 years of our existence, we have executed projects at different locations in the Bangalore region. As part of our growth plans, We are contemplating taking up projects in other cities such as New Delhi, Chennai, Pune, Ahmedabad and Hyderabad.

Our Promoters have been connected with real estate industry for over 18 years. Our Company is benefitted from their rich experience, expert in-sight of the industry and has expanded its operation many fold since their association with us.

Our company is a member of Confederation of Real Estate Developers' Associations of India (CREDAI) which is a prominent body for private Real Estate developers in India. CREDAI represents over 6,000 developers through 18 member associations across the country. Our Company is also member with Indian Green Building Council (IGBC).

### **Details of our Projects and Operations:**

Highlights of Projects completed by our Company:

S r. N o.	Project Name	Location	Developm ent Mode	Our Share	Developa ble & Saleable Area (Sq. Feet )	Actual Area Sold (Sq. Feet)	Date of Commencement	Date of Completion
1	Samruddhi Regal	High Street, Cooke Town, Bangalore	Own Land	100%	18,488	18,488	October 2004	March 2006
2	Samruddhi Royale	High Street, Cooke Town Bangalore	Own Land	100%	19,040	19,040	October 2004	March 2006
3	Samruddhi Grace	Viviani Road, Bangalore	Own Land	100%	18,000	18,000	September 2006	May 2008
4	Samruddhi Eastlyne	Whitefield, Old Madras Road Junction, Bangalore	Joint Developm ent	52.99%	70,000	70,000	October 2006	September 2009

*All the above mentioned completed projects were residential in nature.*



Highlights of Ongoing Projects of our Company:

Sr. No.	Project Name	Location	Development Mode	Our Share	Developable & Saleable Area (Sq. Feet)	No. of Units	Date of Commencement	Expected Date of Completion
1	Samruddhi Lake Drive	Whitefield, Old Madras Road Junction, Bangalore	Joint Development	60%	1,96,222	59	September 2011	July 2013
2	Samruddhi Mystic Winds	Whitefield, Old Madras Road Junction, Bangalore	Joint Development	65%	1,21,895	39	June 2012	July 2014
3	Samruddhi Sunshine*	Naganathpur Village, Begur Hobli Bangalore	Joint Development	67%	1,28,000	88	-	-

\* the Company is yet to apply for the commencement certificate

*All the above mentioned ongoing projects are residential in nature.*

Highlights of Upcoming Projects of our Company:

Sr. No.	Project Name	Location	Development Mode	Our Share	Developable Area (Sq. Feet)	Saleable Area (Sq. Feet)	Expected Date of Commencement	Expected Date of Completion
1	Samruddhi Rhythm	Doddagubbi Village, Bidarahalli Hobli Bangalore	Joint Development	62%	2,50,000	2,50,000	January 2013	June 2015
2	Samruddhi North Square	Kogilu Village, Yelahanka Hobli Bangalore	Joint Development	60%	2,25,000	2,25,000	March 2013	March 2015

*All the above mentioned Upcoming projects would be residential in nature.*



The following map illustrates our geographic presence across Bangalore city by way of completed, ongoing and upcoming projects:



(As certified by the Architect of the Company).

We typically develop our projects:

- (1) through joint development agreements with land-owners, in terms of which we acquire the development rights to the underlying land;
- (2) in fewer occasions, through acquiring land ourselves and retaining the sole development rights in respect of any project.

**Set forth below is a brief description of three notable Completed Projects by our Company:**

#### **A. Samruddhi Royale & Regal**

Location: 2 & 9, High Street, Cooke Town, Bangalore.

Located diagonally opposite to each other, are prominent projects of the Cooke Town locality. These projects are designed in a colonial style, with intricate workmanship, very high specifications and excellent amenities. An apartment complex of 6 flats each, with each flat having an area of over 2400 sq. ft. and has the finest quality of Italian Marble flooring, High Quality of Teak Wood/Timber Doors and Windows, an enviably ceiling height of 11 feet clear, steal claded elevator car, Gym, Steam Sauna, Terrace Garden, Bar Counters, Party Areas, Twin car park for each flat, a few of the specifications and amenities these projects boast of These are the projects which defined High Value and Low Volume concept of Development.



### **B. Samruddhi Grace:**

Location: 34, Viviani Road, Richard's Town, Bangalore.

This project is yet another example of a High Value and Low Volume development. Six large apartments with each flat having an area of over 2300 sq. ft. Each, have best of specifications and amenities. Finest quality of Italian Marble flooring, High Quality of Teak Wood Timber doors and Windows, an enviably ceiling height of 11 feet clear, steal claded elevator car, Gym, Steam Sauna, Terrace Garden, Bar Counters, Party Areas, Twin car park for each flat. The Design of this project is Completely Modern and Contemporary.

### **C. Samruddhi Eastlynne**

Location: 304, Inner Circle, White Field, Bangalore.

This was the first project which the company conceived and executed when it decided to foray into larger formats of project development and helped the company to establish its presence in this segment of apartments. Whitefield, earlier defined as a Pensioner's Paradise reminds you of Colonial Era. Today, it is the Capital of IT Corridor of Bangalore. "Eastlynne" is the majestic project of Samruddhi Realty Limited, a project of 32 Three and Four Bedroom apartments, contemporary & modern design, Club, Gym, Swimming Pool, Extensive landscaping, Sewerage Treatment plant, Back Up Power, etc. Though the project was positioned for mid segment, the high quality and unique specifications which are founding principles of the company were not compromised.

## **OUR COMPETITIVE STRENGTHS**

### **Strong presence in Bangalore**

We believe that we have good knowledge of the market and regulatory environment in Bangalore that assists us in identifying opportunities in this region. Our Completed, Ongoing and Upcoming projects are located in Bangalore, which we believe is an attractive real estate market in terms of returns on investment, product positioning and depth of demand for real estate developments. Bangalore's position as the IT/ITES destination of India, the population of high-income customer base and an expanding segment of young, upwardly mobile professionals provides a substantial market for our projects.

### **Established brand image**

Our Promoters have been connected with real estate business since over two decades. We believe that our track record of developing projects, strong project execution and quality construction have enabled us to achieve sales for our projects. We believe that we have an established brand which is a differentiating factor for our customers, which helps establish customer confidence, influences buying decisions and has enabled us to achieve sales for our projects.

### **Strong project pipeline providing near term cash flow visibility**

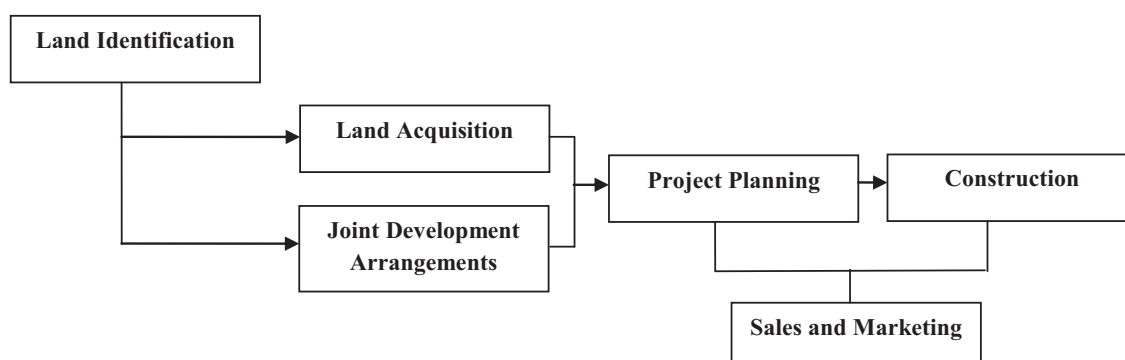
We believe that we have a strong project pipeline, z. We currently have 4 ongoing and 5 upcoming projects, which we expect to provide a total Saleable Area of approximately 30,00,000 square feet. With all the planned projects to be launched and executed in the next three to five years, we feel that cash flows will be adequate.

### **Strong and stable management team**

Our promoters have an experience of over two decades in the real estate industry. We also have a strong and well supportive management team with established and structured corporate processes. Before executing a project we undertake research for our projects and then commence any project. We utilise an outsourcing model that allows scalability design and quality construction. We have experienced and capable design management and project management teams who oversee and execute all aspects of project development. Our strong and long-standing relationships with external service providers such as architects, landscape planners & contractors would prove beneficial to us. We believe that the strength of our management team and their understanding of the real estate market will enable us to continue to take advantage of current and future market opportunities.



## Key business processes for real estate development



### A. Land Identification

A key factor for success of our business is land identification at strategic locations at reasonable pricing or ratio. Our in-house market research helps us to evaluate any decision pertaining to acquisition or developing any of the identified properties.

### B. Land Acquisition or Joint Development Arrangements

Based on our feasibility study of identified land, either we acquire the land on an outright purchase or enter into a joint development agreement with the owners.

### C. Project Planning, Regulatory Approvals

Our in-house project planning and execution team initiates the process to obtain the applicable regulatory approvals and clearances which may be general or specific to location.

### D. Construction

We follow a model of outsourcing the project execution activity by way of sub-contracting the different tasks. But to ensure quality standards, all the purchases pertaining to a project are controlled by us.

### E. Sales and Marketing

Taking in account various parameters relating to the project such as target customers, cost element, price range etc., we use a blend of sales and marketing strategies, depending upon whether the project is a residential apartment or villa.

## Human Resources

The details of manpower employed as on February 25, 2013 as under:

Category	Company Pay Roll	Contract Labor	Total
Directors	3	-	3
Senior Managerial	9	-	9
Managers / Officers / Executive	33	-	33
Semi Skilled Staff	11	-	11
Unskilled Labor	-	-	-
Trainees (not permanent)	-	-	-
<b>TOTAL</b>	<b>56</b>	<b>-</b>	<b>56</b>



## Competition

We face competition from different regional & national domestic real estate developers. Competitors having superior financial, research, execution and marketing resources than us pose competition to us. Also, the existence of competitors in regional markets presents us with competition in the new geographical regions where we intend to foray. However, we expect that our commitment to quality, past record of timely execution and transparency will provide us with an edge over our competitors.

## SWOT ANALYSIS

### Strengths

- ✓ Cordial relations with customers, vendors & land owners.
- ✓ Experienced management team
- ✓ Insight of Industry
- ✓ Sufficient availability of raw material and natural resources

### Weaknesses

- ✓ Dependence upon growth of national economy at large.
- ✓ Dependence on multiple agencies.
- ✓ Geographical distances between construction sites, reduces business efficiency.

### Opportunities


- ✓ Boom in the private sector housing will lead to creation of more construction opportunities

### Threats

- ✓ Our operations are in unorganized sector, is prone to changes in government policies
- ✓ No entry barriers in our industry which puts us to the threat of competition from new entrants
- ✓ Absence of a strong regulator.
- ✓ Fluctuations in the material prices

## INTELLECTUAL PROPERTY RIGHTS

### Trademarks

Sr. No.	Particulars of Mark	Word/ Label Mark	Applicant	Application No.	Date of Filing	Class	Status
1.	 Samruddhi	Label	Samruddhi Realty Private Limited	1953445	April 20, 2010	37	Objected*

\* The trade mark has been objected under Section 11 of the Trade Mark Act, 1999. The Company has filed its reply dated July 9, 2012 in support of registration of the trade mark. Thereafter, the Company received a show cause hearing notice dated December 4, 2012 wherein the hearing in the matter was fixed for December 31, 2012. However, the matter has now been adjourned.



**Insurance Details:**

Name of the Policy	Policy No.	Insurance Company	Policy Tenure	Insured	Location and Assets covered in policy	Specifics of assets insured	Insured Amount (in ₹)	Premium (in ₹)
Office Umbrella Package Policy	421703/48/2013/436	The Oriental Insurance Company Limited	From 14:56 on 06/09/2012 to midnight of 05/09/2013	The Company	<b>Location:</b> #21/15, The Land Mark 4 <sup>th</sup> Floor, M.G. Road, Bangalore , 560001 (Corporate Office)	<b>(S.IIA)Office contents –</b>	21,50,000	2,043
						1.FFF, Telephone cables and Wooden flooring	21,50,000	430
						Add on Covers:	3,00,000	600
						Terrorism Cover	1,50,000	
						<b>(S.III) Money Insurance –</b>	1,50,000	
						Wages and salary whilst transit from or to the office(s)	<b>(total 3,00,000)</b>	
						Money in office in locked safe outside business houses	10,00,000	8,000
						<b>(S.IV) Fixed Glass and Sanitary fittings:</b>	8,00,000	6,400
						Partition		
						<b>(S.VIA)Damage to Equipment :</b>		
Electronic Equipment Description of item:	5,00,000	4,000						





					Various		
					Year of manufacture: 2008		
					Quantity: 6		
					<b>(S.VIC) Portable Computer and Mobile Phones:</b>		
					1. Data Carrying material	1,75,000	875
					Description of item: 6 laptops, 15 computer		
					Quantity: 21		
					Year of Manufacture: 2008	3,00,000	525
					<b>(S.IX) Breakdown of office appliances:</b>	2,00,000	160
					1. Make: Various		
					Model: Various		
					<b>(S.X) Baggage</b>		
					<b>(S.XI 1) Public Liability</b>		

1. The Company has obtained the following insurance policies:

**Note:** In the event of a claim under the policy exceeding ₹ 1 Lac or a claim for refund of a premium exceeding ₹ 1 lac. The insured will comply with the provisions of the AML Policy of the Company.



The Company has obtained insurance cover for the vehicles owned by the Company. Following are brief details of such insurance policies:

Sr. No.	Name of the policy	Policy No.	Insurance Company	Policy Tenure	Assets covered in policy	Insured Amount (₹)
1.	Private Car Package Policy	FBA/1200014525	Bajaj Allianz General Insurance Company Limited	October 19, 2012 to October 18, 2013	Ford Figo-1.4 EXI	4,99,292/- (Four Lakh Ninety-nine Thousand Two hundred and Ninety-two only).
2.	Private Car Package Policy	FBA/1200014516	Bajaj Allianz General Insurance Company Limited	October 19, 2012 to October 18, 2013	Ford Figo-1.4 EXI	4,99,292/- (Four Lakh Ninety-nine Thousand Two hundred and Ninety-two only).
3.	Private Car Package Policy	OG-13-1701-1801-00029105	Bajaj Allianz General Insurance Company Limited	August 18, 2012 to August 17, 2013	BMW-5 series	37,76,991/- (Thirty-seven Lakh Seventy-six Thousand Nine Hundred and Ninety-one only).
4.	Private Car Package Policy	OG-13-1701-1801-00039355	Bajaj Allianz General Insurance Company Limited	November 06, 2012 to November 05, 2013	BMW- 5 series	40,60,933/- (Forty Lakh Sixty Thousand Nine Hundred and Thirty-three only).
5.	Private Car Package Policy	OG-13-1701-1801-00026363	Bajaj Allianz General Insurance Company Limited	August 18, 2012 to August 17, 2013	BMW- 5 series	37,76,991/- (Thirty-seven Lakh Seventy-six Thousand Nine Hundred and Ninety-one only).
6.	Private Car Package Policy	231120029109410000	HDFC ERGO General Insurance Company Limited	July 07, 2012 to July 06, 2013	Indigo Manza-Aura (ABS) Quadrajjet	5,97,347/- (Five Lakh Ninety-seven Thousand Three Hundred and Forty-seven only).
7.	Private Car Package Policy	231120029109290000	HDFC ERGO General Insurance Company Limited	July 07, 2012 to July 06, 2013	Indigo Manza-Aura (ABS) Quadrajjet	5,97,347/- (Five Lakh Ninety-seven Thousand Three Hundred and Forty-seven only).
8.	Private Car Package Policy	231120029109590000	HDFC ERGO General Insurance Company Limited	July 07, 2012 to July 06, 2013	Indigo Manza-Aura (ABS) Quadrajjet	5,97,347/- (Five Lakh Ninety-seven Thousand Three Hundred and Forty-seven only).
9.	Private Car Package Policy	1401712311011134	Reliance	February 18, 2012 to February 17, 2013	Skoda Laura Ambiente 1.9PD	8,00,000/- (Eight Lakhs only).
10.	Private Car Package Policy	1415722311001096	Reliance	October 12, 2012 to October 11, 2013	Skoda Laura Ambiente 1.9TDI PD	7,50,221/- (“Seven Lakh Fifty Thousand Two Hundred and



						Twenty-one only”).
11.	Private Car Package Policy	C1401532311000678 ( <b><i>This is the Cover note number and not the policy number.</i></b> )	Reliance	January 29, 2013 to January 28, 2014	Skoda Laura Elegance 1.9 PD	6,09,634/- (“Six Lakh Nine Thousand Six Hundred and Thirty-four only”).



## **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 / Statutory and Other Approvals" beginning on page 212 of this Draft Prospectus.*

We are engaged in the business of real estate development. Our business involves the acquisition of land in several States and it is subject to Central and State legislations which regulate substantive and procedural aspects of the acquisition, development and transfer of land, construction of housing projects and commercial premises. Our business is governed by various Central and State legislations that regulate the substantive and procedural aspects of our business. We are required to obtain and regularly renew certain licenses/registrations/permissions required statutorily under the provisions of various Central and State Government regulations, rules, bye laws, acts and policies. Moreover, at various stages of development, our projects require the sanction/approvals of the concerned authorities under the relevant State legislation and local bye-laws.

Given below is a brief description of the certain relevant legislations that are currently applicable to the business carried on by us.

### **CENTRAL LAWS**

#### ***Laws related to Property and Land Acquisition***

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

The transfer of property, including immovable property, between living persons, as opposed to the transfer of property by operation of law, is governed by the Transfer of Property Act, 1882. This Act establishes the general principles relating to the transfer of property, including among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. The Act recognizes, among others, the following forms in which an interest in an immovable property may be transferred:

- **Sale:** the transfer of ownership in property for a price paid or promised to be paid.
- **Mortgage:** the transfer of an interest in property for the purpose of securing the payment of a loan, existing or future debt, or performance of an engagement which gives rise to a pecuniary liability. The Act recognizes several forms of mortgages over a property.
- **Charges:** transactions including the creation of security over property for payment of money to another which are not classifiable as a mortgage. Charges can be created either by operation of law, e.g. decree of the court attaching to specified immovable property, or by an act of the parties.
- **Leases:** the transfer of a right to enjoy property for consideration paid or rendered periodically or on specified occasions.

##### **The Land Acquisition Act, 1894**

Land holdings are subject to The Land Acquisition Act, 1894 under which the Central Government or the appropriate State Government can acquire any land for Public Purposes including town planning and rural development. Any Party having an interest in such a land which is being compulsorily acquired by the Government has a right to object to such an acquisition and is entitled to compensation based on various factors.

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

The right of easements is derived from the ownership of property and is governed by this Act. An easement is a right which the owner or occupier of land possesses for the beneficial enjoyment of that land and which permits the owner to do or to prevent something being done, in or upon, other land not his own.



## **STATE LAWS**

State legislations provide for the planned development of urban areas and the establishment of regional and local development authorities charged with the responsibility of planning and development of urban areas within their jurisdiction. Real estate projects have to be planned and developed in conformity with the norms established in these laws and regulations made there under and require sanctions from the government departments and developmental authorities at various stages.

### **Karnataka Land Revenue Act, 1964**

The Karnataka Land Revenue Act was enacted to consolidate and amend the laws relating to land and revenue administration in the State of Karnataka. The Act provides that any owner of agricultural land shall require the permission of the Deputy Commissioner, to convert the use of such land for any other purpose. The Act further provides that such a request for the conversion of the agricultural land cannot be refused, if such lands are in the comprehensive development plan. Certain activities which are allowed to be carried out in the green belt areas include construction of places of worship, hospitals, libraries, sports clubs and cultural buildings. Any other form of activity to be carried out will require the prior consent of the relevant authority.

### **Bangalore Development Authority Act, 1976**

This Act was enacted to provide for the establishment of a Development Authority for the development of the City of Bangalore and areas adjacent thereto and for matters connected therewith. The Government has constituted for the Bangalore Development Authority (“BDA”) for Bangalore Metropolitan Area. The objects of the Authority are to promote and secure the development of the Bangalore Metropolitan Area and for that purpose the Authority has the power to acquire, hold, manage and dispose of moveable and immoveable property, whether within or outside the area under its jurisdiction, to carry out building, engineering and other operations and generally to do all things necessary or expedient for the purposes of such development.

### **The Karnataka Development Authorities Act, 1987**

This Act was enacted to provide for the establishment of Urban Development Authorities for the planned development of major and important urban areas in the State and the areas adjacent thereto and for matters connected therewith. the Government may by notification constitute for any urban area, an authority for the development of such area. The objects of such Authorities shall be planning and promoting and securing the development of the urban area and for these purposes the Authority shall have the power to acquire, hold, manage and dispose of moveable and immovable property, whether within or outside the urban area under its jurisdiction, to carryout buildings, engineering and other operations and generally to do all things necessary or expedient for the purpose of such development and for purposes incidental thereto.

### **The Karnataka Land (Restriction on Transfer) Act, 1991**

This Act was enacted to impose certain restrictions on transfer of land which have been acquired by Government or in respect of which acquisition proceedings have been initiated by the Government, with a view to preventing large scale transaction of purported transfer, or as the case may be, transfers of such lands to unwary public. According to this Act, no person shall transfer by means of sale, mortgage, lease, gift or otherwise any land situated in the Urban area and acquired by the government under The Land Acquisition Act, 1894 or any other law in relation to acquisition of land by the government or any land or part thereof situated in any urban area which is proposed to be acquired in connection with the Scheme in relation to which the declaration has been published under Section 19 of the Bangalore Development Authority Act, 1976.

### **The Karnataka Town and Country Planning Act, 1961 (“KTCP Act”)**

This Act was enacted to provide for the regulation of planned growth of land use and development and for the making and execution of town planning schemes in the State of Karnataka. The Act provides for the declaration of a local planning area by the government which shall be governed by its own local bye laws, rules and regulations, as the case may be. A local planning authority is constituted for such local planning areas. Every local planning authority is required to create a master plan and all activities shall be carried out pursuant to such a master plan.

### **Comprehensive Development Plan (“CDP”)**



Under the Karnataka Town and Country Planning Act, a CDP that divides the city into a number of use zones, such as residential, commercial, industrial, public and semi-public is issued every 10 years by the BDA.

The latest CDP (“**Revised Master Plan 2015**”) was notified by the Government of Karnataka on June 25, 2007 and covers a total planning area of 1,307 square kilometres. The Revised Master Plan 2015 contains a master plan vision document, existing and proposed land use maps, land use zoning regulations and planning district reports. Under the Revised Master Plan 2015, there has been an enhancement of the Floor Area Ratio (“**FAR**”) to a maximum of three and depending on the width of the road, up to four and an enhancement of FAR to a maximum of four around proposed metro stations. The land requirement for different uses like residential, commercial, industrial, public and semi-public, traffic and transportation, parks and open spaces have been also set out in the plan. The Revised Master Plan 2015 lays down the policies and programmes for the overall development of the area taking into consideration the long term requirements of the city. In each use / zone, certain uses are normally permitted and certain other uses may be permitted by the BDA under special circumstances.

#### **Karnataka Municipalities Act, 1964**

This Act was established to consolidate and amend the laws, relating to the establishment of municipal corporations in the State of Karnataka. Under the Act, a corporation is established based on certain criteria, which include the population of the area and the density of the population. The construction industry is regulated by the Municipal Corporations which impose mandatory requirements such as approvals, building bye-laws, regulation of future constructions, etc. It empowers municipal corporations to make bye laws for the use of sites and buildings and for all matters that are required or allowed to be carried on under the Act.

#### **Bangalore Mahanagara Palike Building Bye Laws - 2003 (“BMP Bye Laws”)**

All land use and real estate development within the jurisdiction of the Bruhat Bangalore Mahanagara Palike (“**Authority**”) requires compliance with the BMP Bye Laws. The BMP Bye Laws classify land use as (i) residential (ii) commercial (retail and wholesale business) (iii) industrial (iv) public and semi public use (v) parks, open spaces and playgrounds (vi) transport and communication (vii) utilities and services (viii) agricultural zone. The construction of residential buildings is permitted in the commercial (retail business) zone. Every person who intends to construct, erect, re-erect a building or make material alterations to a building is required to obtain a license from the commissioner of the Authority under Part II of the BMP Bye Laws by submitting the prescribed documents. The specifications mentioned in the BMP Bye Laws must be complied with in respect of the building proposed to be constructed. In relation to the construction of any building, *inter alia*, the conditions regarding the FAR, (i.e. „quotient obtained by dividing the total covered area of all the floors by the area of the plot”) and the “set back line” (i.e. a line prescribed beyond which nothing can be constructed towards the plot boundary except those not included under the definition of coverage) set out in the BMP Bye Laws have to be complied with and will be considered by the Authority before it grants a license for construction. Upon grant of a license by the Authority the construction of the building must commence within a period of two years from the date of grant of the license. Upon completion of construction, the Authority will issue a completion or occupancy certificate for the building after the physical inspection of the building to verify that the construction is in compliance with the approved plans and specifications.

#### **Karnataka Apartment Ownership Act, 1972**

Under the provisions of this Act, every owner of an apartment is required to execute a declaration to adhere to the provisions of the Act. The Act states that the administration of every property, shall be bound by its own bye laws.

#### **Bangalore Mysore Infrastructure Corridor Area Planning Authority (“BMICAPA”) and Bangalore International Airport Area Planning Authority (“BIAAPA”)**

The Bangalore Mysore Infrastructure Corridor Project consists of tolled four lane express highways (including their peripheral and link roads) and the five new townships, along this corridor. The Bangalore International Airport Planning Authority regulates the lands coming within its jurisdiction. Pursuant to the objectives of the KTCP Act, the BMICAPA and the BIAAPA have been constituted as local planning Authorities and are authorized under the provisions of the KTCP Act to frame their own rules and regulations, to govern the areas within its jurisdiction. In the event that any of our lands are situated in their jurisdiction, the BMICAPA and the BIAAPA constitute independent planning authorities and pursuant to the authority vested in them under the KTCP Act, have the powers to govern such areas. Any person undertaking any construction activity within the jurisdiction of these bodies is required to make an application and obtain a license for construction. The plans



and specifications for construction must comply with the regulations prescribed by these authorities including in relation to FAR, set back etc.

#### **Karnataka Ownership of Flats (Regulation of the Promotion of Construction, Sale, Management and Transfer) Act, 1972 (“the Ownership of Flats Act”)**

The Ownership of Flats Act regulates the matters connected with the promotion, development, construction, sale and management of flats used for commercial and residential purposes). It prescribes the duties of the developer and buyers. It also allocates responsibility for payment of outgoing and sets out procedure for offering/taking possession of the flat. Any developer failing to comply with the provisions of the Ownership of Flats Act shall be penalized with imprisonment extending upto 1 (one) year or with a fine extending to ₹ 2,000/- (Rupees Two Thousand) or both.

#### **National Building Code of India, 2005**

The National Building Code of India (NBC), a comprehensive building Code, is a national instrument providing guidelines for regulating the building construction activities across the country. It serves as a Model Code for adoption by all agencies involved in building construction works, including the Public Works Departments, other government construction departments, local bodies or private companies in the field of construction. The Code mainly contains administrative regulations, development control rules and general building requirements; fire safety requirements; stipulations regarding materials, structural design and construction (including safety); and building and plumbing services.

#### **LABOUR LAWS**

##### **Employees Provident Fund and Miscellaneous Provisions Act, 1952**

Under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, compulsory provident fund, family pension fund and deposit linked insurance are payable to employees in factories and other establishments. The legislation provides that an establishment employing more than 20 persons, either directly or indirectly, in any capacity whatsoever, is either required to constitute its own provident fund or subscribe to the statutory employee’s provident fund. The employer is required to make a monthly contribution to the provident fund equivalent to the amount of the employee’s contribution to the same. There is a further requirement of maintaining prescribed records and registers and filing of forms with the concerned authorities. This act prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

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

The Payment of Gratuity Act, 1972 provides for payment of gratuity to employees employed in factories, shops and other establishments who have put in a continuous service of five years, in the event of their superannuation, retirement, resignation, death or disablement due to accidents or diseases. The rule of ‘five year continuous service’ is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 days’ wages for every completed year of service with the employer. Presently, an employer is obliged for a maximum gratuity payout of Rs 1,000,000 for an employee.

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

The Employees State Insurance Act, 1948 (the “ESI Act”) provides for certain benefits to employees in case of sickness, maternity and employment injury. The ESI Act is applicable to all factories including a factory belonging to the Government other than seasonal factories and any other establishment as the appropriate Government may determine. 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 and are required to pay contributions to the Employees State Insurance Corporation, in respect of each employee at the rate prescribed by the Central Government.

##### **Contract Labour (Regulation and Abolition) Act, 1970**

This Act was enacted to regulate the employment of contract labour in certain establishments and to provide for its abolition in certain circumstances. This act applies to:

- (a) To every establishment in which twenty or more workmen are employed or were employed on any day of the preceding twelve months as contract labour;



- (b) To every contractor who employs or who employed on any day of the preceding twelve months twenty or more workmen provided that the appropriate Government may after giving not less than 2 (two) months' notice, by notification in the Official Gazette, apply the provisions of this Act to any establishment or contractor.

Further, it contains provisions regarding Central and State Advisory Board under the Act, registration of establishments, prohibition of employment of contract labour in any process, operation or other work in any establishment by the notification from the State Board, licensing of Contractors and welfare and health of the contract labour. Contract Labour (Regulation and Abolition) Central Rules, 1971 are formulated to carry out the purpose of this Act.

#### **The Industrial Disputes Act, 1947**

This Act lays down provisions for the investigation and settlement of industrial disputes and for other purposes. "industrial dispute" means any dispute or difference between employers and employees or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person.

#### **The Minimum Wages Act, 1948**

The Minimum Wages Act, 1948 was enacted to establish minimum wages for certain categories of employees. Under this Act, the Central and the State Governments stipulate the scheduled industries and establishments and fix minimum wages. Our Company falls under the Industries stipulated by the Government for the purpose of this Act. It contains provisions regarding fixing of minimum wages, wages in kind, advisory board for the purpose of fixing wages, normal working hours, overtime, maintenance of records, inspectors etc.

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

Pursuant to the Payment of Bonus Act, 1965, as amended, an employee in a factory or in any establishment where 20 or more persons are employed on any day during an accounting year, who has worked for at least 30 working days in a year is eligible to be paid a bonus. Contravention of the provisions of the Payment of Bonus Act, 1965 by a company is punishable with imprisonment upto six months or a fine up to ` 1,000 or both.

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

The Payment of Wages Act, 1936 is applicable to the payment of wages to persons in factories and other establishments. Under the definition given in Section 2(ii)(g) of this Act, "other establishments" include those establishments in which any work relating to the construction, development or maintenance of buildings, roads etc is carried out. It ensures that wages that are payable to the employee are disbursed by the employer within the prescribed time limit and no deductions other than those prescribed by the law are made by the employer.

#### **The Equal Remuneration Act, 1976**

The Equal Remuneration Act, 1976 provides for payment of equal remuneration to men and women workers and for prevention of discrimination, on the ground of sex. It states that no employer shall pay to any worker, employed by him in an establishment or employment, remuneration, whether payable in cash or in kind, at rates less favourable than those at which remuneration is paid by him to the workers of the opposite sex in such establishment or employment for performing the same work or work of a similar nature.

#### **The Employees' Compensation Act, 1923**

The Employees' Compensation Act, 1923 has been enacted with the object to provide compensation to workmen by employers for injuries caused by accident(s) arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. In case the employer fails to pay the compensation under the provisions of the act within 1 (one) month from the date it falls due, the employer may be directed to pay the compensation along with the interest.

### **ENVIRONMENT RELATED LAWS**

#### **Environment Protection Act, 1986**





The Environmental Protection Act, 1986 is an "umbrella" legislation designed to provide a framework for co-ordination of the activities of various central and state authorities established under various laws. The potential scope of the Act is broad, with "environment" defined to include water, air and land and the interrelationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

### **Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981**

Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981 are the other major statutes in India which seek to regulate and protect the environment against pollution and related activities in India. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards which are vested with diverse powers to deal with water and air pollution, have been set up in each state.

In addition, the Ministry of Environment and Forests looks into Environment Impact Assessment. The Ministry receives proposals for expansion, modernization and setting up of projects and the impact which such projects would have on the environment is assessed by the Ministry before granting clearances for the proposed projects.

### **TAXATION LAWS**

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

The Income-tax Act, 1961 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 this Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax etc. Every such Company is also required to file its returns by September 30 of each assessment year.

#### **Service Tax**

Chapter V of the Finance Act, 1994 as amended, provides for the levy of a service tax in respect of 'taxable services'. The service providers of these services are required to collect service tax from the recipient of such services and pay the service 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.

#### **Professional Tax**

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The 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 are paid, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such employee, is liable to pay tax on his behalf and is required to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under this Acts (except for the above mentioned employees), shall obtain a certificate of enrolment from the assessing authority.

#### **The Karnataka Value Added Tax, 2003**

This Act has been enacted to levy tax on sale and purchase of goods in the state of Karnataka. The tax shall be levied on every sale of goods in the State by a registered dealer or a dealer liable to be registered in accordance with the provisions of this Act. The tax shall also be levied and paid by every registered dealer or a dealer liable



to be registered on the sale of taxable goods to him, for the use in the course of his business, by a person who is not registered under this Act.

## **OTHER LAWS**

### **The Karnataka Shops and Commercial Establishments Act, 1961**

This Act provides for registration of commercial establishments and regulates the conditions of work and employment in shops and commercial establishments in Karnataka. It generally prescribes obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures, and wages for overtime work.

### **The Karnataka Stamp Act, 1957**

Stamp duty on instruments in the state of Karnataka is governed by the Karnataka Stamp Act. This act levies stamp duty on documents/instruments by which any right or liability is or purports to be created, transferred, limited, extended, extinguished or recorded. All instruments chargeable with duty and executed by any person are required to be stamped before or at the time of execution or immediately thereafter on the next working day following the day of execution. It authorises the State Government on receiving information from any source, to call for examination of any instrument to satisfy itself that the market value of the property referred therein has been truly set forth and the duty paid on it is adequate. Instruments not duly stamped are incapable of being admitted in court as evidence of the transaction in question. The State Government has the authority to impound insufficiently stamped documents.

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

Under the Indian Stamp Act, 1899, stamp duty is payable on instruments evidencing a transfer or creation or extinguishment of any right, title or interest in immovable property. Stamp duty must be paid on all instruments specified under the Stamp Act at the rates specified in the schedules to the Stamp Act. The applicable rates for stamp duty on instruments chargeable with duty vary from state to state. Instruments chargeable to duty under the Stamp Act, which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein and it also provides for impounding of instruments that are not sufficiently stamped or not stamped at all.

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

The Registration Act, 1908 has been enacted with the objective of providing public notice of the execution of documents affecting, *inter alia*, the transfer of interest in immovable property. The purpose of the Registration Act is the conservation of evidence, assurances, title and publication of documents and prevention of fraud. It details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, in any immovable property of the value of one hundred rupees or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. A document will not affect the property comprised in it, nor be treated 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 under The Transfer of Property Act 1882 or as collateral), unless it has been registered. Evidence of registration is normally available through an inspection of the relevant land records, which usually contains details of the registered property. Further, registration of a document does not guarantee title of land. **Karnataka Registration Rules 1965** have been implemented in the State of Karnataka in order to enforce and carry out the provisions of this Act.

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

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

### **The Specific Relief Act, 1963**



The Specific Relief Act is complimentary to the provisions of the Contract Act and the Transfer of Property Act, as the Act applies both to movable property and immovable property. The Act applies in cases where the Court can order specific performance of a contract. Specific relief can be granted only for purpose of enforcing individual civil rights and not for the mere purpose of enforcing a civil law. 'Specific performance' means Court will order the party to perform his part of agreement, instead of imposing on him any monetary liability to pay damages to other party.

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

The Competition Act 2002 (the "Competition Act") aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The Competition Act regulates anti-competitive agreements, abuse of dominant position and combinations. The Competition Commission of India (the "Competition Commission") which became operational from May 20, 2009 has been established under the Competition Act to deal with inquiries relating to anti-competitive agreements and abuse of dominant position and regulate combinations.

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

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

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

### **Regulations regarding Foreign Investment**

Foreign investment in the real estate sector is governed by the provisions of the FEMA read with the applicable Regulations. The Department of Industrial Policy and Promotion ("DIPP"), Ministry of Commerce and Industry has issued 'Circular 1 of 2012' (the "FDI Circular") which consolidates the policy framework on FDI, with effect from April 10, 2012. The FDI Circular consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP till April 9, 2012. All the press notes, press releases, clarifications on FDI issued by DIPP till April 9, 2012 stand rescinded as on April 10, 2012. Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. Under the approval route, prior approval of the GoI through FIPB is required. FDI for the items or activities that cannot be brought in under the automatic route may be brought in through the approval route. Where FDI is allowed on an automatic basis without the approval of the FIPB, the RBI would continue to be the primary agency for the purposes of monitoring and regulating Foreign Investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company.

The Consolidated FDI Policy dated April 10, 2012 issued by the DIPP, permits Foreign investment up to 100% is in the Company under the automatic route subject to the following:

- (1) Minimum area to be developed under each project would be as under:
  - (i) In case of development of serviced housing plots, a minimum land area of 10 hectares;
  - (ii) In case of construction-development projects, a minimum built-up area of 50,000 square meters;
  - (iii) In case of a combination project, any one of the above two conditions would suffice.



(2) Minimum capitalization of US \$10 million for wholly owned subsidiaries and US\$ 5 million for joint ventures with Indian partners provided that the funds are brought in within 6 (six) months of commencement of business of the Company.

(3) Original investment i.e. the entire amount brought in as FDI cannot be repatriated before a period of 3 (three) years from completion of minimum capitalization. The lock-in period of three years shall commence from the date of receipt of each installment/tranche of FDI or from the date of completion of minimum capitalization, whichever is later. However, the investor may be permitted to exit earlier with prior approval of the Government through the FIPB.

(4) At least 50% of each such project must be developed within a period of five years from the date of obtaining all statutory clearances. The investor/investee company would not be permitted to sell undeveloped plots. Further, the investor will also be required to obtain a completion certificate from the concerned authorities prior to disposal of serviced housing plots.

(5) The project shall conform to the norms and standards, including land use requirements and provision of community amenities and common facilities, as laid down in the applicable building control regulations, bye-laws, rules, and other regulations of the concerned authorities.

(6) The investor/investee company shall be responsible for obtaining all necessary approvals and for complying with all other requirements as prescribed under applicable rules/bye-laws/regulations of the State Government/Municipal/Local Body concerned.

(7) The State Government/ Municipal/ Local Body concerned, which approves the building / development plans, would monitor compliance of the above conditions by the developer.

It is pertinent to note that the conditions at (1) to (4) above do not apply to hotels and tourism, hospitals, Special Economic Zones (SEZs), the education sector, old age homes and investment by NRIs. Also, FDI is not allowed in Real Estate Business.

No approvals of the FIPB or the RBI are required for such Allotment of Equity Shares under this Issue. Our Company will be required to make certain filings with the RBI after the completion of the Issue.

#### **Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004**

An Indian Company may make direct investment in a Joint Venture or Wholly Owned Subsidiary outside India provided that the total financial commitment of the Indian Company in the Joint Ventures/Wholly Owned Subsidiaries shall not exceed 400% of the net worth of the Indian Party as on the date of the last Audited Balance Sheet. Application for Direct Investment in a Wholly Owned Subsidiary outside India, or by way of exchange for shares of a Foreign Company, shall be made in Part I of the Form ODI. Reserve Bank will allot a Unique Identification Number (UIN) for each Joint Venture (JV) or Wholly Owned Subsidiary (WOS) outside India and the Indian Party shall quote such number in all its communications and reports to the Reserve Bank and the Authorised Dealer.



## **HISTORY AND CERTAIN CORPORATE MATTERS**

### **Our History and Background**

Our Company was originally incorporated as “Samruddhi Realty Private Limited” under the provisions of the Companies Act, 1956 on November 28, 2003, with the Registrar of Companies, Bangalore. Subsequently, our Company was converted to a public limited Company pursuant to a Shareholders Resolution passed at the EGM held on January 18, 2010 and a fresh certificate of incorporation dated March 31, 2010, consequent to such change of status was issued by the Registrar of Companies, Bangalore. The Company’s Corporate Identity Number is U07010KA2003PLC032934.

The Registered Office situated at 202, Raheja Chambers, 12, Museum Road, Bangalore 560 001, Karnataka, India and its Corporate office is situated at The Land Mark, 21/15, 4<sup>th</sup> Floor, M. G. Road, Bangalore 560 001, Karnataka, India.

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

Our Company has not changed its registered office since its incorporation.

### **Key Events and Mile Stones**

<b>Year</b>	<b>Key Events / Milestone / Achievements</b>
2003	Incorporation of the Company in the name and style of “Samruddhi Realty Private Limited”
2004	Started operations for First Two Projects “Samruddhi Regal” and “Samruddhi Royale” in October 2004
2006	Completed the Projects “Samruddhi Regal” and “Samruddhi Royale” in March 2006
2006	Started operations for Project “Samruddhi Grace” in September 2006
2006	Started operations for Project “Samruddhi Eastlynne” in October 2006
2008	Completed the Projects “Samruddhi Grace” in May 2008
2009	Completed the Projects “Samruddhi Eastlynne” in September 2009
2010	Our Company was converted into a public limited company with the name Samruddhi Realty Limited and received a fresh certificate of incorporation consequent upon change in status from the RoC.
2010	Started operations for Project “Samruddhi Lake Drive ” in March 2010
2011	Started operations for Project “Samruddhi Mystic Winds” in March 2011
2012	Started operations for Project “Samruddhi Sunshine” in March 2012
2013	Started operations for Project “Samruddhi Rhythm” in January 2013

### **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 acquire by purchase, lease, exchange or otherwise, land and buildings of any description situate in any place in India or outside India and any estate or interest therein, and any rights over or connected with land to situate and to turn the same to account as may seem expedient and in particular by preparing building sites, and by constructing, reconstructing, altering, improving, decorating, furnishing and maintaining offices, service apartments, houses, hotels, restaurants, shops, factory buildings, ware-houses, wharves, buildings, works and conveniences of all kinds and by consolidating or connecting or subdividing properties and by leasing and disposing of the same.
2. To carry on, in India and elsewhere in any place or places in the world, either on its own account or on account of its constituents, solely or in conjunction with others, the business of builders, developers, developing agents, building contractors, managers, consultants, franchisees, in regard to design and execution of existing and proposed townships, group housing schemes, apartments, condominiums, private residences, industrial structures, factory buildings, sheds, ware-houses, administrative offices, commercial complexes, structures related to sports and recreational facilities, amusement parks, hotels, resorts, hospitals, and other infrastructure facilities such as software technology parks, industrial parks, roads, avenues, bridges, dams and air runways on any land of the Company or upon any other lands or property and to pull down, rebuild, enlarge, extend, alter and improve existing properties.



3. To carry on, in India and elsewhere in any place or places in the world, either on its own account or on account of its constituents, solely or in conjunction with others, the business of selling of any of the developments that the Company has carried out on an outright basis or in parts either on its own land or on land owned by others or under any other arrangement and to also receive deposits and advances against such sales.
4. To carry on business of advisors and / or consultants on problems and matters relating to the planning, construction reconstruction, development, real estate, improvement, operation, management, administration, organisation, finance, quality control, personnel, patent invention, model, design, secret formula or process, research and development or similar property right or information concerning any trade or business and all systems or process relating to production, storage, distribution, sale of goods and / or relating to rendering specialized services including technical knowhow and services to engage in and carry on research into all matters, methods and techniques relating to manufacture, finance, personnel, industrial and business management, distribution, marketing and selling relating to any type of trade or business as may be considered desirable for or beneficial to all or any of the Company's objects similar to those of the Company and to render all such other services as may be ancillary or incidental to any of the foregoing matters and problems.

#### **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	Increase in Authorised Share Capital from ₹ 10,00,000 divided into 1,00,000 Equity Shares of ₹ 10/- each to ₹ 1,00,00,000 divided into 10,00,000 Equity Shares of ₹ 10/- each.	March 15, 2007	Extra-Ordinary General Meeting
2	Company is converted into Public Limited Company on January 18, 2010.	January 18, 2010	Extra-Ordinary General Meeting
3	Increase in Authorised Share Capital from ₹ 1,00,00,000 divided into 10,00,000 Equity Shares of ₹ 10/- each to ₹ 3,00,00,000 divided into 30,00,000 Equity Shares of ₹ 10/- each.	September 06, 2010	Extra-Ordinary General Meeting
4	Increase in Authorised Share Capital from ₹ 3,00,00,000 divided into 30,00,000 Equity Shares of ₹ 10/- each to ₹ 5,00,00,000 divided into 50,00,000 Equity Shares of ₹ 10/- each.	February 27, 2012	Extra-Ordinary General Meeting
5	Increase in Authorised Share Capital from ₹ 5,00,00,000 divided into 50,00,000 Equity Shares of ₹ 10/- each to ₹ 10,00,00,000 divided into 1,00,00,000 Equity Shares of ₹ 10/- each.	December 10, 2012	Extra-Ordinary General Meeting

#### **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, revaluation of assets etc. with respect to our Company and we have not acquired any business/undertakings till date.

#### **Defaults or rescheduling of borrowing**

The Company has not defaulted or rescheduled its borrowing. Furthermore, except the loan given to the Company in FY 2005-06 by one of the Promoter Director Mr. V. R. Manjunath, part of which has been converted into Equity Shares during the years, none of the Company's other loans have been converted into equity in the past.

#### **Number of Shareholders of our Company:**

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



### **Changes in the activities of the Company, Samruddhi Realty Limited, 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 Draft Prospectus. For details relating to the business and operations of our Company, please refer section “*Our Business*” on page 72 of the Draft Prospectus.

### **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.

### **Guarantee, if any, given to third parties by the Promoters offering their shares in the proposed offer for sale:**

Not Applicable

### **OTHER AGREEMENTS**

#### **Non Compete Agreement**

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

#### **Joint Venture**

Except the agreements entered in the ordinary course of the business carried on or intended to be carried on by SRL, 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 Draft Prospectus.

#### **Financial Partners**

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

#### **Details of Subsidiaries**

As on the date of this Draft Prospectus, we have three subsidiaries viz., **Samruddhi Gruha Nirman Private Limited, Samruddhi Vaasthu Infracon Private Limited and Samruddhi Holiday Resorts Private Limited.** For further details on our subsidiaries, please see “Subsidiaries” on page 94 of this Draft Prospectus.



## SUBSIDIARIES

Unless otherwise stated none of our subsidiaries are sick Company under the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and neither of them have incurred any losses or have negative cash flows or are in the process of winding up. Further, none of our subsidiaries, have not made any public issue of securities in the preceding three years from the date of this Draft Prospectus.

As on the date of this Draft Prospectus, following are our subsidiaries:

1. **Samruddhi Gruha Nirman Private Limited**
2. **Samruddhi Vaasthu Infracon Private Limited**
3. **Samruddhi Holiday Resorts Private Limited**

The details of the same are as under:

### 1. **Samruddhi Gruha Nirman Private Limited (herein after known as “SGNPL”)**

<b>Main objects :</b>	1. To carry on the business of building, erecting and constructing residential apartments, commercial complexes, roads, houses, sheds and other fixtures on lands, buildings and to purchase, take on lease or otherwise acquire or exchange and transfer any lands, buildings of any tenure whatsoever in India or abroad and to act as Government approved contractors, valuers and to enter into any agreement or contract in this regard.				
<b>Date of Incorporation</b>	14.02.2010				
<b>CIN</b>	U45200KA2010PTC052507				
<b>PAN Card no.</b>	AANCS9181L				
<b>Registered Office Address</b>	No. 202, Raheja Chambers, No.11, Museum Road, Bangalore, Karnataka – 560001, India				
<b>Promoters</b>	Mr. Ravindra Mallikarjunappa Madhudi Mr. Hemang Dipakkumar Rawal				
<b>Board of Directors</b>	Mr. Ravindra Mallikarjunappa Madhudi Mr. Hemang Dipakkumar Rawal				
	<i>( Rs. in Lacs, except per share data)</i>				
<b>Audited Financial Information</b>	<b>For The Year Ended</b>				
	<b>31st March, 2012</b>	<b>31st March, 2011</b>	<b>31st March, 2010</b>	<b>31st March, 2009</b>	<b>31st March, 2008</b>
Equity Capital	1.00	1.00	1.00	NA	NA
Reserves and Surplus (excluding Revaluation Reserve and Less Miscellaneous Expenses, if any )	(0.35)	(0.29)	(0.23)	NA	NA
Income including other income	0.00	0.00	0.00	NA	NA
Profit/ (Loss) after tax	0.00	0.00	0.00	NA	NA
Earnings per share (face value of Rs. 10 each)	0.00	0.00	0.00	NA	NA
Net asset value per share	6.54	7.11	7.67	NA	NA

### Shareholding Pattern

The shareholding Pattern of SGNPL as on date of this Draft Prospectus is as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares Held	Shareholding (%)
<i>A.</i>	<b>Promoters</b>		
1.	M/s. Samruddhi Realty Ltd.	7,000	70.00
2.	Mr. Ravindra M. Madhudi	1,500	15.00
3.	Mr. Hemang D. Rawal	1,500	15.00





	<b>Total (A)</b>	<b>10,000</b>	<b>100.00</b>
<i>B.</i>	<i>Others (B)</i>	<i>0</i>	<i>0.00</i>
	<b>TOTAL (A+B)</b>	<b>10,000</b>	<b>100.00</b>

Samruddhi Gruha Nirman Private Limited is an unlisted Company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick Company under the meaning of SICA.

## 2. Samruddhi Vaasthu Infracon Private Limited (herein after known as “SVIPL”)

<b>Main objects :</b>	1. To carry on the business of building, erecting and constructing residential apartments, commercial complexes, roads, houses, sheds and other fixtures on lands, buildings and to purchase, take on lease or otherwise acquire or exchange and transfer any lands, buildings of any tenure whatsoever in India or abroad and to act as Government approved contractors, valuers and to enter into any agreement or contract in this regard.				
<b>Date of Incorporation</b>	14.02.2010				
<b>CIN</b>	U45200KA2010PTC052508				
<b>PAN Card no.</b>	AANCS9182K				
<b>Registered Office Address</b>	No. 202, Raheja Chambers, No.11, Museum Road, Bangalore, Karnataka – 560001, India				
<b>Promoters</b>	Mr. Ravindra Mallikarjunappa Madhudi Mr. Hemang Dipakkumar Rawal				
<b>Board of Directors</b>	Mr. Ravindra Mallikarjunappa Madhudi Mr. Hemang Dipakkumar Rawal				
	<i>(Rs. in Lacs, except per share data)</i>				
<b>Audited Financial Information</b>	<b>For The Year Ended</b>				
	<b>31<sup>st</sup> March, 2012</b>	<b>31<sup>st</sup> March, 2011</b>	<b>31<sup>st</sup> March, 2010</b>	<b>31<sup>st</sup> March, 2009</b>	<b>31<sup>st</sup> March, 2008</b>
Equity Capital	1.00	1.00	1.00	NA	NA
Reserves and Surplus (excluding Revaluation Reserve and Less Miscellaneous Expenses, if any )	(0.39)	(0.29)	(0.23)	NA	NA
Income including other income	0.00	0.00	0.00	NA	NA
Profit/ (Loss) after tax	0.00	0.00	0.00	NA	NA
Earnings per share (face value of Rs. 10 each)	0.00	0.00	0.00	NA	NA
Net asset value per share	6.13	7.11	7.67	NA	NA

### Shareholding Pattern

The shareholding Pattern of SVIPL as on date of this Draft Prospectus is as follows:

<b>Sr. No.</b>	<b>Name of Shareholder</b>	<b>No. of Equity Shares Held</b>	<b>Shareholding (%)</b>
<i>A.</i>	<b>Promoters</b>		
1.	M/s. Samruddhi Realty Ltd.	7,000	70.00
2.	Mr. Ravindra M. Madhudi	1,500	15.00
3.	Mr. Hemang D. Rawal	1,500	15.00
	<b>Total (A)</b>	<b>10,000</b>	<b>100.00</b>
<i>B.</i>	<i>Others (B)</i>	<i>0</i>	<i>0.00</i>
	<b>TOTAL (A+B)</b>	<b>10,000</b>	<b>100.00</b>

Samruddhi Vaasthu Infracon Private Limited is an unlisted Company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick Company under the meaning of SICA.



### 3. Samruddhi Holiday Resorts Private Limited (herein after known as “SHRPL”)

<b>Main objects :</b>	1. To carry on the business of development, construction, set up and maintenance of Resorts and Entertainment Park which includes Holiday Resorts, residential recreation club, amusement park, wild life sanctuaries, Tourist Houses, Transit House, Farm House, Residential Houses and Cottages, Restaurants, Canteens and Hotels, Entertainment shows, Shopping Complexes, Clubs, Swimming Pools and to provide common Facilities and Amenities or such services are lawfully provided for or rendered to tourists and to carry on the business Tourism which includes tourist guides, travel agents, Safe deposits, enquiry bureau libraries reading rooms, baggage transport, promoters/organizers of tours in India or abroad.				
<b>Date of Incorporation</b>	17.02.2010				
<b>CIN</b>	U55101KA2010PTC052571				
<b>PAN Card no.</b>	AANCS9257R				
<b>Registered Office Address</b>	No. 202N, Raheja Chambers, Museum Road, Bangalore, Karnataka – 560001, India				
<b>Promoters</b>	Mr. Ravindra Mallikarjunappa Madhudi Mr. Hemang Dipakkumar Rawal				
<b>Board of Directors</b>	Mr. Ravindra Mallikarjunappa Madhudi Mr. Hemang Dipakkumar Rawal				
<i>(Rs. in Lacs, except per share data)</i>					
<b>Audited Financial Information</b>	<b>For The Year Ended</b>				
	<b>31<sup>st</sup> March, 2012</b>	<b>31<sup>st</sup> March, 2011</b>	<b>31<sup>st</sup> March, 2010</b>	<b>31<sup>st</sup> March, 2009</b>	<b>31<sup>st</sup> March, 2008</b>
Equity Capital	1.00	1.00	1.00	NA	NA
Reserves and Surplus (excluding Revaluation Reserve and Less Miscellaneous Expenses, if any )	(0.35)	(0.29)	(0.23)	NA	NA
Income including other income	0.00	0.00	0.00	NA	NA
Profit/ (Loss) after tax	0.00	0.00	0.00	NA	NA
Earnings per share (face value of Rs. 10 each)	0.00	0.00	0.00	NA	NA
Net asset value per share	6.54	7.11	7.67	NA	NA

#### Shareholding Pattern

The shareholding Pattern of SHRPL as on date of this Draft Prospectus is as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares Held	Shareholding (%)
<i>A. Promoters</i>			
1.	M/s. Samruddhi Realty Ltd.	7,000	70.00
2.	Mr. Ravindra M. Madhudi	1,500	15.00
3.	Mr. Hemang D. Rawal	1,500	15.00
<b>Total (A)</b>		<b>10,000</b>	<b>100.00</b>
<i>B. Others (B)</i>			
		0	0.00
<b>TOTAL (A+B)</b>		<b>10,000</b>	<b>100.00</b>

Samruddhi Holiday Resorts Private Limited is an unlisted Company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick Company under the meaning of SICA.



### OUR MANAGEMENT

As per the Articles of Association, our Company cannot have less than 3 Directors and more than 12 directors. The Board of Directors comprising of 6 (Six) Directors currently manages our Company.

Mr. V. R. Manjunath, Chairman & Whole Time Director of our Company, Mr. Hemang D. Rawal, Managing Director and Mr. Ravindra M. Madhudi, Whole-Time Director are suitably supported by team of professionals 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 Draft Prospectus:

Sr. No.	Name, Father's Name, Age, Designation, Address, Experience, Occupation, Qualifications & DIN	Date of Appointment	No. of Equity Shares held in SRL & % of Shareholding (Pre Issue)	Date of expiration of current term of Office	Other Directorships
1	<p><b>Mr. V. R. Manjunath</b> S/o Mr. V.N Ramakrishnan <b>Age:</b> 53 Years <b>Designation:</b> Chairman &amp; Whole Time Director <b>Address:</b> No. 20, Ulsoor Cross Road, Bangalore, Karnataka. <b>Experience:</b> 19 Years <b>Occupation:</b> Business <b>Qualification:</b> Bachelor of Engineering <b>DIN:</b> 01134899</p>	<p>28.11.2003  Appointed as Chairman &amp; Re-appointed as Whole-Time Director w.e.f. 15.01.2013</p>	33.13	14.01.16	<p>1. Studio 3 Planners Private Limited 2. Lido Business Venture Private Limited 3. Lido Malls Management Private Limited</p>
2	<p><b>Mr. Hemang D. Rawal</b> S/o Mr. Dipakkumar Motilal Rawal <b>Age:</b> 42 Years <b>Designation:</b> Managing Director <b>Address:</b> 3-B, Samruddhi Regal, No. 9, High Street, Opposite ITC Main Gate, Cooke Town, Bangalore, Karnataka. <b>Experience:</b> 19 Years <b>Occupation:</b> Business <b>Qualification:</b> Chartered Accountant, Bachelor of Commerce. <b>DIN:</b> 00513746</p>	<p>01.04.2004  Re-appointed as Managing Director w.e.f. 15.01.2013</p>	31.26	14.01.16	<p>1. Samruddhi Gruha Nirman Private Limited 2. Samruddhi Holiday Resorts Private Limited 3. Samruddhi Vaasthu Infracon Private Limited 4. Samruddhi Infratech (India) Private Limited 5. Samruddhi Real Assets Private Limited 6. Samruddhi Retailmart Private Limited 7. Studio 3 Planners Private Limited 8. Ayushi Business Enterprises India Private Limited 9. Ayushi Dwellings Private Limited</p>
3	<p><b>Mr. Ravindra M. Madhudi</b> S/o Mr. Mallikarjunappa Kallappa Madhudi <b>Age:</b> 41 Years <b>Designation:</b> Whole-Time Director <b>Address:</b> Flat No. A-1103, Mantri Greens, No. 1, Sampige Road, Malleshwaram, Bangalore,</p>	<p>01.04.2004  Re-appointed as Whole-Time Director w.e.f. 15.01.2013</p>	31.26	14.01.16	<p>1. Samruddhi Gruha Nirman Private Limited 2. Samruddhi Holiday Resorts Private Limited 3. Samruddhi Vaasthu Infracon Private Limited 4. Samruddhi Infratech (India) Private Limited 5. Samruddhi Real Assets</p>



Sr. No.	Name, Father's Name, Age, Designation, Address, Experience, Occupation, Qualifications & DIN	Date of Appointment	No. of Equity Shares held in SRL & % of Shareholding (Pre Issue)	Date of expiration of current term of Office	Other Directorships
	Karnataka.. <b>Experience:</b> 19 Years <b>Occupation:</b> Business <b>Qualification:</b> Master of Business Administration <b>DIN:</b> 00513694				Private Limited 6. Samruddhi Retailmart Private Limited 7. Studio 3 Planners Private Limited 8. Waybridge Capital Private Limited 9. Shirdi Business Ventures Private Limited 10. Sweet Neem Publications Private Limited 11. Elements Constructions Private Limited 12. Sacred Ash Health Care & Phamaceuticals Private Limited
4	<b>Mr. Praveen Narayanaswamy</b> S/o Mr. Pothalappa Narayanaswamy <b>Age:</b> 34 Years <b>Designation:</b> Non-Executive - Independent Director <b>Address:</b> 73/2, Chikkapothappa Garden, Adugodi, Lasker Hosur Road, Bangalore, Karnataka. <b>Experience:</b> 12 Years <b>Occupation:</b> Business <b>Qualifications:</b> Diploma in Mechanical Engineering <b>DIN:</b> 02461407	15.01.2013	Nil	Director liable to retire by rotation.	1. Hygienic Air Systems Private Limited.
5	<b>Ms. Sushma T S</b> D/o Mr. Somasekharappa Thirunalpalya <b>Age:</b> 41 Years <b>Designation:</b> Non-Executive - Independent Director <b>Address:</b> 9/2B, Indushekar Nivas, Hayes Road, Bangalore, Karnataka. <b>Occupation:</b> Housewife <b>Qualifications:</b> Bachelor of Science & Master of Computer Applications <b>DIN:</b> 06485057	15.01.2013	Nil	Director liable to retire by rotation.	Nil
6	<b>Mr. Srinivas G. Seshagirirao</b> S/o Mr. Krishnamurthy Seshagiri Rao <b>Age:</b> 43 Years <b>Designation:</b> Non-Executive - Independent Director <b>Address:</b> 631 Sapthagiri Nivasa, 2 <sup>nd</sup> Floor, A-Block, Sahakaranagar, Near Bescom Cash Counter, Bangalore, Karnataka. <b>Experience:</b> 18 years	15.01.2013	Nil	Director liable to retire by rotation.	Nil



Sr. No.	Name, Father's Name, Age, Designation, Address, Experience, Occupation, Qualifications & DIN	Date of Appointment	No. of Equity Shares held in SRL & % of Shareholding (Pre Issue)	Date of expiration of current term of Office	Other Directorships
	<b>Occupation:</b> Advocate <b>Qualifications:</b> Bachelor of Academic Law <b>DIN:</b> 06485065				

#### BRIEF PROFILES OF OUR DIRECTORS

##### **Mr. V. R. Manjunath, Chairman & Whole Time Director**

Mr. V. R. Manjunath, aged 53 years, is the Chairman & Whole Time Director of our Company. He holds a Bachelor's degree in Engineering from Bangalore University. He is one of the founder promoters of our Company and its Director since incorporation. He has about two decades of experience in various business activities ranging from real estate activities pertaining to establishment of supermarkets, commercial spaces and multiplexes. He has executed projects for a number of brands. He is responsible for effective & timely execution of projects being executed by our Company and further identification of feasible future projects. Our Company benefits from his rich experience and expertise in our line of business and operates under his Chairmanship.

##### **Mr. Hemang D. Rawal, Promoter & Managing Director**

Mr. Hemang D. Rawal, aged 42 years, is a Chartered Accountant by qualification with an overall experience of 19 years in the real estate industry. He was appointed as Director of our Company in the year 2004 and currently holds the office of Managing Director of our Company. He is responsible for overall supervision of the business activities of Our Company. He has been an advisor to various national & multinational companies including Godrej, SKF Bearings, Zee Tele films, McDonald's and Deutsche Bank. He is on also on the panel of 'The Economic Times Realty' and his articles appear regularly in the newspapers.

##### **Mr. Ravindra M. Madhudi, Promoter & Whole - Time Director**

Mr. Ravindra M. Madhudi, aged 41 years, was appointed as Director of our Company in the year 2004 and currently holds the position of Whole time Director of our Company. He holds a degree in Master of Business Administration from Rochville University. He belongs to a family of real estate developers and commands an experience of approx. 19 years in real estate industry and market research for realty sector. At SRL, he manages business development, design, construction and marketing functions of the Company. He has been the initiator for many new key decisions at SRL and has been key player in the growth of Company.

##### **Mr. Praveen Narayanaswamy, Non-Executive-Independent Director**

Mr. Praveen, aged 34 years, is an Independent Director of our Company. He holds a Diploma in Mechanical Engineering Degree. He has 12 years of experience and has been appointed as Director on the board of our Company on January 15, 2013. As an Independent Director of our Company, with his corporate acumen, he brings value addition to our Company.

##### **Ms. Sushma T. S. , Non-Executive-Independent Director**

Ms. Sushma, aged 41 years, is a Non-Executive Independent Director of our Company. She holds a Bachelor's degree in Science from Bangalore University & Master's degree in Computer Applications from Madurai Kamaraj University. She was appointed as an Independent Director of our Company on January 15, 2013.

##### **Mr. Srinivas G. S., Non-Executive-Independent Director**

Mr. Srinivas, aged 43 years, is a Non-Executive Independent Director of our Company. He holds a Bachelor's degree in Academic Law from Bangalore University. He is an advocate by profession and provides our Company with valuable guidance in his sphere of knowledge. He was appointed as an Independent Director of our Company on January 15, 2013.

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

None of the present Directors in our Board are related to each other.



We also 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/Whole Time Director(s) 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 Draft Prospectus, whose shares have been / were suspended from being traded on the Bombay Stock Exchange 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 January 10, 2013 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. 150.00 Crores (Rupees One Hundred Fifty 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 198, 269, 309 and 311 read with Schedule XIII, and all other applicable provisions, if any, of the Companies Act, 1956.

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

##### **1. Mr. Hemang Rawal, Managing Director**

He was re-appointed as the Managing Director of our Company w.e.f January 15, 2013 for a period of 3(Three) years, in the Extra Ordinary General Meeting of the member of our Company held on January 24, 2013 on following terms of remuneration:

<b>Consolidated Salary</b>	Rs. 2,50,000/- (Rupees Two Lakhs Fifty Thousand) per month
Perquisites	Perquisites shall be allowed in addition to the salary, but within the overall limit, if any, prescribed under Schedule XIII of the Companies Act, 1956
Amount of compensation paid during the financial year ended 2012	Rs. 30,00,000/- (Rupees Thirty Lakhs)
Benefits in kind granted during the financial year ended 2012	Nil
Contingent or deferred compensation accrued for the financial year ended 2012	Nil

##### **2. Mr. Ravindra Madhudi, Whole Time Director**

He was re-appointed as the Whole-time Director of our Company w.e.f January 15, 2013 for a period of 3(Three) years, in the Extra Ordinary General Meeting of the member of our Company held on January 24, 2013 on following terms of remuneration:

<b>Consolidated Salary</b>	Rs. 2,50,000/- (Rupees Two Lakhs Fifty Thousand) per month
Perquisites	Perquisites shall be allowed in addition to the salary, but within the overall limit, if any, prescribed under Schedule XIII of the Companies Act, 1956
Amount of compensation paid during the financial year ended 2012	Rs. 29,04,000/- (Rupees Twenty Nine Lakh Four Thousand only)
Benefits in kind granted during the financial year ended 2012	Nil
Contingent or deferred compensation accrued for the financial year ended 2012	Nil



### 3. Mr. V. R. Manjunath, Whole - Time Director

He was re-appointed as the Whole-time Director of our Company w.e.f January 15, 2013 for a period of 3(Three) years, in the Extra Ordinary General Meeting of the member of our Company held on January 24, 2013 on following terms of remuneration:

<b>Consolidated Salary</b>	Rs. 1,00,000/- upto a maximum limit of Rs. 2,50,000 per month
Perquisites	Perquisites shall be allowed in addition to the salary, but within the overall limit, if any, prescribed under Schedule XIII of the Companies Act, 1956
Amount of compensation paid during the financial year ended 2012	Rs. 12,00,000/- (Rupees Twelve Lakhs only)
Benefits in kind granted during the financial year ended 2012	Nil
Contingent or deferred compensation accrued for the financial year ended 2012	Nil

No portion of the compensation as mentioned above for Managing Director and Whole time Directors was paid pursuant to a bonus or profit sharing Plan.

#### SITTING FEE

The Articles of Association of our Company provides that payment of sitting fees to Directors for attending a meeting of the Board or a Committee thereof shall be decided by the Board of Directors from time to time within the applicable maximum limits. Our Board of Directors have resolved in their meeting dated January 15, 2013 for payment of an amount of Rs. 1,000/- (Rs. One Thousand) 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 2011-12

Following is the detail of compensation paid and benefits in kind granted to the Board of Directors of the Company during the financial year 2011-12: (₹ in Lakhs)

Particulars	Salary	Total
Mr. Hemang D. Rawal	30.00	30.00
Mr. Ravindra M. Madhudi	29.04	29.05
Mr. V. R. Manjunath	12.00	12.00

#### INTEREST OF DIRECTORS

All the Directors of our Company may be deemed to be interested to the extent of remuneration and/or reimbursement of expenses payable to them as per the applicable laws, and the Articles of Association.

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.

Except as stated otherwise in this Draft Prospectus, our Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Draft 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 DRAFT PROSPECTUS.

Sr. No.	Name of the Director	No. of Shares Held	Holding in %
1.	Mr. V. R. Manjunath	16,00,000	33.12
2.	Mr. Hemang D. Rawal	15,10,000	31.26
3.	Mr. Ravindra M. Madhudi	15,10,000	31.26
	<b>Total</b>	<b>36,20,000</b>	<b>95.64</b>

*None of the Independent Directors of Company holds any Equity Shares of SRL as on the date of this Draft Prospectus.*

#### CHANGES IN BOARD OF DIRECTORS IN LAST 3 YEARS

Sr. No.	Name	Date & Nature of Change	Reasons for Change
1	Mr. V. R. Manjunath	15.01.2013, Change in Designation	Appointment as Chairman in addition to re-appointment as Whole Time Director
2	Mr. Praveen Narayanaswamy	15.01.2013, Appointment	To broad base the Board
3	Ms. T. S. Sushma	15.01.2013, Appointment	To broad base the Board
4	Mr. Srinivas G. S.	15.01.2013, Appointment	To broad base the Board
5	Ms. Mahalakshmi Ramakrishnan	30.09.2010, Resignation	Resignation from directorship of Company

#### 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 undertakes to adopt the 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 broad basing of the Board of Directors and the constitution of the committees such as the Audit Committee, Shareholder/ Investor Grievance Committee and Remuneration 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 of the Board of Director dated 15.01.2013. 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. Srinivas G. S.	Chairman	Non Executive-Independent Director
Ms. Sushma T. S.	Member	Non Executive-Independent Director
Mr. Hemang D. Rawal	Member	Managing 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:

- a) 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;
- b) 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;
- c) approving payment to statutory auditors for any other services rendered by the statutory auditors;
- d) reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  1. matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act;
  2. changes, if any, in accounting policies and practices along with reasons for the same;
  3. major accounting entries involving estimates based on the exercise of judgment by management;
  4. significant adjustments made in the financial statements arising out of audit findings;
  5. compliance with listing and other legal requirements relating to financial statements;
  6. disclosure of any related party transactions; and
  7. qualifications in the draft audit report.
- e) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- f) reviewing, with the management, the statement of uses / application of funds raised through an issue
- g) (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;
- h) reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- i) 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;
- j) discussing with the internal auditors any significant findings and follow up there on;
- k) 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;
- l) 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;
- m) 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;
- n) reviewing the functioning of the Whistle Blower mechanism, in case the same is existing;
- o) 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
- p) 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. Shareholder's / Investors Grievance Committee

Our Company has formed the Shareholders / Investors Grievance Committee vide Resolution of the Board of Director dated 15.01.2013. The constituted Shareholders / Investors Grievance Committee comprises following the Chairman and members:

Name of the Director	Status in Committee	Nature of Directorship
Ms. Sushma T. S.	Chairman	Non Executive-Independent Director
Mr. Praveen Narayanaswamy	Member	Non Executive-Independent Director
Mr. Ravindra M. Madhudi	Member	Whole Time 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 & Meetings:** The Shareholders'/Investors' Grievance Committee shall meet at least 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.

**B. Terms of Reference:** Redressal of shareholders' and investors' complaints, including and in respect of:

- a) Allotment, transfer of shares including transmission, splitting of shares, changing joint holding into single holding and vice versa, issue of duplicate shares in lieu of those torn, destroyed, lost or defaced or where the cages in the reverse for recording transfers have been fully utilized.
- b) Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.; and
- c) Review the process and mechanism of redressal of Shareholders /Investors grievance and suggest measures of improving the system of redressal of Shareholders /Investors grievances.
- d) 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.
- e) Oversee the performance of the Registrar & Share Transfer Agent and also review and take note of complaints directly received and resolved them.
- f) 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 (Probation of insider Trading) Regulations, 1992 as amended from time to time.
- g) 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,
- h) Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

### 3. Remuneration Committee

Our Company has formed the Remuneration Committee vide Resolution of the Board of Directors dated 15.01.2013. The Remuneration Committee comprises following Chairman and the members:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Praveen Narayanaswamy	Chairman	Non Executive-Independent Director
Mr. Srinivas G. S.	Member	Non Executive-Independent Director
Ms. Sushma T. S.	Member	Non Executive-Independent Director

The Company Secretary of our Company shall act as a Secretary to the Remuneration Committee. The scope and function of the Committee and its terms of reference shall include the following:

**A. Tenure:** The Remuneration 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 arise 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 Remuneration Committee shall be called by at least seven day's notice in advance.

#### **C. Terms of Reference:**

- a) Determine our Company's policy on specific remuneration package for the Managing Director / Executive Director including pension rights.
- b) Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors.
- c) 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.
- d) Decide the amount of Commission payable to the Whole time Directors.
- e) 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.
- f) To formulate and administer the Employee Stock Option Scheme.

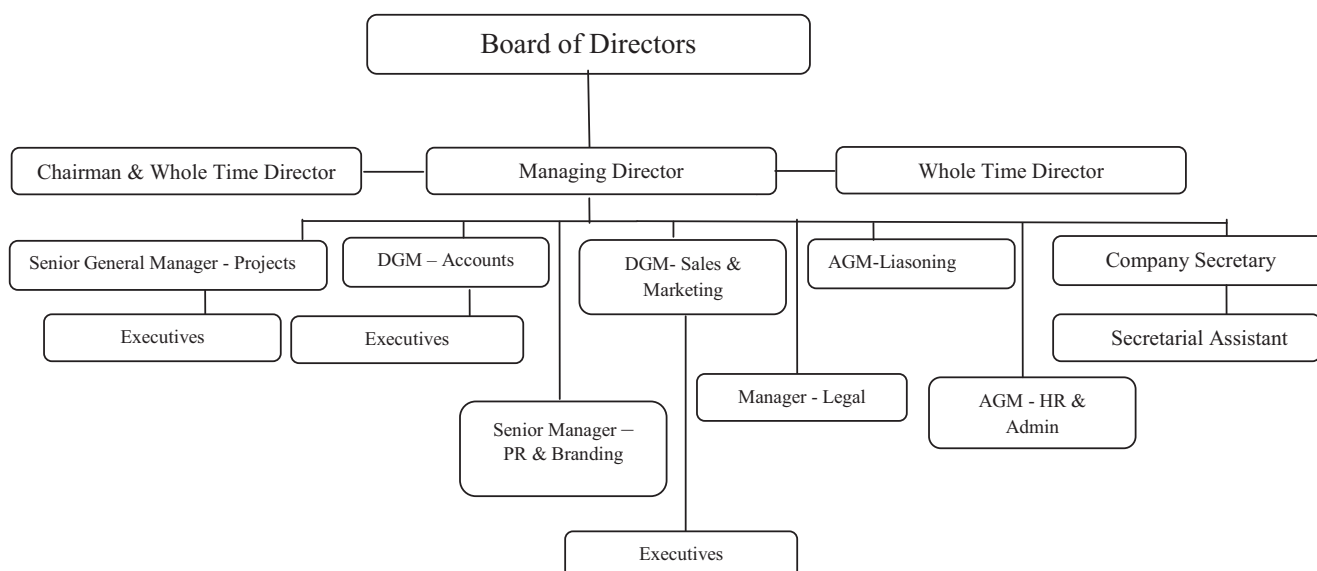
### Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

The provisions of Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the SME Platform of BSE Limited. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of Equity Shares on stock exchanges. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed public issue.

Mr. Dharmesh M. Kuvalekar, 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 Organisation Chart

The following chart depicts our Management Organization Structure:





### 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:

Name, Designation & Educational Qualification	Age (Years)	Date of joining	Compensation paid for the F.Y ended 2012. (in ₹)	Overall experience (in years)	Previous employment
Mr. Suresh Babu Annavarapu <b>Designation:</b> Senior General Manager - Projects <b>Qualification:</b> Diploma in Civil Engineering	41	02.05.2009	10,24,706	18 (Eighteen)	Skyline Constructions Housing Pvt. Ltd.
Mr. Yashodhara Kalleshappa <b>Designation:</b> DGM – Accounts <b>Qualification:</b> Master of Business Administration (Financial Management)	31	01.02.2008	4,68,000	10 (Ten)	Citilights Estates Pvt. Ltd.
Mr. Dharmesh Maruti Kuvalekar <b>Designation:</b> Company Secretary & Compliance Officer <b>Qualification:</b> B. Com, Company Secretary	40	01.02.2013	-	7 (Seven)	E To E Transportation Infrastructure Pvt. Ltd.
Mr. Tanveer Yossuf <b>Designation:</b> DGM- Sales & Marketing <b>Qualification:</b> Master of Business Administration (Marketing)	36	11.06.2012	-	12 (Twelve)	Saran Developers Pvt. Ltd.
Mr. Deepak Ramesh Nuguahalli <b>Designation:</b> AGM-Liasoning <b>Qualification:</b> Master of Arts	35	17.09.2007	4,09,500	14 (Fourteen)	M/s Beacons Infotech
Ms. Bhagyavati S H <b>Designation:</b> AGM - HR & Admin <b>Qualification:</b> Master of Business Administration (Human Resource)	29	07.11.2011	1,29,600	6 (Six)	H. M. Group
Ms. Preetam Sonde <b>Designation:</b> Senior Manager – PR & Branding <b>Educational Qualification:</b> Master of Business Administration (Marketing)	26	11.04.2011	4,34,583	3 (Three)	M/s Sangeetha Mobiles
Mr. Chiranth Anoor Nanjundappa <b>Designation:</b> Manager - Legal <b>Qualification:</b> Bachelor of Academic Laws	26	15.02.2012	24,000	3 (Three)	M/s Featherlite Developers
Mr. Umesh B M <b>Designation:</b> Customer Relationship Manager <b>Qualification:</b> Bachelor of Business Administration	37	20.11.2012	-	9 (Nine)	M/s Chalukya Developers

### BRIEF PROFILE OF KEY MANAGERIAL PERSONNEL

#### Mr. Suresh Babu Annavarapu

Mr. Suresh, is Senior General Manager- Projects of our Company. He holds a Diploma in Civil Engineering from SBTET, Andhra Pradesh. He is responsible for all execution and controlling activities for projects taken up by our Company. He has approximately 18 years of experience in his functional area. Prior to joining our Company, he was associated with Skyline Constructions Housing Pvt. Ltd.



**Mr. Yashodhara Kalleshappa**

Mr. Yashodhara, aged 31 years, is Deputy General Manager-Accounts of our Company. He holds a Master's degree in Business Administration (Financial Management) from EILM University, Sikkim. He has approximately 10 years of experience in his functional area. He is in charge of Accounts Division of our Company and takes care of the banking and over all finance function of the Company. Prior to joining our Company, he was associated with Citilights Estates Pvt. Ltd.

**Mr. Dharmesh Maruti Kuvalekar**

Mr. Dharmesh, aged 40 years, Company Secretary, is also the Compliance Officer of our Company. He is a qualified Company Secretary from the Institute of Company Secretaries of India. He has approximately 20 years of experience of which he holds about 7 years of post-qualification experience in secretarial matters. Prior to joining our Company, he was associated with E To E Transportation Infrastructure Pvt. Ltd. At present, he is responsible for looking after the secretarial matters of our Company. He joined our Company on February 01, 2013.

**Mr. Tanveer Yossuf**

Mr. Tanveer, aged 36 years, is Deputy General Manager- Sales & Marketing of our Company. He holds a Master's degree in Business Administration (Marketing) from National Institute of Management. He heads the Marketing activities of our Company. He has approximately 12 years of experience in his functional area. Prior to joining our Company, he was associated with Saran Developers Pvt. Ltd.

**Mr. Deepak Ramesh Nuguahalli**

Mr. Deepak, aged 35 years, is Assistant General Manager-Liasoning of our Company. He holds a Master's degree in Arts from EILM University, Sikkim. He has approximately 14 years of experience in his functional domain. Prior to joining our Company, he was associated with Beacons Infotech.

**Ms. Bhagyavati S. H.**

Ms. Bhagyavati, aged 29 years, is the Assistant General Manager- HR & Administration of our Company. She has completed her Master of Business Administration (Human Resource) from Visveswaraya Technological University, Belgaum. At present, she is responsible for HR Function of our Company. She has over 6 years of experience with her.

**Ms. Preetam Sonde**

Ms. Preetam Sonde, aged 26 years, is the Senior Manager – PR & Branding of our Company. She holds a Master's degree in Business Administration(Marketing) from Visveswaraya Technological University, Belgaum. She has approximately 3 years of experience. Prior to joining our Company, she was associated with Sangeetha Mobiles. She looks after the Public Relation and Branding functions of the Company.

**Mr. Chiranth Anoor Nanjundappa**

Mr. Chiranth Anoor, aged 26 years, is the Manager- Legal of our Company. He holds a Bachelor's degree in Academic Laws from University of Mysore. He takes care of the Legal function of our Company. He has about 3 years of experience in his Legal function. Prior to joining our Company, he was associated with M/s Featherlite Developers.

**Mr. Umesh B M**

Mr. Umesh B.M., aged 37 years, is the Customer Relationship Manager of our Company. He holds a Bachelor's degree in Business Administration from University of Madras and has about 9 years of experience in customer relationship management. Prior to joining our Company, he was associated with M/s Chalukya Developers.

We confirm that:

- a. All the persons named as our Key Managerial Personnel above are the permanent employees of our Company.
- b. 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.
- c. None of the above mentioned Key Managerial Personnel are related to each other.
- d. In respect of all above mentioned Key Managerial Personnel there has been no contingent or deferred compensation accrued for the year ended March 2012.
- e. 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.
- f. Our Company does not have any bonus/profit sharing plan for any of the Key Managerial Personnel.



- g. None of the Key Managerial Personnel in our Company hold any shares of our Company as on the date of filing of this Draft Prospectus.
- h. Presently, we do not have ESOP/ESPS scheme for our employees.
- i. The turnover of KMPs is not high, compared to the Industry to which our belongs.

**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	Reasons
1.	Ms. Preetam Sonde	Sr. Manager- PR & Branding	Apr 11, 2011	Appointment
2.	Mr.Lakkanna. N.	Head - Legal & Liaison	June 08, 2011	Resignation
3.	Ms. Bhagyavati .S.H.	AGM - HR & Admin	November 07, 2011	Appointment
4.	Mr. Chiranth .A.N.	Manager- Legal	Feb 15, 2012	Appointment
5.	Mr. Tanveer Yossuf	DGM-Sales & Marketing	June 11, 2012	Appointment
6.	Mr. Suresh Babu	Sr. General Manager - Projects	July 02, 2012	Promotion
7.	Ms. Sarala Menon	GM-Sales & Marketing	July 02, 2012	Resignation
8.	Mr.Yashodhara. K.	DGM - Accounts	July 02, 2012	Promotion
9.	Mr. Deepak N.R	AGM- Liasoning	July 02, 2012	Promotion
10.	Mr. Chiranth .A.N.	Manager- Legal	July 02, 2012	Promotion
11.	Ms. Preetam Sonde	Sr. Manager - PR & Branding	July 02, 2012	Promotion
12.	Ms. Bhagyavati .S.H.	AGM - HR & Admin	July 02, 2012	Promotion
13.	Mr. Umesh .B.M.	CRM Manager	Nov 20, 2012	Appointment
14.	Mr. Dharmesh M. K.	Company Secretary	February 01, 2013	Appointment

**Interest of Key Managerial Personnel in Our Company**

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


Except as stated otherwise in this Draft Prospectus, we have not entered into any contract, agreement or arrangement during the preceding 2 (two) years from the date of this Draft 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.


**Other benefits to our Key Managerial Personnel**

Except as stated in this Draft Prospectus there are no other benefits payable to our Key Managerial Personnel.




### OUR PROMOTERS

	<b>Mr. V. R. Manjunath – Chairman &amp; Whole-time Director</b>	
	<b>Qualification</b>	Bachelor of Engineering from Bangalore University
	<b>Age</b>	53 Years
	<b>Address</b>	No. 20, Ulsoor Cross Road, Bangalore, Karnataka – 560008, India
	<b>Experience</b>	19 years
	<b>Occupation</b>	Business
	<b>Permanent Account Number</b>	AARPM2500L
	<b>Passport Number</b>	J7793976
	<b>Name of Bank &amp; Bank Account Details</b>	Karnataka Bank Ltd., Ashok Nagar Branch, Bangalore Bank Account No: 0532500101485401
	<b>Driving License Number</b>	KA05 19790016979
	<b>Voter Identification Card Number</b>	Not Applicable
	<b>Other Interests</b>	<u>Directorships in other companies</u> 1. Studio 3 Planners Private Limited 2. Lido Business Venture Private Limited 3. Lido Malls Management Private Limited

	<b>Mr. Hemang D. Rawal – Managing Director</b>	
	<b>Qualification</b>	Chartered Accountant, Bachelor of Commerce from University of Bombay
	<b>Age</b>	42 Years
	<b>Address-</b>	3-B, Samruddhi Regal, No. 9, High Street, Opposite ITC Main Gate, Cooke Town, Bangalore, Karnataka – 560005, India
	<b>Experience</b>	19 years
	<b>Occupation</b>	Business
	<b>Permanent Account Number</b>	AAAPR4455Q
	<b>Passport Number</b>	Z2228098
	<b>Name of Bank &amp; Bank Account Details</b>	State Bank of India, St. Marks Road, Post Bag No. 5310, Bangalore, Karnataka, India Bank Account No: 10977257134
	<b>Driving License Number</b>	MH01 20100060568
	<b>Voter Identification Card Number</b>	Not Applicable
	<b>Other Interests</b>	<u>Directorships in other companies</u> 1. Samruddhi Gruha Nirman Private Limited 2. Samruddhi Holiday Resorts Private Limited 3. Samruddhi Vaasthu Infracon Private Limited 4. Samruddhi Infratech (India) Private Limited 5. Samruddhi Real Assets Private Limited 6. Samruddhi Retailmart Private Limited 7. Studio 3 Planners Private Limited 8. Ayushi Business Enterprises India Private Limited 9. Ayushi Dwellings Private Limited



	<b>Mr. Ravindra M. Madhudi - Whole-Time Director</b>	
	<b>Qualification</b>	Master of Business Administration from Rochville University,
	<b>Age</b>	41 Years
	<b>Address</b>	Flat No. A-1103, Mantri Greens, No. 1, Sampige Road, Malleshwaram, Bangalore, Karnataka.- 560079, India
	<b>Experience</b>	19 years
	<b>Occupation</b>	Business
	<b>Permanent Account Number</b>	ADLPR0809G
	<b>Passport Number</b>	Z2136108
	<b>Name of Bank &amp; Bank Account Details</b>	Bank of India, Cantonment Branch, Jothi Mahal, 49, St Marks Road, Bangalore, Karnataka – 560001, India Bank Account No: 840410110008459
	<b>Driving License Number</b>	710/2007
	<b>Voter Identification Card Number</b>	WBH2180461
	<b>Other Interests</b>	<u>Directorships in other companies</u> <ol style="list-style-type: none"><li>1. Samruddhi Gruha Nirman Private Limited</li><li>2. Samruddhi Holiday Resorts Private Limited</li><li>3. Samruddhi Vaasthu Infracon Private Limited</li><li>4. Samruddhi Infratech (India) Private Limited</li><li>5. Samruddhi Real Assets Private Limited</li><li>6. Samruddhi Retailmart Private Limited</li><li>7. Studio 3 Planners Private Limited</li><li>8. Waybridge Capital Private Limited</li><li>9. Shirdi Business Ventures Private Limited</li><li>10. Sweet Neem Publications Private Limited</li><li>11. Elements Constructions Private Limited</li><li>12. Sacred Ash Health Care &amp; Phamaceuticals Private Limited</li></ol>

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of all the above Promoters have been submitted to Bombay Stock Exchange Limited at the time of filing of this Draft Prospectus with them.

#### **Common Pursuits**

Our Promoters have promoted our Promoter Group / Group Companies viz Elements Constructions Private Limited, Ayushi Dwellings Private Limited, Studio 3 Planners Private Limited, Samruddhi Real Assets Private Limited, Lido Malls Management Private Limited, Samruddhi Infratech (I) Private Limited, Samruddhi Gruha Nirman Private Limited, Samruddhi Holiday Resorts Private Limited, Samruddhi Vaasthu Infracon Private Limited, are engaged in the line of business similar to our Company. As on the date of this Draft Prospectus, we cannot assure that our Promoters will not favor the interests of the said Company over our interest or that the said Company will not expand their businesses which may increase our chances of facing competition. This may adversely affect our business operations and financial condition of our Company. For details of our Promoter Group and Group Company refer to Section titled “*Our Promoter Group and Group Companies / Entities*” on page 112 of the Draft 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 viz. Mr. V. R. Manjunath, Mr. Hemang D. Rawal and Mr. Ravindra M. Madhudi are interested to the extent of their shareholding in our Company. Further, Mr. Hemand D. Rawal - Managing Director and Mr. Ravindra M. Madhudi & Mr. V. R. Manjunath, both Whole – Time Director are also the Executive Directors of our Company may be deemed to be interested to the extent of remuneration, as per the terms of their appointment and reimbursement of expenses payable to them.

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

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 Draft Prospectus or proposed to be acquired by us as on date of filing the Prospectus with RoC.

### **Related Party Transactions**

For the transactions with our Promoter Group entities, please refer to section titled “**Related Party Transactions**” on page 157 of this Draft Prospectus.

Except as stated in "**Related Party Transactions**" beginning on page 157 of the Draft 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**” on page 97. Also refer Annexure-M on “**Related Party Transactions**” on page 157 forming part of “**Financial Information of the Company**” and Paragraph on “**Interest of Promoters**” on page 111 of this Draft Prospectus.

### **Other ventures of our Promoters**

Save and except as disclosed in the section titled “**Our Promoters**” and “**Our Promoter Group and Group Companies / Entities**” beginning on page 109 & 112 respectively of this Draft 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 207 of this Draft Prospectus.



**OUR PROMOTER GROUP AND GROUP COMPANIES / ENTITIES**

a. In addition to the Promoters named above, the following natural persons are part of our Promoter Group in terms of Regulation 2(1)(zb) of SEBI ICDR Regulations:

Relationship	Mr. V. R. Manjunath	Mr. Ravindra M. Madhudi	Mr. Hemang D. Rawal
Father	Late Mr. Vellore Narayanswamy Ramakrishnan	Late Dr. Mallikarjunappa Kallappa Madhudi	Mr. Dipakkumar Motilal Rawal
Mother	Mrs. Mahalakshmi Ramakrishnan	Mrs. Puttanna Shylaja Madhudi	Mrs. Pratima Dipakkuar Rawal
Spouse	Mrs. Rajani Manjunath	Mrs. Nanda Ravindra. Madhudi	Mrs. Chaitali Hemang Rawal
Brother	Mr. Vellore Ramakrishnan Nandagopal	-	-
Sister	-	-	-
Son	-	Mr. Yash Sai Madhudi	-
Daughter	Ms. Krithika Manjunath Ms. Niharika Manjunath	-	Ms. Ayushi Hemang Rawal
Spouse's Father	Mr. Sudarshan Mudaliar	Mr. Revana Gowda Inamdar	Mr. Hareesh Dalal
Spouse's Mother	Mrs. Kamala Mudaliar	Mrs. Annapurna Inamdar	Mrs. Vibhuti Dalal
Spouse's Brother	Mr. Ajit Mudaliar	Mr. Jagadish Inamdar	-
Spouse's Sister	-	Mrs. Sumangala Jagdeesh Ms. Indu Kumar Ms. Veena Nagaraj	-

b. Our Promoter Group as defined under Regulation 2 (zb) of the SEBI (ICDR) Regulations, 2009 includes following entities:

Nature of Relationship	Entity
Anybody 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.	<ol style="list-style-type: none"> <li>1. Samruddhi Gruha Nirman Private Limited</li> <li>2. Samruddhi Holiday Resorts Private Limited</li> <li>3. Samruddhi Vaasthu Infracon Private Limited</li> <li>4. Samruddhi Infratech (India) Private Limited</li> <li>5. Samruddhi Real Assets Private Limited</li> <li>6. Samruddhi Retailmart Private Limited</li> <li>7. Studio 3 Planners Private Limited</li> <li>8. Ayushi Business Enterprises India Private Limited</li> <li>9. Ayushi Dwellings Private Limited</li> <li>10. Shirdi Business Ventures Private Limited</li> <li>11. Lido Business Ventures Private Limited</li> <li>12. Lido Malls Management Private Limited</li> </ol>
Any Body corporate in which a body corporate as provided above holds ten percent or more of the equity share capital	<ol style="list-style-type: none"> <li>1. Sweet Neem Publications Private Limited</li> <li>2. Waybridge Capital Private Limited</li> <li>3. Elements Constructions Private Limited</li> <li>4. Sacred Ash Health Care &amp; Pharmaceuticals Private Limited</li> </ol>
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	<ol style="list-style-type: none"> <li>1. Renuka Enterprises</li> </ol>



**c. OUR GROUP COMPANIES**

1. Samruddhi Infratech (India) Private Limited
2. Samruddhi Real Assets Private Limited
3. Samruddhi Retail Mart Private Limited
4. Studio 3 Planners Private Limited
5. Ayushi Business Enterprises India Private Limited
6. Ayushi Dwellings Private Limited
7. Shirdi Business Ventures Private Limited
8. Lido Business Ventures Private Limited
9. Lido Malls Management Private Limited
10. Sweet Neem Publications Private Limited
11. Waybridge Capital Private Limited
12. Elements Constructions Private Limited
13. Sacred Ash Health Care & Phamaceuticals Private Limited

**Details of Group Companies:**

**Top five Group Companies based on Sales/ Turnover/Income:**

1. Samruddhi Real Assets Private Limited.
2. Samruddhi Retail Mart Private Limited
3. Studio 3 Planners Private Limited
4. Ayushi Dwellings Private Limited
5. Shirdi Business Ventures Private Limited
6. Lido Malls Management Private Limited

**1. Samruddhi Real Assets Private Limited**

<b>Main objects :</b>	<ol style="list-style-type: none"><li>2. To carry on the business of building, erecting and constructing residential apartments, commercial complexes, structures, canals, bridges, roads, highways, houses, sheds and other fixtures on lands, buildings and to purchase, take on lease or otherwise acquire or exchange and transfer any lands, buildings of any tenure whatsoever and to act as Government approved contractors, valuers and to enter into any agreement or contract in this regard.</li><li>3. To acquire by purchase, lease, exchange or otherwise, land, buildings and here ditaments of any tenure or description situate in any place in India or outside India and any estate or interest therein, and any rights over or Connected with land situate and to turn the same to account as may seem expedient and in particular by preparing building sites, and by constructing, reconstructing, altering, improving, decorating, furnishing and maintaining offices, Service apartments, houses, decorating, furnishing and maintaining offices, Service apartments, houses, hotels and restaurants, shops, factory buildings and godowns, warehouses, wharves, buildings, works and conveniences of all kinds and by consolidating or Connecting or Subdividing properties and by leasing and disposing of the same.</li><li>4. To carry on the business of structural engineers, electrical engineers, civil engineers plumbers, fabricators property developers in all its branches and kinds and to provide consultancy services and technical know-how in connection with building, designs, plans</li></ol>
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	and specifications or models and give or provide other estimates and allied services as valuers in pursuance of the contracts.
<b>Date of Incorporation</b>	27.12.2007
<b>CIN</b>	U45400KA2007PTC044796
<b>PAN Card no.</b>	AAMCS0971K
<b>Registered Office Address</b>	No. 202, Raheja Chambers, No.12, Museum Road, Bangalore, Karnataka – 560001, India
<b>Board of Directors</b>	Mr. Ravindra Mallikarjunappa Madhudi Mr. Hemang Dipakkumar Rawal
	<i>(₹ in Lacs, except per share data)</i>
<b>Audited Financial Information</b>	<b>For The Year Ended</b>
	<b>March 31, 2012      March 31, 2011      March 31, 2010</b>
Equity Capital	1.00                      1.00                      1.00
Reserves and Surplus (excluding Revaluation Reserve and Less Miscellaneous Expenses, if any )	(54.37)                      (42.56)                      (2.26)
Income including other income	40.00                      0.00                      0.00
Profit/ (Loss) after tax	(16.21)                      0.00                      0.00
Earnings per share (face value of ₹ 10 each)	(162.09)                      0.00                      0.00
Net asset value per share	(533.72)                      (415.63)                      (12.60)

**Shareholding Pattern as on the date of the Draft Prospectus is as follows:**

<b>Name of the Equity Shareholder</b>	<b>No. of Equity Shares held</b>	<b>%age of Shareholding</b>
M/s. Samruddhi Reality Limited	3,000	30.00
Mr. Ravindra M. Madhudi	2,300	23.00
Mr. Hemang D. Rawal	3,100	31.00
Mrs. Nanda Ravindra	200	2.00
Mrs. Sushma T. S.	200	2.00
Mrs. Puttanna Shylaja Goppenahalli	100	1.00
Mrs. Asha Lata Narang	100	1.00
Mr. B. S. Kumar	100	1.00
Mrs. Vijaya Nagarajan	100	1.00
Mrs. Veena Nagaraj	100	1.00
Mr. S M Nandeesh	100	1.00
Mr. Indra Mohan Narang	100	1.00
Mrs. M K Umadevi	100	1.00
Mrs. G P Indumathi	100	1.00
Mrs. Sumana Arun	100	1.00
Mrs. Prasanna V Murthy	100	1.00
Mr. C. R. Nagarajan*	100	1.00
<b>Total</b>	<b>10,000*</b>	<b>100.00*</b>

\*The Board has been informed of the said demise of Mr. C. R. Nagarajan, who holds of 100 equity shares in our Company. As on date of this Draft Prospectus his shares are pending for transmission with the board to his nominee.

**Nature and extent of interest of our Promoters**

<b>Name</b>	<b>Number of Shares held in Samruddhi Real Assets Private Limited</b>	<b>%age of Shareholding</b>
Mr. Ravindra Mallikarjunappa Madhudi	2,300	23.00
Mr. Hemang Dipakkumar Rawal	3,100	31.00

The Promoters of our Company are interested to the extent of the shareholding in Samruddhi Real Assets Private Limited.

Samruddhi Real Assets Private Limited is an unlisted Company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick Company under the meaning of SICA.



## 2. Samruddhi Retailmart Private Limited

<b>Main objects :</b>	<ol style="list-style-type: none"> <li>1. To carry on the business of buying, processing, packing, selling supplying by retail all agricultural horticultural, plantation and diary produce, fabric and related products, books, stationery and music, all types or consumer goods including consumer durables and to advertise, market, import or export online or via the internet or any other like technology .</li> <li>2. To carry on the business of owners, lessees, managers, keepers. Lessors and/or conductors of hotel, restaurants, cafe's, taverns, beer houses, licensed victuals, spirit, aerated waters, sweet meat and fruit merchants, refreshment contractors and related activities.</li> <li>3. To carry on the business or buying, selling, designing, developing, assembling, researching, importing, exporting or otherwise dealing in software. Hardware and communication systems and to provide consultancy services In any of the aforementioned activities</li> <li>4. To carry on the business of Super Market/Departmental Stores.</li> </ol>		
<b>Date of Incorporation</b>	22.07.2004		
<b>CIN</b>	U05190KA2004PTC034383		
<b>PAN Card no.</b>	AAICS3090F		
<b>Registered Office Address</b>	No. 202, 2 <sup>nd</sup> Floor, Raheja Chambers, Museum Road, Bangalore, Karnataka – 560001, India		
<b>Board of Directors</b>	Mr. Ravindra Mallikarjunappa Madhudi Mr. Hemang Dipakkumar Rawal		
	<i>(₹ in Lacs, except per share data)</i>		
<b>Audited Financial Information</b>	<b>For The Year Ended</b>		
	<b>March 31, 2012</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>
Equity Capital	2.00	1.00	1.00
Reserves and Surplus (excluding Revaluation Reserve and Less Miscellaneous Expenses, if any )	(44.04)	(40.92)	(34.83)
Income including other income	280.67	262.36	311.44
Profit/ (Loss) after tax	(3.12)	(6.09)	(7.26)
Earnings per share (face value of ₹ 100 each)	(311.98)	(609.42)	(725.50)
Net asset value per share	(4204.31)	(3992.33)	(3382.91)

Shareholding Pattern as on the date of the Draft Prospectus is as follows:

Name of the Equity Shareholder	No. of Equity Shares held	%age of Shareholding
Mr. V. R. Manjunath	1,000	50.00
Mr. Ravindra M. Madhudi	500	25.00
Mr. Hemang D. Rawal	500	25.00
<b>Total</b>	<b>2,000</b>	<b>100.00</b>

Nature and extent of interest of our Promoters

Name	Number of Shares held in Samruddhi Retailmart Private Limited	%age of Shareholding
Mr. V. R. Manjunath	1,000	50.00
Mr. Ravindra M. Madhudi	500	25.00
Mr. Hemang D. Rawal	500	25.00

The Promoters of our Company are interested to the extent of the shareholding in Samruddhi Retailmart Private Limited.



Samruddhi Retail Mart Private Limited is an unlisted Company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick Company under the meaning of SICA.

### 3. Studio 3 Planners Private Limited

<p><b>Main objects :</b></p>	<ol style="list-style-type: none"> <li>1. To carry on the business of architecture and structural planners, designers, interior decorators and designers, providing turnkey project facilities, construction and operation of facilities that are environmentally responsible, create or execute in an artistic or highly skilled manner, profitable and healthy places to live and work and buying, selling, importing, exporting, fabricating, assembling, applying, distributing, exchanging, converting, altering, or otherwise handling or dealing in all types of insulation, false ceilings, facades, roof cladding, side cladding, lagging, metal cladding, water proofing, dueling, painting, sand blasting, gunniting, foam concreting, refractory lining, false roofing , false partitions, Furnishings, wall papers, Venetian blinds, interior decorations, aluminium, plastic and wooden window profiles, insulation materials for hydro thermal (heat and cold) refractories and other type of materials and applications thereof.</li> <li>2. To carry on the business, consultancy, supervision, execution and development of and as civil engineers, contractors, civil contractors, Consultants, architect &amp; structural engineers, Interior Decorator, project management consultancy, project supervision, construction management, total quality management (TQM), architectural and engineering supervision, project coordination, electrical, plumbing, environment engineering, project estimation, valuation, water proofing, landscape, HVAC, fire fighting systems, metallurgists, advisor, agent, broker, supervisor, administrator, subcontractor, turnkey contractor and manager of all types of constructions &amp; developmental work in all its branches and sub contract or otherwise to carry on all or any of the foregoing activities for building materials, goods, plants, machineries, equipments, accessories, parts, tools, fittings, articles, materials and facilities of whatsoever nature.</li> <li>3. To carry on business in product development and software development services relating to building and construction Industry in all areas &amp; all or any type of software/programming in any field for Export, Local and to plan, design, develop, research, improve, produce, manufacture, process, install, market, sell or License software of any and all description, run and manage Call Centres, individually or in partnership, collaboration, joint venture with any individual, firm or company whether Indian or foreign.</li> <li>4. To carry on the business as agent, broker, concessionaire, consultant, research, collaborator, consignor, franchiser, jobworker, exporter and importer or otherwise to deal with in all architectures, designs, shapes, sizes, varieties, characteristics, modalities, specifications, descriptions, and applications for the purpose of general science, civil engineering, structural engineering and any other related fields.</li> </ol>
<p><b>Date of Incorporation</b></p>	<p>27.06.2007</p>
<p><b>CIN</b></p>	<p>U74210KA2007PTC043249</p>



<b>PAN Card no.</b>	AAKCS9680F		
<b>Registered Office Address</b>	No. 202, Raheja Chambers, No.12, Museum Road, Bangalore, Karnataka – 560001, India		
<b>Board of Directors</b>	Mr. Vellore Ramakrishnan Manjunath Mr. Ravindra Mallikarjunappa Madhudi Mr. Hemang Dipakkumar Rawal Mr. Yogeshwer Govind Kulkarni		
	<i>(₹ in Lacs, except per share data)</i>		
<b>Audited Financial Information</b>	<b>For The Year Ended</b>		
	<b>March 31, 2012</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>
Equity Capital	1.00	1.00	1.00
Reserves and Surplus (excluding Revaluation Reserve and Less Miscellaneous Expenses, if any )	(33.12)	(31.76)	(21.65)
Income including other income	23.13	8.15	7.80
Profit/ (Loss) after tax	(1.36)	(10.20)	(9.60)
Earnings per share (face value of ₹ 10 each)	(13.56)	(102.03)	(95.99)
Net asset value per share	(321.15)	(307.59)	(206.47)

**Shareholding Pattern as on the date of the Draft Prospectus is as follows:**

Name of the Equity Shareholder	No. of Equity Shares held	%age of Shareholding
M/s Samruddhi Reality Limited	2500	25.00
Mr. Vellore Ramakrishnan Manjunath	1500	15.00
Mr. Ravindra Mallikarjunappa Madhudi	1000	10.00
Mr. Hemang Dipakkumar Rawal	1000	10.00
Mr. Yogeshwer Govind Kulkarni	2000	20.00
Mrs. Nanda Ravindra	500	5.00
Mrs. Chaitali Rawal	500	5.00
Mrs. Mayura Kulkarni	1000	10.00
<b>Total</b>	<b>10000</b>	<b>100.00</b>

**Nature and extent of interest of our Promoters**

Name	Number of Shares held in Studio 3 Planners Private Limited	%age of Shareholding
Mr. Vellore Ramakrishnan Manjunath	1500	15.00
Mr. Ravindra Mallikarjunappa Madhudi	1000	10.00
Mr. Hemang Dipakkumar Rawal	1000	10.00

The Promoters of our Company are interested to the extent of the shareholding in Studio 3 Planners Private Limited.

Studio 3 Planners Private Limited is an unlisted Company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick Company under the meaning of SICA.

#### **4. Ayushi Business Enterprises India Private Limited**

<b>Main objects :</b>	1. To make investment in shares, debentures, bonds, deposits, foreign currency deposits, foreign currency loans, units, stocks and to provide financial consultancy services, in all areas of corporate and personal finance including venture capital funding, leasing, hire-purchase, commercial papers and other financial instruments, to provide strategic and operational , consulting services to Indian and Overseas corporations, companies, firms, individuals- to provide information and advisory services on the internet or otherwise and to publish books and CD ROMs and any other information
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	related to the above and to act as brokers, agents, investors and mediators in dealing of investments in securities.
<b>Date of Incorporation</b>	02.11.2010
<b>CIN</b>	U65993KA2010PTC055727
<b>PAN Card no.</b>	AAICA9496P
<b>Registered Office Address</b>	No. 3b, Samruddhi Regal, No. 9, High Street, Opp. ITC Main Gate, Cooke Town, Bangalore, Karnataka - 560005, India
<b>Board of Directors</b>	Mr. Hemang Dipakkumar Rawal Mrs. Chaitali Rawal
	<i>(₹ in Lacs, except per share data)</i>
<b>Audited Financial Information</b>	<b>For The Year Ended</b>
	<b>March 31, 2012      March 31, 2011      March 31, 2010</b>
Equity Capital	1.00                      1.00                      Not Applicable
Reserves and Surplus (excluding Revaluation Reserve and Less Miscellaneous Expenses, if any )	0.58                      (0.66)                      Not Applicable
Income including other income	3.50                      0.00                      Not Applicable
Profit/ (Loss) after tax	0.58                      0.00                      Not Applicable
Earnings per share (face value of ₹ 10 each)	5.84                      0.00                      Not Applicable
Net asset value per share	15.84                      3.45                      Not Applicable

**Shareholding Pattern as on the date of the Draft Prospectus is as follows:**

Name of the Equity Shareholder	No. of Equity Shares held	%age of Shareholding
Mr. Hemang D. Rawal	9,000	90.00
Mrs. Chaitali Rawal	1,000	10.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

**Nature and extent of interest of our Promoters**

Name	Number of Shares held in Ayushi Business Enterprises India Private Limited	%age of Shareholding
Mr. Hemang D. Rawal	9,000	90.00

The Promoter of our Company are interested to the extent of the shareholding in Ayushi Business Enterprises India Private Limited.

Ayushi Business Enterprises India Private Limited is an unlisted Company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick Company under the meaning of SICA.

#### **5. Shirdi Business Ventures Private Limited**

<b>Main objects :</b>	<ol style="list-style-type: none"> <li>To deal invest, buy, sell all types of market securities such as shares, debentures, bonds, deposits, foreign currency deposits, foreign currency loans, units, stocks, mortgages, and other securities issued or guaranteed by any individuals whether residents, or non-residents, company, corporation, or undertaking whether incorporated or otherwise or wherever constituted and offer consultancy in such securities or otherwise act as brokers, agents, investors and mediators in dealing in the above types of securities.</li> <li>To provide financial consultancy services, in all areas of corporate and personal finance and to provide strategic and operational consulting services to Indian and</li> </ol>
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	Overseas corporations, companies, firms, individuals to provide information and advisory services on the internet or otherwise and to publish books and CD ROMs and any other information related to the above.		
<b>Date of Incorporation</b>	18.10.2007		
<b>CIN</b>	U67120KA2007PTC044163		
<b>PAN Card no.</b>	AALCS3764R		
<b>Registered Office Address</b>	S-9, 2nd Floor, "White House", St. Mark's Road, Bangalore, Karnataka – 560001, India		
<b>Board of Directors</b>	Mr. Ravindra Mallikarjunappa Madhudi Mrs. Nanda Ravindra		
	<i>(₹ in Lacs, except per share data)</i>		
<b>Audited Financial Information</b>	<b>For The Year Ended</b>		
	<b>March 31, 2012</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>
Equity Capital	1.00	1.00	1.00
Reserves and Surplus (excluding Revaluation Reserve and Less Miscellaneous Expenses, if any )	0.28	(0.05)	(0.29)
Income including other income	3.20	0.72	0.84
Profit/ (Loss) after tax	0.19	0.35	0.24
Earnings per share (face value of ₹ 10 each)	1.91	1.13	2.34
Net asset value per share	12.76	9.54	7.10

**Shareholding Pattern as on the date of the Draft Prospectus is as follows:**

Name of the Equity Shareholder	No. of Equity Shares held	%age of Shareholding
Mr. Ravindra Mallikarjunappa Madhudi	9,000	90.00
Mrs. Nanda Ravindra	1,000	10.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

**Nature and extent of interest of our Promoters**

Name	Number of Shares held in Shirdi Business Ventures Private Limited	%age of Shareholding
Mr. Ravindra Mallikarjunappa Madhudi	9,000	90.00

The Promoters of our Company are interested to the extent of the shareholding in Shirdi Business Ventures Private Limited.

Shirdi Business Ventures Private Limited is an unlisted Company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick Company under the meaning of SICA.

#### **6. Lido Malls Management Private Limited**

<b>Main objects :</b>	<ol style="list-style-type: none"> <li>1. To build, construct, establish, maintain, erect, lease, take on lease, exchange, or otherwise deal with the same without limiting the generality of the above but including; to purchase, buy or acquire and sale by any other means shopping malls, shopping centres, food courts, chain stores, mega marts, fab marts, e-shoppies, commercial complexes, commercial centres or any other building of like nature, develop hudge, shopping malls, conduct other events at this site and to manage and maintain parking lots at this site.</li> <li>2. To carry on business as estate managers, to collect rents, look after, manage repair and/or supervise immovable properties of or for any individual, person, firm, company, to give, take, lease, let and/or sublet any</li> </ol>
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	building or structure and without limiting the generality of the above, to construct, alter, improve, demolish renovate and/or repair any structure, building or work and conduct all such operations as are necessary for carrying on the businesses of development and management of immovable properties and estates. 3. To purchase, lease, sell, sub-divide, consolidate any land and to do the business of colonizers, Town Planners, exchange or otherwise acquire all kinds of real estate in India and elsewhere and to form layouts, construct, erect and maintain buildings, colonies, townships, commercial complexes, information technology parks, software technology parks or any special type buildings that may be required from time to time, apartments, flats, purchase and otherwise acquire lands, construction sites, here-ditaments, tenements and to hold, let out, lease, mortgage, exchange, alter, improve, develop all such properties, or allot the same to member/ shareholders of the Company on such terms and conditions as may be decided from time to time.
<b>Date of Incorporation</b>	01.05.2008
<b>CIN</b>	U45201KA2008PTC046262
<b>PAN Card no.</b>	AABCL4578Q
<b>Registered Office Address</b>	21/19, Craig Park Layout, Off M G Road, Bangalore, Karnataka – 560001, India
<b>Board of Directors</b>	Mr. Vellore Ramakrishnan Manjunath Mr. Jayesh Narainji Thakkar
	<i>(₹ in Lacs, except per share data)</i>
<b>Audited Financial Information</b>	<b>For The Year Ended</b>
	<b>March 31, 2012      March 31, 2011      March 31, 2010</b>
Equity Capital	2.00                      2.00                      2.00
Reserves and Surplus (excluding Revaluation Reserve and Less Miscellaneous Expenses, if any )	(0.61)                      (9.98)                      7.47
Income including other income	64.14                      47.16                      54.04
Profit/ (Loss) after tax	9.37                              (17.45)                      3.04
Earnings per share (face value of ₹ 10 each)	46.85                              (87.25)                      15.20
Net asset value per share	6.95                              (39.90)                      47.35

**Shareholding Pattern as on the date of the Draft Prospectus is as follows:**

Name of the Equity Shareholder	No. of Equity Shares held	%age of Shareholding
Mr. Vellore Ramakrishnan Manjunath	10,000	50.00
G CORP Private Limited	10,000	50.00
<b>Total</b>	<b>20,000</b>	<b>100.00</b>

**Nature and extent of interest of our Promoters**

Name	Number of Shares held in Lido Malls Management Private Limited	%age of Shareholding
Mr. Vellore Ramakrishnan Manjunath	10,000	50.00

The Promoters of our Company are interested to the extent of the shareholding in Lido Malls Management Private Limited.

Lido Malls Management Private Limited is an unlisted Company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick Company under the meaning of SICA.



## 7. Samruddhi Infratech (India) Private Limited

<b>Main objects :</b>	<ol style="list-style-type: none"> <li>1. To carry on the business of building, erecting and constructing residential apartments, commercial complexes, structures, canals, bridges, roads, highways, houses, sheds and other fixtures on lands, buildings and to purchase, take on lease or otherwise acquire or exchange and transfer any lands, buildings of any tenure whatsoever in India or abroad and to act as Government approved contractors, valuers and to enter into any agreement or contract in this regard.</li> <li>2. To acquire by purchase, lease, exchange or otherwise, land, buildings and here ditaments of any tenure or description and to turn the same to account as may seem expedient and in particular by preparing building sites, and by constructing, reconstructing, altering, improving, decorating, furnishing and maintaining offices, Service apartments, houses, hotels and restaurants, shops, factory buildings and godowns, warehouses, wharves, buildings, works and conveniences of all kinds and by consolidating or Connecting or Subdividing properties and by leasing and disposing of the same.</li> <li>3. To carry on the business of structural engineers, electrical engineers, civil engineers plumbers, fabricators property developers in all its branches and kinds and to provide consultancy services and technical know-how in connection with building, designs, plans and specifications or models and give or provide other estimates and allied services as valuers in pursuance of the contracts.</li> </ol>		
<b>Date of Incorporation</b>	16.11.2007		
<b>CIN</b>	U45202KA2007PTC044397		
<b>PAN Card no.</b>	AALCS3272J		
<b>Registered Office Address</b>	No. 202, Raheja Chambers, No.12, Museum Road, Bangalore, Karnataka – 560001, India		
<b>Board of Directors</b>	Mr. Ravindra Mallikarjunappa Madhudi Mr. Hemang Dipakkumar Rawal		
	<i>(₹ in Lacs, except per share data)</i>		
<b>Audited Financial Information</b>	<b>For The Year Ended</b>		
	<b>March 31, 2012</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>
Equity Capital	1.00	1.00	1.00
Reserves and Surplus (excluding Revaluation Reserve and Less Miscellaneous Expenses, if any )	(5.58)	(5.44)	(2.77)
Income including other income	0.00	0.00	0.00
Profit/ (Loss) after tax	(0.27)	(2.73)	(1.38)
Earnings per share (face value of ₹ 10 each)	(2.66)	(27.35)	(13.77)
Net asset value per share	(45.82)	(44.40)	(17.67)

**Shareholding Pattern as on the date of the Draft Prospectus is as follows:**

Name of the Equity Shareholder	No. of Equity Shares held	%age of Shareholding
M/s. Samruddhi Reality Limited	2,900	29.00
Mr. Ravindra M. Madhudi	3,300	33.00
Mr. Hemang D. Rawal	3,800	38.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>



#### Nature and extent of interest of our Promoters

Name	Number of Shares held in Samruddhi Infratech (India) Private Limited	%age of Shareholding
Mr. Ravindra M. Madhudi	3300	33.00
Mr. Hemang D. Rawal	3800	38.00

The Promoters of our Company are interested to the extent of the shareholding in Samruddhi Infratech (India) Private Limited.

Samruddhi Infratech (India) Private Limited is an unlisted Company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick Company under the meaning of SICA.

#### 8. Ayushi Dwellings Private Limited

<b>Main objects :</b>	<ol style="list-style-type: none"><li>1. To carry on the business of building, erecting and constructing residential apartments, commercial complexes, roads, houses, sheds and other fixtures on lands, buildings and to purchase, take on lease or otherwise acquire or exchange and transfer any lands, buildings of any tenure whatsoever in India OF abroad and to act as Government approved contractors, valuers and to enter into any agreement or contract in this regard.</li><li>2. To acquired by purchase, lease, exchange or otherwise, land and buildings of any description situate in any place in India or outside India and any estate or interest therein, and any rights over or connected with land to situate and to turn the same to account as may seem expedient and in particular by preparing building sites, and by constructing, reconstructing, altering, improving, decorating, furnishing and maintaining offices, service apartments, houses, hotels, restaurants, shops, factory buildings, ware-houses, wharves, buildings, works and conveniences of all kinds and by consolidating or connecting or subdividing properties and by leasing and disposing of the same.</li><li>3. To carry on, in India and elsewhere in any place or places in the world, either on its own account or on account of its constituents, solely or in conjunction with others, the business of builders, developers, developing agents, building contractors, managers, consultants, franchisees, in regard to design and execution of existing and proposed townships, group housing schemes, apartments, condominiums, private residences, industrial structures, factory buildings, sheds, were-houses, administrative offices, commercial complexes, structures related to sports and recreational facilities, amusement parks, hotels, resorts, hospitals, and other infrastructure facilities such as software technology parks, industrial parks, roads, avenues, bridges, dams and air runways on any land of the Company or upon any other lands or property and to pull down, rebuild, enlarge, extend, alter and improve existing properties.</li><li>4. To carry on the business of structural engineers. electrical engineers, civil engineers plumbers, fabricators property developers in all its branches and kinds and to provide consultancy services and technical know-how in connection with building, design, plans</li></ol>
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	and specifications or models and give or provide other estimates and allied services as valuers in pursuance of the contracts. 5. To carry on business of advisers and/ or consultants on problems and matters relating to the planning construction, development, real estate, improvement, operation, management, administration, organisation, finance, quality control, personnel, patent invention, model, design, secret formula or process, research and development or similar property right or information concerning any trade or business and all systems or process relating to production, storage, distribution, sale of goods and / or relating to rendering specialized services including technical knowhow and services to engage in and carry on research into a matters , methods and techniques relating to manufacture, finance, personnel, industrial and business management, distribution, marketing and selling relating to any type of trade or business as may be considered desirable for or beneficial to all or any of the company's objects similar to those of the company and to render all such other services as may be ancillary or incidental to any of the foregoing matters and problem .
<b>Date of Incorporation</b>	27.04.2011
<b>CIN</b>	U45209KA2011PTC058368
<b>PAN Card no.</b>	AAJCA5862A
<b>Registered Office Address</b>	No. 3b, Samruddhi Regal, No. 9, High Street, Opp. ITC Main Gate, Cooke Town, Bangalore, Karnataka - 560005, India
<b>Board of Directors</b>	Mr. Hemang D. Rawal Mrs. Chaitali Rawal
	<i>(₹ in Lacs, except per share data)</i>
<b>Audited Financial Information</b>	<b>For The Year Ended</b>
	<b>March 31, 2012      March 31, 2011      March 31, 2010</b>
Equity Capital	1.00      Not Applicable      Not Applicable
Reserves and Surplus (excluding Revaluation Reserve and Less Miscellaneous Expenses, if any )	0.00      Not Applicable      Not Applicable
Income including other income	0.00      Not Applicable      Not Applicable
Profit/ (Loss) after tax	0.00      Not Applicable      Not Applicable
Earnings per share (face value of ₹ 10 each)	0.00      Not Applicable      Not Applicable
Net asset value per share	10.00      Not Applicable      Not Applicable

**Shareholding Pattern as on the date of the Draft Prospectus is as follows:**

Name of the Equity Shareholder	No. of Equity Shares held	%age of Shareholding
Mr. Hemang Dipakkumar Rawal	1,000	10.00
Mrs. Chaitali Rawal	1,000	10.00
M/s. Ayushi Business Enterprises India Private Limited	8,000	80.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

**Nature and extent of interest of our Promoters**

Name	Number of Shares held in Ayushi Dwellings Private Limited	%age of Shareholding
Mr. Hemang Dipakkumar Rawal	1,000	10.00

The Promoters of our Company are interested to the extent of the shareholding in Ayushi Dwellings Private Limited.



Ayushi Dwellings Private Limited is an unlisted Company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick Company under the meaning of SICA.

#### 9. Lido Business Ventures Private Limited

<b>Main objects :</b>	<ol style="list-style-type: none"> <li>1. To carry on the business of cinematograph films/talkies (of every description)/ stage shows, as producers, exhibitors and distributors of and also to purchase, take on hire or otherwise acquire, films and talkies with the exhibiting, distributing and renting rights of the same and sell, give on hire or otherwise the films, talkies and the rights so acquired / with their exhibiting and renting rights.</li> <li>2. <ol style="list-style-type: none"> <li>a) To acquire estate / land and develop, cultivate and grow coffee, tea, spices and other plantation varieties and then plantation crops, medicinal herbs and any other agricultural and horticultural produces.</li> <li>b) To purchase, sell, deal, trade, export plantation products, spices and other agricultural/ horticultural and plantation produces and to undertake all the activities connected thereon.</li> <li>c) To undertake the processing/ preservation/ packing/ manufacturing/ extracting / diary / pulping of all agricultural/horticultural products including coffee, tea, spices, etc.</li> </ol> </li> <li>3. To carry on all or any of the businesses of owners, lessees, managers, keepers, lessors and / or conductors of hotel, restaurants, service apartments, caterers, contractors in food products of all kinds, and description, resorts, orchards, time share resorts, cafes, tavern, beer, houses, refreshments, tea rooms, lodging, star hotels, retailing, commercial complexes, residential houses / apartments plazas, departmental stores,</li> <li>4. To purchase, take on lease or otherwise acquire and develop lands, sites and buildings and construct there such structures that are necessary for any of the above, objects and to lease out or deal in such structures on commercial lines.</li> <li>5. To carry on all or any of the businesses of tourist offices, tourist guides, travel agents for railways, ship, aeroplane, omnibus service companies, authorities, carriers and organizations and provide or act as agents for others providing recreation, entertainment, sports, amusement, tours, picnic and the like and conducting dramas, musical performances, dances and other entertainment programmes.</li> </ol>		
<b>Date of Incorporation</b>	22.11.1989		
<b>CIN</b>	U92120KA1989PTC010534		
<b>PAN Card no.</b>	AAACL2958B		
<b>Registered Office Address</b>	No. 20, Ulsoor Cross Road, Ulsoor, Bangalore, Karnataka – 560008, India		
<b>Board of Directors</b>	Mr. Vellore Narayanaswamy Ramakrishnan Mr. Vellore Ramakrishnan Manjunath Mrs. Mahalakshmi Ramakrishnan		
	<i>(₹ in Lacs, except per share data)</i>		
<b>Audited Financial Information</b>	<b>For The Year Ended</b>		
	<b>March 31, 2012</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>
Equity Capital	22.50	22.50	22.50
Reserves and Surplus (excluding Revaluation)	(225.93)	(223.58)	(221.78)



Reserve and Less Miscellaneous Expenses, if any )			
Income including other income	0.01	1.94	77.46
Profit/ (Loss) after tax	(2.34)	(1.82)	(22.42)
Earnings per share (face value of ₹ 100 each)	(2.34)	(8.04)	(99.66)
Net asset value per share	(904s.13)	(893.71)	(885.67)

**Shareholding Pattern as on the date of the Draft Prospectus is as follows:**

Name of the Equity Shareholder	No. of Equity Shares held	%age of Shareholding
Mr. Vellore Narayanaswamy Ramakrishnan	3,750	16.67
Mrs. Mahalakshmi Ramakrishnan	1,700	7.56
Mr. Vellore Ramakrishnan Manjunath	4,200	18.67
Mr. Vellore Ramakrishnan Nandagopal	12,250	54.44
Mrs. Rajani Manjunath	600	2.67
<b>Total</b>	<b>22,500</b>	<b>100.00</b>

**Nature and extent of interest of our Promoters**

Name	Number of Shares held in Lido Business Ventures Private Limited	%age of Shareholding
Mr. Vellore Ramakrishnan Manjunath	4,200	18.67

The Promoters of our Company are interested to the extent of the shareholding in Lido Business Ventures Private Limited.

Lido Business Ventures Private Limited is an unlisted Company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick Company under the meaning of SICA.

**10. Sweet Neem Publications Private Limited**

<b>Main objects :</b>	<ol style="list-style-type: none"><li>1. To carry on in India or elsewhere the trades or business of publishers and printers of any magazines, books, papers, articles, designs and things in fields literary, texts, graphics, drawings, photos relating to any culture, history, religion, art, industry, market, geography, sociological, economy, agriculture, news whether independently or jointly with others and to manufacture and deal of all publicity materials including packaging materials, paper of all kinds, plastic, electrical material mainly used in advertising, publicity and or for mass communication, to manufacture and or marketed and instruments required for advertising, photographic goods and equipments and publicity for communication.</li><li>2. To carry on the business of broadcasters, service providers, distributors, exhibitors, dealers, agents, importers, exporters of all kinds of media activities such as Television, marketing, Advertising, Publishing, Audio-Visual services, Telecommunications and other Communication processes and to carry on the business of advertising, add agency, publicity, public relations, mass communication, market research, consumers research.</li><li>3. To carry on the business of stationers, advertisers, advertising agent, advisors, lithographers, photographers, and photographic art printers, engravers, die sinkers, die cotters, or to manufacture any of the material, articles and things commonly used, sold or dealt in and to carry on in India and abroad the business and profession of consultants, advisers, in all the aspects</li></ol>
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	and branches in particulars in the field of publishing and printing and to carry on business of agency necessary to carry on above objects.
<b>Date of Incorporation</b>	22.03.2011
<b>CIN</b>	U22211KA2011PTC057769
<b>PAN Card no.</b>	AAQCS7909B
<b>Registered Office Address</b>	S-9, "White House", St. Mark's Road, Bangalore, Karnataka – 560001, India
<b>Board of Directors</b>	Mr. Ravindra Mallikarjunappa Madhudi Mrs. Nanda Ravindra Mrs. Puttanna Shylaja Goppenahalli

**Shareholding Pattern as on the date of the Draft Prospectus is as follows:**

<b>Name of the Equity Shareholder</b>	<b>No. of Equity Shares held</b>	<b>%age of Shareholding</b>
Mr. Ravindra Mallikarjunappa Madhudi	900	9.00
Mrs. Nanda Ravindra	50	0.50
Mrs. Puttanna Shylaja Goppenahalli	50	0.50
M/s. Shirdi Business Ventures Private Limited.	9,000	90.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

**Nature and extent of interest of our Promoters**

<b>Name</b>	<b>Number of Shares held in Sweet Neem Publications Private Limited</b>	<b>%age of Shareholding</b>
Mr. Ravindra Mallikarjunappa Madhudi	900	9.00

The Promoters of our Company are interested to the extent of the shareholding in Sweet Neem Publications Private Limited.

Sweet Neem Publications Private Private Limited is an unlisted Company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick Company under the meaning of SICA.

**11. Waybridge Capital Private Limited**

<b>Main objects :</b>	<ol style="list-style-type: none"> <li>1. To carry on the business of an investment Company and to buy, sell, underwrite, invest in or otherwise acquire, hold and deal in the name of the Company or its nominees, all types of market securities such as shares, stocks, debentures, bonds, deposits, bullion, commodities, hundies, obligations, foreign currency deposits, foreign currency loans, units, mortgages, and other types of securities issued or guaranteed by any individuals whether residents, or non-residents, company, corporation, government authorities or undertaking whether incorporated or otherwise or wherever constituted and offer consultancy in such securities or otherwise act as brokers, agents, investors and mediators in dealing in the above types of securities and to make investment in real estate projects.</li> <li>2. To carry on the business of lending loans or advances or providing financial assistance like equipment finance, letter of credit, credit card issuer, bill discounting, factoring, loan syndication or in any other form whatsoever to industrial and other enterprises and to give guarantees and carry on and transact every kind of guarantee and counter guarantee business and in particular to guarantee the payment of any principal</li> </ol>
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	moneys, interest or other moneys secured by or payable under any debenture, bonds, debenture-stocks, mortgages, charges, contracts, obligations and securities, and the payment of dividends on and the repayment of the capital of stocks and shares of all kinds and descriptions or the performance' of any other obligations.
<b>Date of Incorporation</b>	30.03.2012
<b>CIN</b>	U65993KA2012PTC063322
<b>PAN Card no.</b>	AABCW2218E
<b>Registered Office Address</b>	S-9, 2nd Floor "White House", St. Mark's Road, Bangalore, Karnataka – 560001, India
<b>Board of Directors</b>	Mr. Ravindra Mallikarjunappa Madhudi Mrs. Nanda Ravindra Mrs. Puttanna Shylaja Goppenahalli

**Shareholding Pattern as on the date of the Draft Prospectus is as follows:**

<b>Name of the Equity Shareholder</b>	<b>No. of Equity Shares held</b>	<b>%age of Shareholding</b>
Mr. Ravindra Mallikarjunappa Madhudi	9,000	9.00
Mrs. Nanda Ravindra	500	0.50
Mrs. Puttanna Shylaja Goppenahalli	500	0.50
M/s. Shirdi Business Ventures Private Limited.	90,000	90.00
<b>Total</b>	<b>100,000</b>	<b>100.00</b>

**Nature and extent of interest of our Promoters**

<b>Name</b>	<b>Number of Shares held in Waybridge Capital Private Limited</b>	<b>%age of Shareholding</b>
Mr. Ravindra Mallikarjunappa Madhudi	9,000	9.00

The Promoters of our Company are interested to the extent of the shareholding in Waybridge Capital Private Limited.

Waybridge Capital Private Private Limited is an unlisted Company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick Company under the meaning of SICA.

**12. Elements Constructions Private Limited**

<b>Main objects :</b>	<ol style="list-style-type: none"><li>1. To carry on the business of building, erecting and constructing residential apartments, commercial complexes, roads, houses, sheds and other fixtures on lands, buildings and to purchase, take on lease or otherwise acquire or exchange and transfer any lands, buildings of any tenure whatsoever in India or abroad and to act as Government approved contractors, valuers and to enter into any agreement or contract in this regard.</li><li>2. To acquired by purchase, lease, exchange or otherwise, land and buildings of any description situate in any place in India or outside India and any estate or interest therein, and any rights over or connected with and to situate and to turn the same to account as may seem expedient and in particular by preparing building sites, and by constructing, reconstructing, altering, improving, decorating, furnishing and maintaining offices, service apartments, houses, hotels, restaurants, shops, factory buildings, ware-houses, wharves, buildings, works and</li></ol>
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	<p>conveniences of all kinds and by consolidating or connecting or subdividing properties and by leasing and disposing of the same.</p> <p>3. To carry on, in India and elsewhere in any place or places in the world, either on its own account or on account of its constituents, solely or in conjunction with others, the business of builders, developers, developing agents, building contractors, managers, consultants, franchisees, in regard to design and execution of existing and proposed townships, group housing schemes, apartments, condominiums, private residences, industrial structures, factory buildings, sheds, warehouses, administrative offices, commercial complexes, structures related to sports and recreational facilities, amusement parks, hotels, resorts, hospitals, and other infrastructure facilities such as software technology parks, industrial parks, roads, avenues, bridges, dams and air runways on any land of the Company or upon any other lands or property and to pull down, rebuild, enlarge, extend, alter and improve existing properties .</p> <p>4. To carry on the business of structural engineers, electrical engineers, civil engineers plumbers, fabricators property developers in all its branches and kinds and to provide consultancy services and technical know-how in connection with building, designs, plans and specifications or models and give or provide other estimates and allied services as valuers in pursuance of the contracts.</p> <p>5. To carry on business of advisers and / or consultants on problems and matters relating to the planning, construction reconstruction, development, real estate, improvement, operation, management, administration, organisation, finance, quality control, personnel, patent invention, model, design, secret formula or process, research and development or similar property right or information concerning any trade or business and all systems or process relating to production, storage, distribution, sale of goods and / or relating to rendering specialized services including technical know how and services to engage in and carry on research into all matters, methods and techniques relating to manufacture, finance, personnel, industrial and business management, distribution', marketing and selling relating to any type of trade or business as may be considered desirable for or beneficial to all or any of the company's objects similar to those of the company and to render all such other services as may be ancillary or incidental to any of the foregoing matters and problems.</p>
<b>Date of Incorporation</b>	22.03.2011
<b>CIN</b>	U45205KA2011PTC057767
<b>PAN Card no.</b>	AACCE9119K
<b>Registered Office Address</b>	S-9, "White House", St. Mark's Road, Bangalore, Karnataka – 560001, India
<b>Board of Directors</b>	Mrs. Nanda Ravindra Mrs. Puttanna Shylaja Goppenahalli



**Shareholding Pattern as on the date of the Draft Prospectus is as follows:**

Name of the Equity Shareholder	No. of Equity Shares held	%age of Shareholding
Mr. Ravindra Mallikarjunappa Madhudi	900	9.00
Mrs. Nanda Ravindra	50	0.50
Mrs. Puttanna Shylaja Goppenahalli	50	0.50
M/s. Shirdi Business Ventures Private Limited.	9,000	90.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

**Nature and extent of interest of our Promoters**

Name	Number of Shares held in Elements Constructions Private Limited	%age of Shareholding
Mr. Ravindra Mallikarjunappa Madhudi	900	9.00

The Promoters of our Company are interested to the extent of the shareholding in Elements Constructions Private Limited.

Elements Constructions Private Limited is an unlisted Company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick Company under the meaning of SICA.

### **13. Sacred Ash Health Care & Phamaceuticals Private Limited**

<b>Main objects :</b>	<p>1. To undertake, assist, promote, conceive, design, build and construct, establish, setup, develop, acquire, takeover, ruri, manage and operate establishments, organizations and' institutions, and Super Speciality Hospital facilities for providing, giving and dispensing Medical &amp; Surgical treatment, clinical, Medical, Para medical &amp; Surgical facilities and to provide healthcare facilities in all its branches and departments to all types of patients suffering from different kinds of ailments, diseases, infections, and other disorders, both physical and mental and to promote, acquire, own, develop, takeover, manage, and run all types of health, medical and other related and ancillary services, and support services carrying out all medical Surgical and healthcare services and activities and to create, install, develop, invest, and to provide and offer both Inpatient and Outpatient facilities, Physician &amp; other specialist services to patients and disabled at their places, Domiciliary care services for all types and varieties of Problems, Issues, ailments, all types of services in relation to after care services after Surgeries, and to provide and offer facilities relating to Physiotherapy, Yoga therapy, and other recognized and approved forms of therapies for assisting recovery of patients from surgeries, Trauma and other forms of disorders and to undertake and engage and conduct, co-ordinate, associate and canyon all kinds of activities connected and associated with Clinical Research, Medical Research either independently and or jointly in association with other agencies and enterprises and or associations engaged in the above activities of research by way of using Laboratory Animals and Humans as permitted under Law for the time being in force, and to engage, co-ordinate, associate in Clinical Trials , Trials relating to New Drugs and other associated medicines,</p>
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	and to canyon all types of activities connected to Medical Research and Clinical & Drug Trials. 2. To Manufacture, Produce, Formulate, Prepare, Buy, Market, Distribute, Exchange, Supply, Sell Or Otherwise dispose of, Refine, Blend, Process, Pack or Repack, Import, Export and Trade and generally to deal in Pharmaceutical, Medical, Medicinal Products, Preparations, Formulations and Specialities, Drugs, Bulk Drugs, Dyestuffs, their formulations and intermediates, Organic and Inorganic, Fine, Heavy and other Kinds of Chemicals and their Intermediates, Chemical and Pharmaceutical Compounds, Preparations substances Or Products and Derivatives, By - Products, Residual Products, Or ingredients required for the Manufacture, Preparation, Processing Or Use of any of the Forgoing. And to develop, Manufacture, Produce, Induce, Mix, Prepare, Modify in any Process Chemical, Biological, Organical, Technical Or in any combination thereof-all Food additives, Feeds and other edible substances meant for Animals, Cattle, Birds and other living beings and to do Research and Development, to Improve, to Improve, to Strengthen the longevity and also to fight disease by improving the immunological defense systems in cattle, birds of all varieties and species by adding food additives.
<b>Date of Incorporation</b>	22.03.2011
<b>CIN</b>	U85100KA2011PTC057760
<b>PAN Card no.</b>	AAQCS7913K
<b>Registered Office Address</b>	S-9, "White House", St. Mark's Road, Bangalore, Karnataka – 560001, India
<b>Board of Directors</b>	Mr. Ravindra Mallikarjunappa Madhudi Mrs. Nanda Ravindra Mrs. Puttanna Shylaja Goppenahalli

**Shareholding Pattern as on the date of the Draft Prospectus is as follows:**

Name of the Equity Shareholder	No. of Equity Shares held	%age of Shareholding
Mr. Ravindra Mallikarjunappa Madhudi	900	9.00
Mrs. Nanda Ravindra	50	0.50
Mrs. Puttanna Shylaja Goppenahalli	50	0.50
M/s. Shirdi Business Ventures Private Limited.	9,000	90.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

**Nature and extent of interest of our Promoters**

Name	Number of Shares held in Sacred Ash Health Care & Phamaceuticals Private Limited	%age of Shareholding
Mr. Ravindra Mallikarjunappa Madhudi	900	9.00

The Promoters of our Company are interested to the extent of the shareholding in Sacred Ash Health Care & Phamaceuticals Private Limited.

Sacred Ash Health Care & Phamaceuticals Private Limited is an unlisted Company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick Company under the meaning of SICA.



### **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 207 of the Draft Prospectus.

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

None of our Promoters have disassociated themselves from any companies, firms or other entities during the last three years preceding the date of This Draft Prospectus.

### **Undertaking / confirmations**

Our Promoters and Group Company /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 Companies 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.

### **Common Pursuits/Conflict of Interest**

Except for, Elements Constructions Private Limited, Ayushi Dwellings Private Limited, Studio 3 planners Private Limited, Samruddhi Real Assets Private Limited, Lido Malls Management Private Limited, Samruddhi Infratech (I) Private Limited, Samruddhi Gruha Nirman Private Limited, Samruddhi Holiday Resorts Private Limited and Samruddhi Vaasthu Infracon Private Limited, none of our Group Companies have any common pursuits.

We shall adopt the necessary procedures and practices as permitted by law to address any conflicting situations, as and when they may arise.

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 Statements - Related Party Disclosures*” on page 157 of the Draft Prospectus.



### **DIVIDEND POLICY**

As per the Articles of Association of our Company dividends other than interim dividends will be declared at the Annual General Meeting of shareholders based on the recommendations of the Board of Directors. The Articles of Association provide that the dividend declared by the shareholders at the Annual General Meeting shall not exceed the amount recommended by the Board of Directors. The Board may, at its discretion, recommend dividends to be paid to the Company's shareholders.

Generally, the factors that may be considered by the Board of Directors before making any recommendations for Dividends include, but not limited to are, Company's future expansion plans and capital requirements, profits earned during the financial year, cost of raising funds, liquidity position, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions.

Our Company has not paid any dividend in the previous five Financial Years.



## SECTION V – FINANCIAL INFORMATION OF THE COMPANY

### FINANCIAL STATEMENTS OF THE COMPANY

#### AUDITOR'S REPORT ON STANDALONE RESTATED FINANCIAL STATEMENTS

The Board of Directors,  
**Samruddhi Realty Limited,**  
202, Raheja Chambers,  
Museum Road,  
Bangalore-560001

Dear Sir,

We have examined the Standalone Restated Financial Statements of Samruddhi Realty Limited (Formerly known as “Samruddhi Realty Private Limited”) (hereinafter referred as “the Company”), the summarized financial statements of which annexed to this report have been prepared in accordance with the requirements of:

- i) Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the Act);
- ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the Regulation) issued by the Securities and Exchange Board of India (SEBI) and amendments made thereto from time to time in pursuance of section 11 of the Securities and Exchange Board of India Act, 1992; and
- iii) The instructions received from the Company, requesting to examine the financial information referred to above and proposed to be included in the Draft Offer Document / Offer Document of the Company in connection with its proposed initial public offer of equity shares.
- iv) In terms of Schedule VIII of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of the Samruddhi Realty Limited, we, M/s K. Gopalakrishnan & 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.
- v) Audit of the financial statements for the 6 months period ended September 30, 2012 and years ended March 31, 2012, 2011, 2010, 2009 and 2008 has been conducted by Company’s Statutory Auditor, M/s A.R. Pai & Co., Chartered Accountants. Further, financial statements for the 6 months period ended September 30, 2012 and year ended March 31, 2012 have been re-audited by us as required under the SEBI ICDR Regulations. This report, in so far as it relates to the amounts included for the financial years ended March 31, 2011, 2010, 2009 and 2008 is based on the audited financial statements of the Company which were audited by the Statutory Auditor, M/s A.R. Pai & Co., Chartered Accountants and whose Auditor’s Report has been relied upon by us for the said periods.

#### Financial Information of the Company:

1. We have examined the attached Standalone Restated Statement of Assets and Liabilities of the Company as at September 30, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 (Annexure-I); the accompanying Standalone Restated Statement of Profit and Loss of the Company for the period ended September 30, 2012 and years ended March 31, 2012, 2011, 2010, 2009 and 2008 (Annexure-II); the accompanying Standalone Restated Statement of Cash Flows of the Company for the period(s) ended September 30, 2012 and years ended March 31, 2012, 2011, 2010, 2009 and 2008 (Annexure-III) and the significant accounting policies and notes to restated summary statement (Annexure IV) together referred to as ‘Standalone Financial Statements’ as prepared by the Company and approved by the Board of Directors. These statements reflect the Standalone Assets and Liabilities and Standalone Profit and Loss for each of the relevant periods as extracted from the Standalone Financial Statements audited by M/s A.R. Pai & Co. and re-audited by us for 6 months period ended September 30, 2012 and Financial Year ended March 31, 2012, after making therein the disclosures and adjustments (Clause 8 of Annexure IV – Notes to restated summary statement) required to be made in accordance with the provisions of Schedule VIII Part A (IX) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. We further state that, in accordance with Schedule VIII Part A (IX) - Note 2, we have re-audited financial statements for the 6 months period ended September 30, 2012 and Financial Year ended March 31, 2012.
2. Based on the examination of these Standalone Summary Statements, we confirm that the restated profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments and regrouping as in our opinion are appropriate.



3. The Company has not paid any dividend on its equity shares till date.
4. We have examined the following regrouped/ rearranged financial information relating to the Company, proposed to be included in the Draft Offer Document / Offer Document, as approved by the Board of Directors of the Company and attached to this report:

Annexure –A	Standalone Statement Of Long Term And Short Term Borrowings
Annexure –V-A	Standalone Statement Of Principal Terms Of Secured Loans And Assets Charges As Security
Annexure –V-B	Standalone Statement Of Terms & Conditions Of Unsecured Loans
Annexure –B	Standalone Statement Of Non-Current Investments
Annexure –C	Standalone Statement Of Current Investments
Annexure –D	Standalone Statement Of Other Non-Current Assets
Annexure –E	Standalone Statement Of Trade Receivables
Annexure –F	Standalone Statement Of Long-Term Loans And Advances
Annexure –G	Standalone Statement Of Short-Term Loans And Advances
Annexure –H	Standalone Statement Of Other Current Assets
Annexure –I	Standalone Statement Of Long-Term Provisions
Annexure –J	Standalone Statement Of Short-Term Provisions
Annexure –K	Standalone Statement Of Other Current Liabilities
Annexure –L	Standalone Statement Of Other Income
Annexure –M	Standalone Statement Of Related Party Transaction
Annexure –N	Standalone Statement of Share capital, reserves and surplus
Annexure –O	Standalone Statement of Capitalization
Annexure –P	Standalone Summary of Mandatory accounting ratios based on adjusted profits/losses, relating to earnings per share, net assets value per share and return on net worth
Annexure –Q	Standalone Statement of Deferred tax asset/liabilities
Annexure –R	Standalone Statement of Tax Shelter

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

FOR K. GOPALAKRISHNAN & CO.

CHARTERED ACCOUNTANTS

[Firm registration: 009600S]

GOPALAKRISHNAN

[Membership No. 025421] PROPRIETOR

Bangalore,

February 18, 2013





**STANDALONE RESTATED STATEMENT OF ASSETS AND LIABILITIES**

ANNEXURE-I  
(in ₹)

	Particulars	As at					
		30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
<b>A</b>	<b>Non-current assets</b>						
	<b>Fixed Assets:</b>						
	Tangible assets	23,461,143	9,016,463	8,276,788	4,566,192	5,363,912	6,745,289
	Less : Revaluation Reserve	-	-	-	-	-	-
	Net Block after adjustment of Revaluation Reserve	23,461,143	9,016,463	8,276,788	4,566,192	5,363,912	6,745,289
	Intangible assets	-	-	-	-	-	-
	Capital work-in-progress	-	-	-	-	-	-
	Intangible assets under development	-	-	-	-	-	-
	Non-current investments	390,198	390,198	390,198	294,000	84,000	84,000
	Deferred tax assets (net)	980,309	1,178,588	847,561	636,977	474,635	171,477
	Long-term loans and advances	64,545,882	32,576,882	27,376,882	6,923,174	10,528,191	7,438,459
	Other non-current assets	1,133,550	833,550	1,935,431	1,409,934	858,470	-
	<b>Total non-current assets</b>	<b>A 90,511,082</b>	<b>43,995,681</b>	<b>38,826,860</b>	<b>13,830,277</b>	<b>17,309,208</b>	<b>14,439,225</b>
<b>B</b>	<b>Current Assets</b>						
	Current Investments	-	-	-	528,186	-	-
	Inventories	123,772,427	101,170,229	63,112,446	62,322,360	46,161,935	35,938,723
	Trade Receivables	105,730,011	65,515,291	36,842,848	6,619,946	11,661,241	19,399,260
	Cash & Bank Balances	49,377,893	30,735,439	25,573,867	17,411,513	2,611,121	3,898,000
	Short Term Loans & Advances	6,651,365	4,655,732	4,012,106	2,904,939	2,759,967	2,071,392
	Other Current Assets	34,686,662	26,302,805	4,619,901	3,720,227	3,393,879	1,757,592
	<b>Total Current Assets</b>	<b>B 320,218,358</b>	<b>228,379,496</b>	<b>134,161,168</b>	<b>93,507,171</b>	<b>66,588,143</b>	<b>63,064,967</b>
<b>C</b>	<b>Total Assets (C=A+B)</b>	<b>C 410,729,440</b>	<b>272,375,177</b>	<b>172,988,028</b>	<b>107,337,448</b>	<b>83,897,351</b>	<b>77,504,192</b>
<b>D</b>	<b>Non Current Liabilities</b>						
	Long-term borrowings	151,245,653	114,907,074	69,872,903	58,604,279	60,517,780	62,193,276
	Deferred tax liabilities (net)	-	-	-	-	-	-
	Other long-term liabilities	-	-	-	-	-	-
	Long-term provisions	1,739,277	1,286,391	1,055,415	962,175	839,637	556,546
	<b>Total Non Current Liabilities</b>	<b>D 152,984,930</b>	<b>116,193,465</b>	<b>70,928,318</b>	<b>59,566,454</b>	<b>61,357,417</b>	<b>62,749,822</b>
<b>E</b>	<b>Current liabilities</b>						
	Short-term borrowings	13,657,586	13,512,127	13,906,841	2,944,783	-	-
	Trade payables	35,947,297	17,219,137	6,418,164	4,001,294	5,353,618	1,983,727
	Other current liabilities	159,866,557	89,472,284	52,984,481	32,737,104	14,019,953	5,474,549
	Short-term provisions	4,334,591	3,926,108	699,838	431,132	15,727	10,424
	<b>Total Current Liabilities</b>	<b>E 213,806,031</b>	<b>124,129,656</b>	<b>74,009,324</b>	<b>40,114,313</b>	<b>19,389,298</b>	<b>7,468,700</b>
<b>F</b>	<b>Share Application Money Pending Allotment</b>	<b>F -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>G</b>	<b>Total Liabilities (G=D+E+F)</b>	<b>G 366,790,961</b>	<b>240,323,121</b>	<b>144,937,642</b>	<b>99,680,767</b>	<b>80,746,715</b>	<b>70,218,522</b>
<b>H</b>	<b>Net Worth (C-G):</b>	<b>H 43,938,479</b>	<b>32,052,056</b>	<b>28,050,386</b>	<b>7,656,681</b>	<b>3,150,636</b>	<b>7,285,670</b>
<b>I</b>	<b>Net Worth Represented by:</b>						
	Share Capital	28,500,000	22,500,000	22,500,000	5,000,000	5,000,000	5,000,000
	Reserves & Surplus	15,438,479	9,552,056	5,550,386	2,656,681	(1,849,364)	2,295,170
	Less : Revaluation Reserve	-	-	-	-	-	-
	Less: Miscellaneous Expenses not w/off	-	-	-	-	-	9,500
	<b>Net Worth</b>	<b>I 43,938,479</b>	<b>32,052,056</b>	<b>28,050,386</b>	<b>7,656,681</b>	<b>3,150,636</b>	<b>7,285,670</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 II, III and IV.



**STANDALONE RESTATED STATEMENT OF PROFIT AND LOSS**

ANNEXURE-II

(in ₹)

Particulars		For the	For the Year ended					
		period months ended	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
<b>Revenue from operations:</b>								
- Revenues from Property Development		97,558,116	123,144,417	54,428,410	28,240,333	34,578,450	89,855,320	
<b>Net Revenue from operations</b>		<b>97,558,116</b>	<b>123,144,417</b>	<b>54,428,410</b>	<b>28,240,333</b>	<b>34,578,450</b>	<b>89,855,320</b>	
Other income		1,185,210	2,483,955	2,064,899	647,605	-	546,345	
<b>Total Revenue</b>	<b>A</b>	<b>98,743,326</b>	<b>125,628,372</b>	<b>56,493,309</b>	<b>28,887,938</b>	<b>34,578,450</b>	<b>90,401,665</b>	
<b>Expenses:</b>								
Cost of Sales		72,427,016	96,816,507	47,068,206	25,927,896	37,048,560	43,770,181	
Changes in inventories of finished goods, WIP and Stock-in-Trade		(22,602,198)	(38,057,783)	(19,486,794)	(16,160,425)	(10,223,212)	33,480,270	
Employee benefits expense		10,961,203	16,008,946	11,921,847	7,249,337	7,880,280	6,210,573	
Finance costs		9,109,342	14,259,325	2,343,695	819,997	1,247,384	416,680	
Depreciation and amortization expense		1,386,658	2,429,983	1,236,440	1,361,208	1,747,833	803,908	
Preliminary Expenses written off		-	-	-	-	9,500	9,500	
Other expenses		18,676,603	25,700,750	9,676,795	4,823,659	1,151,562	1,905,384	
<b>Total Expenses</b>	<b>B</b>	<b>89,958,624</b>	<b>117,157,728</b>	<b>52,760,189</b>	<b>24,021,671</b>	<b>38,861,907</b>	<b>86,596,496</b>	
<b>Profit before exceptional and extraordinary items and tax (A-B)</b>	<b>C</b>	<b>8,784,702</b>	<b>8,470,644</b>	<b>3,733,121</b>	<b>4,866,267</b>	<b>(4,283,457)</b>	<b>3,805,169</b>	
Exceptional item		-	-	-	-	-	-	
<b>Profit before extraordinary items and tax</b>	<b>D</b>	<b>8,784,702</b>	<b>8,470,644</b>	<b>3,733,121</b>	<b>4,866,267</b>	<b>(4,283,457)</b>	<b>3,805,169</b>	
Extraordinary item		-	-	-	-	-	-	
<b>Profit Before Tax</b>	<b>E</b>	<b>8,784,702</b>	<b>8,470,644</b>	<b>3,733,121</b>	<b>4,866,267</b>	<b>(4,283,457)</b>	<b>3,805,169</b>	
<b>Provision for Tax</b>								
- Current Tax		2,700,000	4,800,000	1,050,000	630,000	-	1,600,000	
- Fringe Benefit Tax		-	-	-	-	164,235	133,453	
- Tax adjustment of prior years		-	-	-	(107,436)	-	-	
- Deferred Tax Liability / (Asset)		198,279	(331,027)	(210,584)	(162,342)	(303,158)	(50,415)	
<b>Restated profit after tax from continuing operations</b>	<b>F</b>	<b>5,886,423</b>	<b>4,001,671</b>	<b>2,893,705</b>	<b>4,506,045</b>	<b>(4,144,534)</b>	<b>2,122,131</b>	
<b>Discontinuing operation</b>		-	-	-	-	-	-	
<b>Restated profit for the year</b>		<b>5,886,423</b>	<b>4,001,671</b>	<b>2,893,705</b>	<b>4,506,045</b>	<b>(4,144,534)</b>	<b>2,122,131</b>	
Balance brought forward from previous year		9,552,056	5,550,386	2,656,681	(1,849,364)	2,295,170	173,039	
<b>Accumulated Profit/ (Loss) carried to Balance Sheet</b>		<b>15,438,479</b>	<b>9,552,056</b>	<b>5,550,386</b>	<b>2,656,681</b>	<b>(1,849,364)</b>	<b>2,295,170</b>	
<b>Note:</b> The above statement should be read with the significant accounting policies and notes to restated summary statement of assets and liabilities, and cash flows statement as appearing in Annexure I, III and IV.								



**STANDALONE RESTATED STATEMENT OF CASHFLOWS**

ANNEXURE-III

(in ₹)

Particulars	For the period 6 months ended	For the Year ended					
		30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
<b>1. Cash Flow From Operating Activities:</b>							
Net Profit before tax and extraordinary item	8,784,702	8,470,644	3,733,121	4,866,267	(4,283,457)	3,805,169	
<i>Adjustments for:</i>							
Depreciation and amortization expense	1,386,658	2,429,983	1,236,440	1,361,208	1,757,333	813,408	
Interest Paid	9,041,039	13,380,976	1,418,795	822,219	1,230,521	320,721	
(Profit)/Loss on sale of Fixed Assets	-	304,911	213,549	-	-	(255,079)	
(Profit)/Loss on sale of Shares	-	-	-	(34,516)	-	-	
Dividend Received	-	(5,000)	-	(1,500)	-	-	
Interest Received/ Other Non Operative Receipts	(779,374)	(1,558,748)	(1,108,470)	(283,665)	-	-	
<b>Operating Profit before Working Capital Changes</b>	<b>18,433,025</b>	<b>23,022,766</b>	<b>5,493,435</b>	<b>6,730,013</b>	<b>(1,295,603)</b>	<b>4,684,219</b>	
<i>Adjustments for:</i>							
Inventories	(22,602,198)	(38,057,783)	(790,086)	(16,160,425)	(10,223,212)	33,480,270	
Trade Receivables	(40,214,720)	(28,672,443)	(30,222,902)	5,041,295	7,738,019	(19,399,260)	
Movement in other current/non-current assets	(8,683,857)	(20,581,023)	(1,425,171)	(877,812)	(2,494,757)	(1,757,592)	
Trade Payables	18,728,160	10,800,973	2,416,870	(1,352,324)	3,369,891	(1,345,745)	
Other Current Liabilities	70,394,273	36,487,803	20,247,377	18,717,151	8,545,404	(11,262,566)	
Short term Provision	408,483	3,226,270	268,706	415,405	5,303	(404,184)	
Long term Provision	452,886	230,976	93,240	122,538	283,091	556,546	
<b>Cash Generated from Operation</b>	<b>36,916,052</b>	<b>(13,542,462)</b>	<b>(3,918,532)</b>	<b>12,635,841</b>	<b>5,928,136</b>	<b>4,551,688</b>	
Taxes Paid	(2,700,000)	(4,800,000)	(1,050,000)	(630,000)	(164,235)	(1,733,453)	
<b>Net Cash from Operating Activities</b>	<b>34,216,052</b>	<b>(18,342,462)</b>	<b>(4,968,532)</b>	<b>12,005,841</b>	<b>5,763,901</b>	<b>2,818,235</b>	
<b>2. Cash Flow From Investing Activities:</b>							
Fixed Assets Purchased	(15,831,338)	(3,754,569)	(5,260,585)	(421,536)	(366,456)	(6,353,431)	
Sale of Fixed Assets	-	280,000	100,000	-	-	502,000	
Dividend Received	-	5,000	-	1,500	-	-	
Interest Received	779,374	1,558,748	1,108,470	283,665	-	-	
Investments (Purchased) / Sold	-	-	431,988	(738,186)	-	(84,000)	
Long/Short Term Loans and Advance	(33,964,633)	(5,843,627)	(21,560,875)	3,460,045	(3,778,307)	3,804,190	
Long Term Current Liabilities		-	-	-	-	-	
<b>Net Cash from Investing Activities</b>	<b>(49,016,597)</b>	<b>(7,754,448)</b>	<b>(25,181,002)</b>	<b>2,585,488</b>	<b>(4,144,763)</b>	<b>(2,131,241)</b>	
<b>3. Cash Flow From Financing Activities:</b>							
Proceeds from issue of shares	6,000,000	-	17,500,000	-	-	4,000,000	
Proceeds from Short term borrowings	145,459	(394,714)	10,962,058	2,944,783	-	-	
Proceeds from Long term borrowings	36,338,579	45,034,171	11,268,624	(1,913,501)	(1,675,496)	(3,549,367)	
Interest paid	(9,041,039)	(13,380,976)	(1,418,795)	(822,219)	(1,230,521)	(320,721)	
<b>Net Cash from Financing Activities</b>	<b>33,442,999</b>	<b>31,258,481</b>	<b>38,311,887</b>	<b>209,063</b>	<b>(2,906,017)</b>	<b>129,912</b>	
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents</b>	<b>18,642,454</b>	<b>5,161,572</b>	<b>8,162,354</b>	<b>14,800,392</b>	<b>(1,286,879)</b>	<b>816,906</b>	
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>30,735,439</b>	<b>25,573,867</b>	<b>17,411,513</b>	<b>2,611,121</b>	<b>3,898,000</b>	<b>3,081,094</b>	
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>49,377,893</b>	<b>30,735,439</b>	<b>25,573,867</b>	<b>17,411,513</b>	<b>2,611,121</b>	<b>3,898,000</b>	

**Note:** 1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on Cash Flow Statements as recommended by Companies accounting standard rules, 2006.

2. Figures in Brackets represents outflow.

3. The above statement should be read with the significant accounting policies and notes to restated summary statement of assets and liabilities and statement of profit and loss as appearing in Annexure I, II and IV.



## ANNEXURE-IV

### **SIGNIFICANT ACCOUNTING POLICIES & NOTES TO RESTATED SUMMARY STATEMENT**

#### **I. NOTES TO SIGNIFICANT ACCOUNTING POLICIES:**

##### **Basis of preparation of financial statements**

These financial statements are prepared under the historical cost basis of accounting and evaluated on a going concern basis, with revenues and expenses accounted for on their accrual to comply in all material aspects with the applicable accounting principles and applicable Accounting Standards notified U/s. 211(3C) of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956.

##### **Use of estimates**

The preparation of financial statements require estimates and assumptions to be made that affect the reported balances of assets as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accounting estimates could change from period to period. Actual results could differ from these estimates. Appropriate changes in estimates are made as and when the Management becomes aware of the changes in the circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and if material, their effects are disclosed in the notes to the financial statements.

The following significant accounting policies are adopted in the preparation and presentation of these financial statements:

##### **1. Revenue recognition**

Revenue from real estate projects is recognized when it is reasonably certain that the ultimate collection will be made and that there is a buyer's commitment to make the complete payment. 'Percentage of Completion Method' is used to recognize the revenues.

##### **2. Fixed assets**

(i) Fixed assets shown under gross block are valued at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition and also include cost of installation wherever incurred.

(ii) Depreciation on fixed assets has been charged on written down value basis, pro-rata for the period of use, by adopting the revised rates of depreciation specified in Schedule XIV of the Companies Act, 1956.

##### **3. Inventories**

The properties under development on the reporting date represents cost incurred in respect of the unsold area of the projects under development and cost incurred on the projects where revenue is yet to be recognised.

##### **4. Investments**

Long term Investments are valued at cost. Provision for diminution is made to recognize a decline, other than temporary, in the value of investments. Current investments are stated at lower of cost or market value.

##### **5. Employee benefits**

###### **(a) Defined-contribution plans:**



The Company has defined contribution plans (where Company pays pre-defined amounts and does not have any legal or informal obligation to pay additional sums) for post employment benefits (viz., Provident Fund), and the Company's contributions thereto are charged to statement of profit and loss Account every year. The Company's contributions to State plan, namely, Employee Pension Scheme, 1995, are charged to statement of profit and loss every year.

**(b) Defined-benefit plan:**

The Company has a defined benefit plan (viz., Gratuity) for employees, the liability for which is determined on the basis of valuation carried out by an independent actuary (under projected unit credit method) at the balance sheet date.

**6. Foreign exchange transactions**

(i) All receipts and expenditure in foreign currencies are recorded at rates prevailing on the date when the relevant transaction took place.

(ii) All monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains/ losses arising thereon are adjusted to the statement of profit and loss account.

**7. Lease accounting**

(i) Assets acquired under lease where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such lease is capitalized at the inception of the lease at the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost and the interest cost is charged off to the Statement of profit and loss.

(ii) Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals on assets taken on operating lease are recognized as an expense in the Statement of profit and loss.

**8. Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset till such time the asset is ready for its intended use. Other Borrowing Costs are recognized as an expense in the period in which they are incurred.

**9. Taxes on income**

Current tax -Provision for current tax is made based on tax liability computed after considering tax allowances and exemptions.

Deferred tax -Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable or virtual certainty, as may be applicable, that sufficient future taxable income will be available against which such deferred tax asset can be realized.

**10. Earnings per share:**

Annualized earnings/ (loss) per equity share (basic and diluted) is arrived at based on Net Profit/ (Loss) after Taxation to the weighted average number of equity shares.

**11. Impairment of assets:**

An impairment loss is charged to the Statement of profit and loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.



## 12. Provisions and contingent liabilities:

Based on the best estimate of the management, provisions are determined of the outflow of economic benefits which are required to settle the obligation as at the reporting date. Where no reliable estimate can be made, disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation that may, but probably will not, require an outflow of the Company's resources.

13. 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.

## II. NOTES TO RESTATED SUMMARY STATEMENT:

The financial statements for the years ended prior to April 1, 2011 were prepared as per the then-applicable pre-revised Schedule VI of the Companies Act 1956. Consequent to the notification of the revised schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 and Half year ended September 30, 2012 are prepared as per the revised schedule VI. Accordingly, the figures of the previous years have also been re-classified to conform to classification as per the revised schedule VI. The adoption of revised schedule VI for the figures of the previous years does not impact recognition and measurement principles followed for the preparation of these financial statements.

1. Contingent liabilities and commitments (to the extent not provided for)

In the opinion of the Board there are no contingent liabilities for any of the years covered by this Statement

2. Related party transactions are already reported as per AS-18 of Companies (Accounting Standards) Rules, 2006, as amended, in the Annexure-M of the enclosed financial statements.

3. Deferred Tax liability/Asset in view of Accounting Standard – 22: “Accounting for Taxes on Income” as at the end of the year is already reported in the Annexure-Q of the enclosed financial statements.

## 4. Auditors' Remuneration:

(in ₹)

Particulars	For 6 months – Sep 2012	2011-12	2010-11	2009-10	2008-09	2007-08
a. Statutory Audit Fees	135,000	135,000	100,000	100,000	75,000	35,000
b. Tax Audit Fees	25,000	25,000	-	-	-	-
c. In Other Capacity	15,000	15,000	25,000	25,000	25,000	10,000
<b>Total</b>	<b>175,000</b>	<b>175,000</b>	<b>125,000</b>	<b>125,000</b>	<b>100,000</b>	<b>45,000</b>

## 5. Earnings Per Share:

Earnings per Share have been calculated as under:

Particulars	For 6 months – Sep 2012	2011-12	2010-11	2009-10	2008-09	2007-08
A. Number of Shares at the beginning of the year	2,250,000	2,250,000	500,000	500,000	500,000	100,000
Shares issued during the year:						
- Allotment	600,000	-	1,750,000	-	-	400,000
B. Total Number of equity shares outstanding at the end of the year	2,850,000	2,250,000	2,250,000	500,000	500,000	500,000
C. Weighted average number of equity shares outstanding during	2,421,429	2,250,000	1,092,466	500,000	500,000	466,667



the year						
D. Net profit after tax available for equity shareholders as restated (₹)	5,886,423	4,001,671	2,893,705	4,506,045	(4,144,534)	2,122,131
E. Basic and Diluted earnings per share (₹)	2.43	1.78	2.65	9.01	(8.29)	4.55

## 6. 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:

<b>(a) Defined Benefit Plan (Gratuity)</b>						
	For 6 months – Sep 2012	2011-12	2010-11	2009-10	2008-09	2007-08
	₹	₹	₹	₹	₹	₹
<b>1. The amounts recognized in the Balance Sheet are as follows:</b>						
Present value of unfunded obligations recognized	1,771,855	1,310,486	1,075,184	980,197	855,364	566,970
Net Liability	1,771,855	1,310,486	1,075,184	980,197	855,364	566,970
<b>2. The amounts recognized in the Profit &amp; Loss A/c are as follows:</b>						
Current Service Cost	156,970	235,440	198,121	196,446	200,491	153,558
Interest on Defined Benefit Obligation	55,696	91,391	78,416	68,429	48,192	34,968
Net Actuarial Losses / (Gains) Recognized in Year	248,703	(91,529)	(181,550)	(140,042)	39,711	(32,940)
Past Service Cost					-	-
Total, Included in “Salaries, allowances & welfare”					-	-
	461,369	235,302	94,987	124,833	288,394	155,586
<b>3. Changes in the present value of defined benefit obligation:</b>						
Defined benefit obligation as at the beginning of the year/period	1,310,486	1,075,184	980,197	855,364	566,970	411,384
Service cost	156,970	235,440	198,121	196,446	200,491	153,558
Interest cost	55,696	91,391	78,416	68,429	48,192	34,968
Actuarial Losses/(Gains)	248,703	(91,529)	(181,550)	(140,042)	39,711	(32,940)
Past Service Cost						-
Defined benefit obligation as at the end of the year/period	1,771,855	1,310,486	1,075,184	980,197	855,364	566,970
<b>The principal actuarial assumptions for the above are:</b>						
Discount rate per annum	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Expected salary escalation rate per annum	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Retirement Age:	60	60	60	60	60	60
Withdrawal Rate:	5% at younger ages and reducing to 1% at older ages according to graduated scale					
Mortality Rate:	LIC (1994-96) published table of Mortality Rates					
<b>(b) Defined Contribution Plans</b>						
The Company is registered with the Regional Provident Fund Commissioner for the Employees' Provident Fund Scheme. Contributions to Provident Fund are included under head Salaries, allowances and welfare in the Statement of profit and loss.						
	For 6	2011-12	2010-11	2009-10	2008-09	2007-08



	months –					
	Sep 2012	₹	₹	₹	₹	₹
Provident Fund	183,967	283,696	200,976	-	-	-

## 7. Leases

### (a) Finance lease

The Company has entered into finance lease arrangements for certain Assets. The schedule of future minimum lease payments in respect of non cancellable finance lease is set out below

#### Total min lease payments outstanding

(in ₹)

Particulars	For 6 months – Sep 2012	2011-12	2010-11	2009-10	2008-09	2007-08
Within one year of the date of the balance sheet	1,033,751	943,956	1,014,371	909,246	772,741	772,741
Later than one year and not later than five years	3,481,236	5,760,300	837,398	1,851,769	3,702,438	3,702,438
<b>Total</b>	<b>4,514,987</b>	<b>6,704,256</b>	<b>1,851,769</b>	<b>2,761,015</b>	<b>4,475,179</b>	<b>4,475,179</b>

#### Present value of minimum lease payments

(in ₹)

Particulars	For 6 months – Sep 2012	2011-12	2010-11	2009-10	2008-09	2007-08
Within one year of the date of the balance sheet	922,959	847,247	645,835	641,173	668,448	668,448
Later than one year and not later than five years	2,775,845	4,119,910	486,585	1,132,420	2,501,379	2,501,379
<b>Total</b>	<b>3,698,803</b>	<b>4,967,157</b>	<b>1,132,420</b>	<b>1,773,592</b>	<b>3,169,827</b>	<b>3,169,827</b>

(b) Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable by mutual consent. There are no restrictions imposed by lease arrangements. Lease rental payments made by the Company are recognized in the statement profit and loss account under the head 'Rent on premises'

#### Present value of minimum lease payments

(in ₹)

Particulars	For 6 months – Sep 2012	2011-12	2010-11	2009-10	2008-09	2007-08
Lease Rentals Paid	2,047,644	2,426,512	2,164,910	238,144	-	-

## 8. MATERIAL ADJUSTMENTS:

Appropriate adjustments have been made in the standalone 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 Schedule VI and Accounting Standards.





**Statement of Adjustments in the financial statements:**

(in Rs.)

Particulars	For 6 months period ended	For the year ended				
	Sep-12	Mar-12	Mar-11	Mar-10	Mar-09	Mar-08
Net Profits after tax and extraordinary items as per audited accounts but before Adjustments: (A)	5,001,125	4,144,018	2,959,341	4,484,868	(3,945,253)	2,513,907
<b>Adjustment on Account of :</b>						
Add: Short Provision for income tax for earlier years				(107,436)		
Less: Deferred Tax on Gratuity Provision not provided earlier	(425,187)	92,955	29,351	38,574	89,113	175,194
Add/(less): Provision for change in accounting policy			17133	(17,133)		
Less: Provision of Gratuity not provided earlier	1,310,485	(235,302)	(94,987)	(124,833)	(288,394)	(566,970)
<b>Total (B)</b>	885,298	(142,347)	(65,636)	21,177	(199,281)	(391,776)
<b>Net Profit as Restated (A+B)</b>	5,886,423	4,001,671	2,893,705	4,506,045	(4,144,534)	2,122,131

**a. Provision for income tax for earlier years**

There was a short provision of Income Tax in Financial years prior to year ended 31.03.2008 which was provided for by the company in the financial year 2009-10. The same has been adjusted accordingly as above to arrive at the Restated Financial Statements.

**b. Non provision of deferred tax on Gratuity**

With reference to point 'd' below, adjustment for deferred tax on the same has been given effect accordingly.

**c. Provision for change in accounting policy**

The company followed an accounting practice of carrying current investments at cost in its Balance Sheet for the years ended prior to 01.04.2012 and started carrying the same at lower of cost or market value from the years beginning 01.04.2012. The same has been adjusted in the years ended prior to such date to arrive at the Restated Financial Statements.

**d. Short provision of Gratuity**

The company had not provided for gratuity for the years ended prior to 01.04.2012. The same was provided as on 30.09.2012 including for periods ended prior to such date. For the purpose of Restatement the figures for earlier years have been adjusted in the respective years.

**9. Realisations**

In the opinion of the Board and to the best of its knowledge and belief, the value on realisation 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.



#### **10. Contractual liabilities**

All other contractual liabilities connected with business operations of the Company have been appropriately provided for.

#### **11. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

Under the Micro, Small and Medium Enterprises Development Act, 2006 read with notification no. 8/7/2006 – CDN dt 17/05/2007, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts. However in the view of the management, the impact of interest, if any, that may be payable as per the provisions of this Act is not expected to be material.

#### **12. Amounts in the financial statements**

Amounts in the financial statements are rounded off to nearest rupees. Figures in brackets indicate negative values.

#### **13. Previous year's figures**

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Figures of all the previous years dealt in this statement have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure to the extent possible.



**STANDALONE STATEMENT OF LONG TERM AND SHORT TERM BORROWINGS**

ANNEXURE-A  
(in ₹)

PARTICULARS	As at					
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
<b>Long Term Borrowings</b>						
<b>Term Loans</b>						
Karnataka Bank (Secured)	67,697,170	45,197,170	23,197,170	-	-	-
Barclays Bank (Unsecured)	-	-	-	414,175	794,981	1,113,483
Reliance Home Finance- NBFC (Secured)	30,000,000	20,000,000	-	-	-	-
India Bulls- NBFC (Unsecured)	-	-	-	-	543,768	1,039,020
Vehicle Loan (Secured)	13,710,148	3,871,569	837,398.00	1,851,769	2840696	3702438
<b>Loans and advances from related parties (Unsecured)</b>						
From Promoters (Unsecured)	39,838,335	45,838,335	45,838,335	56,338,335	56,338,335	56,338,335
<b>TOTAL</b>	<b>151,245,653</b>	<b>114,907,074</b>	<b>69,872,903</b>	<b>58,604,279</b>	<b>60,517,780</b>	<b>62,193,276</b>
<b>Current portion of long-term borrowings, included under Other current liabilities</b>	<b>25,867,200</b>	<b>26,038,003</b>	<b>1,014,371</b>	<b>1,833,820</b>	<b>1,675,496</b>	<b>1,449,296</b>
<b>Short Term Borrowings</b>	<b>13,657,586</b>	<b>13,512,127</b>	<b>13,906,841</b>	<b>2,944,783</b>	-	-
From Banks- Cash Credit (Secured)	13,657,586	13,512,127	13,906,841	2,944,783	-	-
<b>TOTAL</b>	<b>13,657,586</b>	<b>13,512,127</b>	<b>13,906,841</b>	<b>2,944,783</b>	-	-
<b>The above amount includes:</b>						
Secured Borrowings	150,932,104	108,618,869	38,955,780	5,705,798	3,702,438	4,475,179
Unsecured Borrowings	39,838,335	45,838,335	45,838,335	57,677,084	58,490,838	59,167,393
<b>TOTAL</b>	<b>190,770,439</b>	<b>154,457,204</b>	<b>84,794,115</b>	<b>63,382,882</b>	<b>62,193,276</b>	<b>63,642,572</b>

**Notes:**

- 1) The terms and conditions and other information in respect of Secured Loans are given in Annexure -V (A).
- 2) The terms and conditions and other information in respect of Unsecured Loans are given in Annexure -V (B)



**STANDALONE STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGES AS SECURITY**

ANNEXURE - V (A)

Name of Lender	Type of Loan Facility	Amount Sanctioned (₹)	Amount Outstanding as at March 31, 2012 (in ₹)	Amount Outstanding as at September 30, 2012 (in ₹)	Rate of Interest (%)	Repayment Schedule	Security
Karnataka Bank	DPN Term Loan	1500 Lakhs	70,197,170	92,697,170	BR+5.0% presently at 14.0% p.a.	Repayable in 12 EMI of ₹125,00 Lakhs each starting from Feb'13 after initial repayment holiday of 23 months.	1) Registered Simple mortgage of land under Joint Development measuring 3 acres & 8 guntas survey no 43 and 4 acres 10 guntas survey no 52 situated at Nimbekalpura village, Bidarahalli Hobli, Bangalore East Taluk, Bangalore District 2) 59 Villas under construction.
Reliance Home Finance	Construction Finance	675 Lakhs	20000000	30000000	PLR -1.75 % presently 16.5% p.a.	Repayable in 12 EMI of ₹ 56.25 Lakhs each starting from July'13 after initial repayment holiday of 18 months.	Secured against the assets attributable to the project "Mystic Wind"
Bank of India	Over Draft	154 Lakhs	13,512,127	13,657,586	1% above the interest earned on the respective Fixed Deposits.	Repayable on demand	Lien on Fixed Deposits

**DETAILS OF VEHICLE LOAN:**

a) Repayment Schedule : ICICI Bank Loan (LABNG00008009172)		Total Amount Outstanding (in ₹)
Year	Yearly Installment (Principal Component)	
2007-08	38,092	168,595
2008-09	42,187	126,408
2009-10	46,727	<b>Preclosure</b>
2010-11	51,753	
<b>TOTAL</b>	<b>193,517</b>	
b) Rate of Interest: 10.26% p.a.		
c) Secured against Hypothecation of vehicle: Tata Indica		
d) Purpose: Business		



<b>b) Repayment Schedule : ICICI Car Loan (LABNG00011501645)</b>		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2007-08	93,662	1,346,202
2008-09	243,454	1,102,748
2009-10	272,306	830,442
2010-11	304,578	525,864
2011-12	340,675	Pre-closure
<b>TOTAL</b>	<b>1,254,675</b>	
<b>b) Rate of Interest:</b>	<b>10.86% p.a.</b>	
<b>c) Secured against Hypothecation of vehicle:</b>	<b>Skoda Laura</b>	
<b>d) Purpose:</b>	<b>Business</b>	

<b>c) Repayment Schedule : ICICI Car Loan(LABNG00012433559)</b>		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2007-08	19,218	1,470,582
2008-09	244,647	1,225,935
2009-10	272,577	953,358
2010-11	303,696	649,662
2011-12	338,365	Pre-closure
<b>TOTAL</b>	<b>1,178,503</b>	
<b>b) Rate of Interest:</b>	<b>10.86% p.a.</b>	
<b>c) Secured against Hypothecation of vehicle:</b>	<b>Skoda Laura</b>	
<b>d) Purpose:</b>	<b>Business</b>	

<b>d) Repayment Schedule : ICICI Car Loan (LABNG00012565992)</b>		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2007-08	-	1,489,800
2008-09	242,453	1,247,347
2009-10	270,132	977,215
2010-11	300,972	676,243
2011-12	335,331	Pre-closure
<b>TOTAL</b>	<b>1,148,888</b>	
<b>b) Rate of Interest:</b>	<b>10.86% p.a.</b>	
<b>c) Secured against Hypothecation of vehicle:</b>	<b>Skoda Laura</b>	
<b>d) Purpose:</b>	<b>Business</b>	

<b>e) Repayment Schedule : Axis Bank - ( AUR000900336932 )</b>		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2011-12	61,481	531,519
2012-13	101,136	430,383
2013-14	112,936	317,447
2014-15	126,112	191,335
2015-16	140,827	50,508
2016-17	50,508	-
<b>TOTAL</b>	<b>593,000</b>	
<b>b) Rate of Interest:</b>	<b>11.09% p.a.</b>	
<b>c) Secured against Hypothecation of vehicle:</b>	<b>Indigo Manza</b>	
<b>d) Purpose:</b>	<b>Business</b>	

<b>f) Repayment Schedule : Axis Bank ( AUR000900336941 )</b>		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2011-12	61,481	531,519
2012-13	101,136	430,383



f) Repayment Schedule : Axis Bank ( AUR000900336941 )		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2013-14	112,936	317,447
2014-15	126,112	191,335
2015-16	140,827	50,508
2016-17	50,508	-
<b>TOTAL</b>	<b>593,000</b>	
b) Rate of Interest: 11.09% p.a.		
c) Secured against Hypothecation of vehicle: Indigo Manza		
d) Purpose: Business		

g) Repayment Schedule : Axis Bank ( AUR000900336936 )		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2011-12	61,481	531,519
2012-13	101,136	430,383
2013-14	112,936	317,447
2014-15	126,112	191,335
2015-16	140,827	50,508
2016-17	50,508	-
<b>TOTAL</b>	<b>593,000</b>	
b) Rate of Interest: 11.09% p.a.		
c) Secured against Hypothecation of vehicle: Indigo Manza		
d) Purpose: Business		

h) Repayment Schedule : Axis Bank ( AUR000900334739 )		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2011-12	67,597	584,403
2012-13	111,195	473,208
2013-14	124,171	349,037
2014-15	138,662	210,375
2015-16	154,843	55,532
2016-17	55,532	-
<b>TOTAL</b>	<b>652,000</b>	
b) Rate of Interest: 11.09% p.a.		
c) Secured against Hypothecation of vehicle: Indigo Manza		
d) Purpose: Business		

i) Repayment Schedule : Dhanlaxmi Bank (DLBBANUC00001377)		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2011-12	91,311	908,689
2012-13	207,455	701,234
2013-14	245,605	455,629
2014-15	290,769	164,860
2015-16	164,860	-
<b>TOTAL</b>	<b>1,000,000</b>	
b) Rate of Interest: 16.99% p.a.		
c) Secured against Hypothecation of vehicle: Skoda Laura		
d) Purpose: Business		

j) Repayment Schedule : Dhanlaxmi Bank (DLBBANUC00001378)		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2011-12	89,024	885,976
2012-13	202,262	683,714



<b>j) Repayment Schedule : Dhanlaxmi Bank (DLBBANUC00001378)</b>		
<b>Year</b>	<b>Yearly Installment (Principal Component) (in ₹)</b>	<b>Total Amount Outstanding (in ₹)</b>
2013-14	239,463	444,250
2014-15	283,506	160,745
2015-16	160,745	-
<b>TOTAL</b>	<b>975,000</b>	
<b>b) Rate of Interest: 17.00% p.a.</b>		
<b>c) Secured against Hypothecation of vehicle: Skoda Laura</b>		
<b>d) Purpose: Business</b>		

<b>k) Repayment Schedule : Dhanlaxmi Bank (DLBBANUC00001379)</b>		
<b>Year</b>	<b>Yearly Installment (Principal Component) (in ₹)</b>	<b>Total Amount Outstanding (in ₹)</b>
2011-12	94,053	935,947
2012-13	213,682	722,265
2013-14	252,973	469,292
2014-15	299,489	169,802
2015-16	169,803	-
<b>TOTAL</b>	<b>1,030,000</b>	
<b>b) Rate of Interest: 16.99% p.a.</b>		
<b>c) Secured against Hypothecation of vehicle: Skoda Laura</b>		
<b>d) Purpose: Business</b>		

<b>l) Repayment Schedule : BMW India Financial Services Pvt Ltd (CN00034496)</b>		
<b>Year</b>	<b>Yearly Installment (Principal Component) (in ₹)</b>	<b>Total Amount Outstanding (in ₹)</b>
2012-13	232,132	3,023,626
2013-14	195,483	2,828,143
2014-15	423,792	2,404,352
2015-16	471,662	1,932,689
2016-17	524,940	1,407,749
2017-18	584,237	823,512
2018-19	650,231	173,281
2019-20	173,281	-
<b>TOTAL</b>	<b>3,255,758</b>	
<b>b) Rate of Interest: 10.75% p.a.</b>		
<b>c) Secured against Hypothecation of vehicle: BMW Car</b>		
<b>d) Purpose: Business</b>		

<b>m) Repayment Schedule : BMW India Financial Services Pvt Ltd (CN00034508)</b>		
<b>Year</b>	<b>Yearly Installment (Principal Component) (in ₹)</b>	<b>Total Amount Outstanding (in ₹)</b>
2012-13	232,132	3,023,626
2013-14	195,483	2,828,143
2014-15	423,792	2,404,352
2015-16	471,662	1,932,689
2016-17	524,940	1,407,749
2017-18	584,237	823,512
2018-19	650,231	173,281
2019-20	173,281	-
<b>TOTAL</b>	<b>3,255,758</b>	
<b>b) Rate of Interest: 10.75% p.a.</b>		
<b>c) Secured against Hypothecation of vehicle: BMW Car</b>		
<b>d) Purpose: Business</b>		



<b>n) Repayment Schedule : BMW India Financial Services Pvt Ltd (CN00034512)</b>		
<b>Year</b>	<b>Yearly Installment (Principal Component) (in ₹)</b>	<b>Total Amount Outstanding (in ₹)</b>
2012-13	232,132	3,023,626
2013-14	195,483	2,828,143
2014-15	423,792	2,404,352
2015-16	471,662	1,932,689
2016-17	524,940	1,407,749
2017-18	584,237	823,512
2018-19	650,231	173,281
2019-20	173,281	-
<b>TOTAL</b>	<b>3,255,758</b>	
<b>b) Rate of Interest:</b>	<b>10.75% p.a.</b>	
<b>c) Secured against Hypothecation of vehicle:</b>	<b>BMW Car</b>	
<b>d) Purpose:</b>	<b>Business</b>	





ANNEXURE - V (B)

**STANDALONE STATEMENT OF TERMS & CONDITIONS OF UNSECURED LOANS**

1. Unsecured Loan from Bank is repaid as per repayment schedule.			
<b>Barclays bank</b>			
<b>Rate of Interest- 18.00%</b>			
<b>a) Repayment Schedule :</b>			
Year	Yearly Installment (Principal Component) (in ₹)		Total Amount Outstanding (in ₹)
2007-08	20,125		1,379,875
2008-09	266,392		1,113,483
2009-10	318,502		794,981
2010-11	380,806		Pre-closure
<b>TOTAL</b>	<b>985,825</b>		

2. Unsecured Loan from Financial Institutions is repaid as per repayment schedule.			
<b>Indiabulls</b>			
<b>Rate of Interest- 19.00%</b>			
<b>a) Repayment Schedule :</b>			
Year	Yearly Installment (Principal Component) (in ₹)		Total Amount Outstanding (in ₹)
2007-08	30,817		1,449,183
2008-09	410,163		1,039,020
2009-10	495,252		543,768
2010-11	543,768		-
<b>TOTAL</b>	<b>1,480,000</b>		

**Details Of Unsecured Loans outstanding as at the end of the respective periods from Directors/Promoters/Promoter Group /Associates/Relatives Of Directors/Subsidiary/Group Companies**

3. Unsecured Loans from Promoters/Directors are interest free that are taken without any preconditions attached towards repayments.						
<b>1 Name V.R. Manjunath (Promoter)</b>						
<b>Rate of Interest- Nil</b>						
	<b>As at</b>					
	<b>(in ₹)</b>					
Particulars	September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Opening Balance	45,838,335	45,838,335	56,338,335	56,338,335	56,338,335	62,003,335
Amount Received/credited		-	5,000,000	-	-	2,550,000
Amount repaid/adjusted	6,000,000	-	15,500,000	-	-	8,215,000
Outstanding Amount	39,838,335	45,838,335	45,838,335	56,338,335	56,338,335	56,338,335



ANNEXURE-B

STANDALONE STATEMENT OF NON-CURRENT INVESTMENTS

Particulars	As at 30-Sep-12		As at 31-Mar-12		As at 31-Mar-11		As at 31-Mar-10		As at 31-Mar-09		As at 31-Mar-08	
	Units Nos	₹	Units Nos	₹	Units Nos	₹	Units Nos	₹	Units Nos	₹	Units Nos	₹
<b>Non Current Investment</b>												
<b>(Other Than Trade, at Cost)</b>												
<b>Investment in equity, Unquoted</b>												
Samruddhi Gruha Nirman Private Limited	7000	70,000	7000	70,000	7000	70,000	7000	70,000	-	-	-	-
Samruddhi Holiday Resorts Private Limited	7000	70,000	7000	70,000	7000	70,000	7000	70,000	-	-	-	-
Samruddhi Vaastu Infracon Private Limited	7000	70,000	7000	70,000	7000	70,000	7000	70,000	-	-	-	-
Samruddhi Real Assets Private Limited	3000	30,000	3000	30,000	3000	30,000	3000	30,000	3000	30,000	3000	30,000
Studio 3 Planners Private Limited	2500	25,000	2500	25,000	2500	25,000	2500	25,000	2500	25,000	2500	25,000
Samruddhi Infrotech (India) Private Limited	2900	29,000	2900	29,000	2900	29,000	2900	29,000	2900	29,000	2900	29,000
<b>(Traded, at Cost)</b>												
<b>Investment in equity, quoted</b>												
Century Extrusions Limited	5000	61,016	5000	61,016	5000	61,016	-	-	-	-	-	-
Kanoria Chemicals & Industries Limited	1000	35,182	1000	35,182	1000	35,182	-	-	-	-	-	-
<b>Total</b>		<b>390,198</b>		<b>390,198</b>		<b>390,198</b>		<b>294,000</b>		<b>84,000</b>		<b>84,000</b>



ANNEXURE-C

STANDALONE STATEMENT OF CURRENT INVESTMENTS

Particulars	Units Nos	As at 30-Sep-12 ₹	Units Nos	As at 31-Mar-12 ₹	Units Nos	As at 31-Mar-11 ₹	Units Nos	As at 31-Mar-10 ₹	Units Nos	As at 31-Mar-09 ₹	Units Nos	As at 31-Mar-08 ₹
<b>Current investments in equity</b>												
<b>Traded and Quoted</b>												
State Bank of India Ltd	-	-	-	-	-	-	200	404327	-	-	-	-
Ispat Industries Ltd	-	-	-	-	-	-	1000	19400	-	-	-	-
Nagarjuna Fertilizers and Chemicals Ltd	-	-	-	-	-	-	1000	30700	-	-	-	-
Videcon Industries Ltd	-	-	-	-	-	-	200	45480	-	-	-	-
ASIASIA.BO	-	-	-	-	-	-	67331	28279	-	-	-	-
<b>Total</b>								<b>528,186</b>				
<b>Aggregate Book value of Quoted Shares</b>								<b>545,319</b>				
<b>Aggregate Market value of Quoted Shares</b>								<b>539,659</b>				



**STANDALONE STATEMENT OF OTHER NON-CURRENT ASSETS**

ANNEXURE -D

PARTICULARS	As at					
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
	₹	₹	₹	₹	₹	₹
- Project Deposit	1,133,550	833,550	1,935,431	1,409,934	858,470	-
<b>TOTAL</b>	<b>1,133,550</b>	<b>833,550</b>	<b>1,935,431</b>	<b>1,409,934</b>	<b>858,470</b>	<b>-</b>

**STANDALONE STATEMENT OF TRADE RECEIVABLES**

ANNEXURE -E

PARTICULARS	As at					
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
	₹	₹	₹	₹	₹	₹
<b>Outstanding for a period exceeding six months (Unsecured and considered Good)</b>						
- From Directors/ Promoters/ Promoter group /Associates/ Relatives of Directors/ Subsidiary, Group Company	-	-	-	-	-	-
- Others	24,548,871	7,444,750	1,107,675			
<b>Outstanding for a period not exceeding 6 months (Unsecured and considered Good)</b>						
<b>Considered Good</b>	-	-	-	-	-	-
- From Directors/ Promoters/ Promoter group /Associates/ Relatives of Directors/ Subsidiary, Group Company	-	-	-	-	-	-
- Others	81,181,140	58,070,541	35,735,173	6,619,946	11,661,241	19,399,260
<b>TOTAL</b>	<b>105,730,011</b>	<b>65,515,291</b>	<b>36,842,848</b>	<b>6,619,946</b>	<b>11,661,241</b>	<b>19,399,260</b>
None of the Trade Receivables as stated above are due from Directors/ Promoters/ Promoter group /Associates/ Relatives of Directors/Subsidiary company/ Group company.						

**STANDALONE STATEMENT OF LONG-TERM LOANS AND ADVANCES**

ANNEXURE -F

PARTICULARS	As at					
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
	₹	₹	₹	₹	₹	₹
<b>Unsecured, Considered Good unless otherwise stated</b>						
Security Deposit						
- Rent Deposit	3,323,000	2,004,000	1,704,000	1,675,000	175,000	175,000
- Sales Tax Deposit	22,000	22,000	22,000	12,000	12,000	12,000
<b>Other loan and advances</b>						
Property Advance	61,200,882	30,550,882	25,650,882	5,236,174	10,341,191	7,251,459
<b>TOTAL</b>	<b>64,545,882</b>	<b>32,576,882</b>	<b>27,376,882</b>	<b>6,923,174</b>	<b>10,528,191</b>	<b>7,438,459</b>
None of the long term loans and advances as stated above are recoverable from Directors/ Promoters/ Promoter group /Associates/ Relatives of Directors/Subsidiary company/ Group company.						



**STANDALONE STATEMENT OF SHORT-TERM LOANS AND ADVANCES**

ANNEXURE -G

PARTICULARS	As at					
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
	₹	₹	₹	₹	₹	₹
<b>Unsecured, Considered Good unless otherwise stated</b>						
<b>Loan and advances to related parties</b>						
Samruddhi Infratech I Pvt. Ltd (Associate)	829,726	579,726	-	-	-	24,303
Samruddhi Real Assets Pvt. Ltd (Associate)	-	-	-	-	-	15,250
Studio 3 Planners Pvt. Ltd., (Associate)	4,768,500	3,578,500	3,445,600	2,483,600	1,396,258	452,581
SamruddhiVaasthu Infrcon Pvt. Ltd (Subsidiary)	15,000	15,000	10,000	-	-	-
Samruddhi Gruha Nirman P Ltd (Subsidiary)	16,000	-	-	-	-	-
Elements Constructions Pvt. Ltd (Entity under the control of KMP and their relative)	500,000	-	-	-	-	-
<b>Other loan and advances</b>						
Advance Tax	-	-	-	-	26,398	9,851
Advance to employee and others	522,139	482,506	556,506	421,339	1,337,311	1,569,407
<b>TOTAL</b>	<b>6,651,365</b>	<b>4,655,732</b>	<b>4,012,106</b>	<b>2,904,939</b>	<b>2,759,967</b>	<b>2,071,392</b>

Except as disclosed above, None of the short term loans and advances are recoverable from Directors/ Promoters/ Promoter group /Associates/ Relatives of Directors/Subsidiary company/ Group company.

**STANDALONE STATEMENT OF OTHER CURRENT ASSETS**

ANNEXURE -H

PARTICULARS	As at					
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
	₹	₹	₹	₹	₹	₹
Balance with Government Authorities	13,926,316	9,692,363	2,701,649	852,412	779,729	-
Others	532,908	541,153	509,577	540,000	570,000	570,000
Advance to Supplier	16,970,423	13,591,648	333,912	2,044,150	2,044,150	1,187,592
Accrued Interest	3,257,015	2,477,641	1,074,763	283,665	-	-
<b>TOTAL</b>	<b>34,686,662</b>	<b>26,302,805</b>	<b>4,619,901</b>	<b>3,720,227</b>	<b>3,393,879</b>	<b>1,757,592</b>

**STANDALONE STATEMENT OF LONG-TERM PROVISIONS**

ANNEXURE -I

PARTICULARS	As at					
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
	₹	₹	₹	₹	₹	₹
Provision for Gratuity	1,739,277	1,286,391	1,055,415	962,175	839,637	556,546
<b>TOTAL</b>	<b>1,739,277</b>	<b>1,286,391</b>	<b>1,055,415</b>	<b>962,175</b>	<b>839,637</b>	<b>556,546</b>



**STANDALONE STATEMENT OF SHORT-TERM PROVISIONS**

ANNEXURE -J

PARTICULARS	As at					
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
	₹	₹	₹	₹	₹	₹
<b>Provisions :</b>						
Income Tax / FBT / DDT	4,302,013	3,902,013	680,069	413,110	-	-
Gratuity	32,578	24,095	19,769	18,022	15,727	10,424
<b>TOTAL</b>	<b>4,334,591</b>	<b>3,926,108</b>	<b>699,838</b>	<b>431,132</b>	<b>15,727</b>	<b>10,424</b>

**STANDALONE STATEMENT OF OTHER CURRENT LIABILITIES**

ANNEXURE -K

PARTICULARS	As at					
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
	₹	₹	₹	₹	₹	₹
<b>Current maturities of long-term borrowings</b>						
- Banks	25,000,000	25,000,000	-	380,806	318,502	266,392
- Vehicle Loan	867,200	1,038,003	1,014,371	909,246	861,742	772,741
- Others	-	-	-	543,768	495,252	410,163
Duties & Taxes	11,652,712	1,749,413	1,023,714	572,022	277,428	139,226
<b>Advance from Related Party</b>						
Samruddhi Infratech I Pvt. Ltd (Associate)	-	-	1,520,274	1,939,774	2,224,506	-
Samruddhi Real Assets Pvt. Ltd (Associate)	28,390,135	31,698,135	27,998,135	7,855,135	2,849,635	-
Way Bridge Capital Pvt. Ltd (Entity under the control of KMP)	8,261,480	-	-	-	-	-
Ayushi Business I Pvt. Ltd (Entity under the control of KMP)	2,606,040	-	-	-	-	-
Other Liabilities	2,265,474	1,637,490	1,663,114	1,616,749	951,122	2,743,436
Advance from customers	80,823,516	28,349,243	19,764,873	18,919,604	6,041,766	1,142,591
<b>TOTAL</b>	<b>159,866,557</b>	<b>89,472,284</b>	<b>52,984,481</b>	<b>32,737,104</b>	<b>14,019,953</b>	<b>5,474,549</b>

**STANDALONE STATEMENT OF OTHER INCOME**

ANNEXURE -L

Particulars	For 6 months period ended	For the year ended				
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
	₹	₹	₹	₹	₹	₹
<b>Recurring Income:</b>						
Interest Income	779,374	1,558,748	1,108,470	283,665	-	-
Dividend Income	-	5,000	-	1,500	-	-
Maintenance Charges Received	405,836	859,932	779,404	-	-	-
Consultancy Income	-	-	-	-	-	290,000
<b>Non-Recurring Income:</b>						
Profit on sale of Asset	-	-	-	-	-	256,345
Balances Written Off	-	60,275	-	327,924	-	-
Profit on sale of Shares	-	-	177,025	34,516	-	-
<b>Total</b>	<b>1,185,210</b>	<b>2,483,955</b>	<b>2,064,899</b>	<b>647,605</b>	<b>-</b>	<b>546,345</b>



**STANDALONE STATEMENT OF RELATED PARTY TRANSACTION**

ANNEXURE - M

a)	Names of the related parties with whom transactions were carried out during the years and description of relationship:
1)	Subsidiary Company : Samruddhi Gruha Nirman Private Ltd Samruddhi Holiday Resorts Private Ltd Samruddhi Vaastu Infracon Private Ltd
2)	Associate Concerns : Samruddhi Infratech (India) Private Ltd Studio 3 Planners Private Ltd Samruddhi Real Assets Private Ltd
(i)	Company/entity owned or significantly influenced by directors / KMP Samruddhi Retail Mart Private Ltd Lido Business Ventures Private Ltd Elements Constructions Private Limited Waybridge Capital Private Limited Ayushi Business Enterprises India Private Limited
(ii)	Key Management Personnel: Hemang Rawal Ravindhra Madhudi V.R.Manjunath Mahalakshmi Ramakrishnan
(iii)	Relatives of Key Management Personnel: Chaitali H. Rawal Nanda R. Madhudi Rajani Manjunath

**1. Transactions with Subsidiary Companies**

Sr. No	Nature of Transactions	6 months period ended	Year ended				
			30-Sep-12	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
		₹	₹	₹	₹	₹	₹
<b>A</b>	<b>Transaction During the Year</b>						
	<b>Investment Made</b>						
	Samruddhi Gruha Nirman Private Ltd	-	-	-	70,000	-	-
	Samruddhi Holiday Resorts Private Ltd	-	-	-	70,000	-	-
	Samruddhi Vaastu Infracon Private Ltd	-	-	-	70,000	-	-
	<b>Advances Received (Given)</b>						
	Samruddhi Gruha Nirman Private Ltd	(16,000)	-	-	-	-	-
	Samruddhi Vaastu Infracon Private Ltd	-	(5,000)	(10,000)	-	-	-
<b>B</b>	<b>Closing Balance Dr/(Cr)</b>						
	Samruddhi Gruha Nirman	16000	-	-	-	-	-



Sr. No	Nature of Transactions	6 months period ended	Year ended				
			30-Sep-12	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
		₹	₹	₹	₹	₹	₹
	Private Ltd						-
	Samruddhi Vaastu Infracon Private Ltd	15000	15,000	10,000	-	-	-

2. Transactions with Associate Companies							
Sr. No	Nature of Transactions	6 months period ended	Year ended				
			30-Sep-12	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
		₹	₹	₹	₹	₹	₹
<b>A</b>	<b>Transaction During the Year</b>						
	<b>Advances received / (paid)</b>						
	Samruddhi Infratech (P) Ltd	(250,000)	(2,100,000)	(419,500)	(284,732)	2,002,405	-
	Samruddhi Real Assets (P) Ltd	(3,308,000)	(300,000)	20,143,000	5,005,500	2,864,885	-
	Studio 3 Planners (P) Ltd	(1,190,000)	(1,461,900)	(962,000)	(1,637,342)	(1,396,257)	-
	<b>Services Availed</b>						
	Studio 3 Planners (P) Ltd	-	1,329,000	-	-	-	-
	<b>Shares Allotted</b>						
	Samruddhi Infratech (P) Ltd	-	-	-	-	-	54,000
	Samruddhi Real Assets (P) Ltd	-	-	-	-	-	30,000
	Studio 3 Planners (P) Ltd	-	-	-	-	-	25,000
	<b>Professional Charges paid</b>						
	Studio 3 Planners (P) Ltd	-	-	-	550,000	-	-
	<b>Interest Paid on Advance</b>						
	Samruddhi Infratech (P) Ltd	-	-	-	-	263,365	-
	Samruddhi Real Assets (P) Ltd	-	4,000,000	-	-	-	-
<b>B</b>	<b>Closing Balance Dr/(Cr)</b>						
	Samruddhi Infratech (P) Ltd	829,726	579,726	(1,520,274)	(1,939,774)	(2,224,506)	-
	Samruddhi Real Assets (P) Ltd	(28,390,135)	(31,698,135)	(27,998,135)	(7,855,135)	(2,849,635)	-
	Studio 3 Planners (P) Ltd	4,768,500	3,578,500	3,445,599	2,483,599	1,396,257	-





3. Transactions with Companies/Entity Owned or Significantly influenced by Director/KMP							
Sr. No	Nature of Transactions	6 months period ended 30-Sep-12	Year ended				
			31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2008
		₹	₹	₹	₹	₹	₹
<b>A</b>	<b>Transaction During the Year</b>						
	<b>Advances received / (paid)</b>						
	Elements Constructions Private Limited	(500,000)	-	-	-	-	-
	Waybridge Capital Private Limited	8,261,480	-	-	-	-	-
	Ayushi Business Enterprises India Private Limited	2,606,040	-	-	-	-	-
<b>B</b>	<b>Closing Balance Dr/(Cr)</b>						
	Elements Constructions Private Limited	500,000	-	-	-	-	-
	Waybridge Capital Private Limited	(8,261,480)	-	-	-	-	-
	Ayushi Business Enterprises India Private Limited	(2,606,040)	-	-	-	-	-

4. Transactions with key management personnel							
Sr. No	Nature of Transactions	6 months period ended 30-Sep-12	Year ended				
			31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2008
		₹	₹	₹	₹	₹	₹
<b>A</b>	<b>Transaction During the Year</b>						
	<b>Remuneration</b>						
	Hemang Rawal	1,500,000	3,000,000	3,000,000	1,818,000	1,818,000	1,458,000
	Ravindhra Madhudi	1,452,000	2,904,000	2,905,000	1,560,000	1,560,000	1,200,000
	V.R. Manjunath	600,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
	<b>Shares Allotted</b>						
	Hemang Rawal	3,000,000	-	3,400,000	-	-	760,000
	Ravindhra Madhudi	3,000,000	-	3,400,000	-	-	760,000
	V.R. Manjunath	-	-	10,500,000	-	-	2,360,000
	<b>Loans and Advances received</b>						
	Hemang Rawal	60,000	-	1,500,000	-	-	-
	Ravindhra Madhudi	-	518,320	1,538,552	-	-	-
	V.R. Manjunath	-	-	5,000,000	-	-	-
	<b>Loans and Advances repaid/ Adjusted</b>						
	Hemang Rawal	60,000	-	1,500,000	-	-	-
	Ravindhra Madhudi	-	518,320	1,538,552	-	-	-
	V.R. Manjunath	6,000,000	-	5,000,000	-	-	4,505,000



B	Closing Balance Dr/(Cr)						
	For Loan Liability/Advance (including interest, if any)						
	V.R. Manjunath	(39,838,335)	(45,838,335)	(45,838,335)	(56,338,335)	(56,338,335)	(56,338,335)

5.Transaction with Relative of KMP							
Sr. No	Nature of Transactions	6 months period ended	Year ended				
			30-Sep-12	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
		₹	₹	₹	₹	₹	₹
<b>A</b>	<b>Transaction During the Year</b>						
	<b>Shares Allotted</b>						
	Chaitali H. Rawal	-	-	100,000	-	-	40,000
	Nanda R. Madhudi	-	-	100,000	-	-	40,000
	Rajani Manjunath	-	-	-	-	-	40,000
	<b>Professional Charges paid</b>						
	Chaitali H. Rawal	495,000	660,000	660,000	660,000	660,000	660,000
	Nanda R. Madhudi	495,000	660,000	660,000	660,000	660,000	660,000
	<b>Payments receipts</b>						
	Chaitali H. Rawal	-	-	-	-	250,000	-
	<b>Sale of Asset</b>						
	Chaitali H. Rawal	-	-	-	-	-	500,000
<b>B</b>	<b>Closing Balance Dr/(Cr)</b>						
	Chaitali H. Rawal	99,000	-	-	-	-	250,000
	Nanda R. Madhudi	99,000	-	-	-	-	-

**STANDALONE STATEMENT OF SHARE CAPITAL, RESERVES AND SURPLUS**

ANNEXURE – N

Particulars	As at					
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
<b>Share Capital</b>						
<b>Authorised Share Capital</b>						
Equity shares of ₹10 each	5,000,000	5,000,000	3,000,000	1,000,000	1,000,000	1,000,000
Share Capital (in ₹)	50,000,000	50,000,000	30,000,000	10,000,000	10,000,000	10,000,000
<b>Issued, Subscribed and Paid up Share Capital</b>						
Equity Shares of ₹ 10 each fully paid up	2,850,000	2,250,000	2,250,000	500,000	500,000	500,000
Share Capital (in ₹)	28,500,000	22,500,000	22,500,000	5,000,000	5,000,000	5,000,000
<b>Total</b>	<b>28,500,000</b>	<b>22,500,000</b>	<b>22,500,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>
<b>Reserves and Surplus</b>						
Profit and Loss account (in ₹)	15,438,479	9,552,056	5,550,386	2,656,681	(1,849,364)	2,295,170
<b>Total</b>	<b>15,438,479</b>	<b>9,552,056</b>	<b>5,550,386</b>	<b>2,656,681</b>	<b>(1,849,364)</b>	<b>2,295,170</b>



**STANDALONE STATEMENT OF CAPITALISATION**

**ANNEXURE-O**

Particulars	Pre-Issue	Post-Issue*
	As on 30 September 2012	
	₹	
<b>Debt</b>		
Short Term Debt	13,657,586	
Long Term Debt	177,112,853	
<b>Total Debt</b>	<b>190,770,439</b>	
<b>Shareholders' Fund (Equity)</b>		
Share Capital	28,500,000	
Reserves & Surplus	15,438,479	
Less: Miscellaneous Expenses not w/off	-	
<b>Total Shareholders' Fund (Equity)</b>	<b>43,938,479</b>	
<b>Long Term Debt/Equity</b>	<b>4.03</b>	
<b>Total Debt/Equity</b>	<b>4.34</b>	
<p>(*) The corresponding post issue figures are not determinable at this stage pending the completion of public issue and hence have not been furnished. The figures will be updated at the time of filing of prospectus with ROC.</p>		
<b>Notes:</b>		
1. Short term Debts represent which are expected to be paid / payable within 12 months and excludes installment of term loans repayable within 12 months.		
2. 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		
3. The figures disclosed above are based on re stated statement of Assets and Liabilities of the Company as at 30.09.2012.		



**STANDALONE MANDATORY ACCOUNTING RATIOS**

ANNEXURE-P

Particulars	As at				
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-08
Face Value per equity Share (₹)	10	10	10	10	10
Earnings/ (losses) Per Share (in ₹)					
- Basic and Diluted Earnings/ (losses) Per Share [a/b]	2.43	1.78	2.65	9.01	4.55
(ii) Return on Net Worth (in %) [a/d]	13.40%	12.48%	10.32%	58.85%	29.13%
(iii) Net Assets Value per Share (in ₹) [d/c]	15.42	14.25	12.47	15.31	14.57
(a) Net profit available for appropriation (as restated)	5,886,423	4,001,671	2,893,705	4,506,045	2,122,131
(b) Weighted average numbers of equity shares for calculating Basic and diluted EPS.	2,421,429	2,250,000	1,092,466	500,000	466,667
(c) No. of equity shares outstanding at the end of the year.	2,850,000	2,250,000	2,250,000	500,000	500,000
(d) Net Worth as at the end of the period/year	43,938,479	32,052,056	28,050,386	7,656,681	7,285,670
<b>Notes:</b>					
1. The above ratios are calculated as under:					
a) Basic and Diluted Earnings per Share =	Net Profit available for appropriation (as restated)				
	Weighted average number of equity shares outstanding during the year				
b) Return on Net Worth (%) =	Net Profit available for appropriation (as restated)				
	Net worth as at the year end				
c) Net Asset Value Per Equity Share =	Net Worth as at the end of the period/year				
	Number of equity shares outstanding at the end of the Year				

2. Net Worth means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account;

3. Earnings Per Share (EPS) calculation are in accordance with the Accounting Standard 20 "Earnings Per Share" prescribed under the Companies (Accounting Standards) Rules, 2006.

4. The figures disclosed above are based on the restated financial information of the Company.

5. Basic and Diluted EPS for the period ended 30th September 2012 are not annualised.



**STANDALONE STATEMENT OF DEFERRED TAX ASSETS / (LIABILITIES)**

ANNEXURE- Q

Particulars	As At					
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
	₹	₹	₹	₹	₹	₹
Opening Balance of Deferred Tax Asset / (Liability)	1,178,588	847,561	636,977	474,635	171,477	121,062
DTA / (DTL) on Timing Difference in Depreciation as per Companies Act and Income Tax Act.	(347,970)	238,072	181,233	123,768	214,045	(124,779)
DTA / (DTL) on Timing Difference in provision for Gratuity as per Companies Act and Income Tax Act.	149,691	92,955	29,351	38,574	89,113	175,194
<b>Closing Balance of Deferred Tax Asset / (Liability)</b>	<b>980,309</b>	<b>1,178,588</b>	<b>847,561</b>	<b>636,977</b>	<b>474,635</b>	<b>171,477</b>

**STANDALONE STATEMENT OF TAX SHELTER**

ANNEXURE - R

Particulars	For the Year ended					
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
	₹	₹	₹	₹	₹	₹
<b>Restated Profit before tax</b>	8,784,702	8,470,644	3,733,121	4,866,267	(4,283,457)	3,805,169
MAT rate including surcharge	18.50%	18.50%	18.00%	15.00%	11.22%	11.22%
Normal Tax rate including surcharge	30.90%	32.445%	30.90%	30.90%	30.90%	30.90%
Normal Tax on above	2,714,473	2,748,300	1,153,534	1,503,677	-	1,175,797
<b>Adjustments:</b>						
<b>Permanent Differences:</b>						
Prior Period Expenses	-	-	-	-	-	-
Loss on sale of asset (net off profit)	-	304,911	213,549	-	-	(255,079)
Loss on sale of Investments (net off profit)	-	-	(159,892)	(34,516)	-	-
Dividend Income	-	(5,000)	-	(1,500)	-	-
Disallowable expense under Income Tax Act (Sec 37)	-	-	-	4,000	24,500	270,433
Deduction Chapter VIA	-	1275000	-	-	-	-
Provision for Gratuity	-	235,302	94,987	124,833	288,394	566,970
<b>Temporary Difference:</b>						
Short Provision of expenses.						
Sec 40a (ia) (Net off claimed of earlier years)	-	1,946,184	137,875	983,375	1,353,773	376,962



Particulars	For the Year ended					
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08
	₹	₹	₹	₹	₹	₹
Difference between book depreciation & tax depreciation	-	465,795	(336,196)	386,990	629,730	(120,186)
<i>Other Adjustments:</i>						
Brought Forward Losses adjusted	-	-	-	(1,987,060)	-	-
<b>Total Adjustments</b>	-	<b>4,222,192</b>	<b>(49,677)</b>	<b>(523,878)</b>	<b>2,296,397</b>	<b>839,100</b>
Tax expense/(saving) thereon	-	1,369,890	(15,350)	(161,878)	709,587	259,282
<i>Total Tax Payable:</i>						
Tax Payable for the current year	2,714,473	4,118,190	1,162,887	1,347,131	-	1,435,079
Tax & Interest thereon payable under assessment of earlier years	259,855	459,507	142,330	154,802	-	10,294



## AUDITOR'S REPORT ON CONSOLIDATED RESTATED FINANCIAL STATEMENTS

The Board of Directors,  
**Samruddhi Realty Limited,**  
202, Raheja Chambers,  
Museum Road,  
Bangalore-560001

Dear Sir,

We have examined the Consolidated Restated Financial Statements of Samruddhi Realty Limited (Formerly known as "Samruddhi Realty Private Limited), the holding Company and its subsidiaries viz., Samruddhi Gruha Nirman Private Limited, Samruddhi Holiday Resorts Private Limited and Samruddhi Vaastu Infracon Private limited (hereinafter collectively referred to as "the Group"), the summarized statements of which annexed to this report have been prepared in accordance with the requirements of:

- i) Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the Act);
- ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the Regulation) issued by the Securities and Exchange Board of India (SEBI) and amendments made thereto from time to time in pursuance of section 11 of the Securities and Exchange Board of India Act, 1992; and
- iii) The instructions received from the Company, requesting to examine the financial information referred to above and proposed to be included in the Draft Offer Document / Offer Document of the Company in connection with its proposed initial public offer of equity shares.
- iv) In terms of Schedule VIII of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts, we, M/s K. Gopalakrishnan & 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.
- v) Audit of the financial statements of Samruddhi Realty Limited for the 6 months period ended September 30, 2012 and years ended March 31, 2012, 2011 and 2010 has been conducted by Company's Statutory Auditor, M/s A.R. Pai & Co., Chartered Accountants. Further, financial statements for the 6 months period ended September 30, 2012 and year ended March 31, 2012 have been re-audited by us as required under the SEBI ICDR Regulations. This report, in so far as it relates to the amounts included for the financial years ended March 31, 2011 and 2010 is based on the audited financial statements of the Company which were audited by the Statutory Auditor, M/s A.R. Pai & Co., Chartered Accountants and whose Auditor's Report has been relied upon by us for the said periods.
- vi) The Financial Statements and other Financial Information's of the subsidiaries viz., Samruddhi Gruha Nirman Private Limited, Samruddhi Holiday Resorts Private Limited and Samruddhi Vaastu Infracon Private limited, have been audited by their respective statutory auditor - M/s A.R. Pai & Co., Chartered Accountants, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the above auditors. The financial figures of above subsidiaries reflected in the Group share of total net assets are ₹ 1.23 Lakhs as at September 30, 2012, ₹ 1.35 Lakhs as at March 31, 2012, ₹ 1.49 Lakhs as at March 31, 2011 and ₹ 1.61 Lakhs as at March 31, 2010 respectively and Group share of total revenue of ₹ Nil for 6 months period ended September 30, 2012, ₹ Nil for financial year ended as at March 31, 2012, ₹ Nil for financial year ended March 31, 2011 and ₹ Nil for financial year ended March 31, 2010 respectively and net cash inflow / (outflow) ₹ Nil for 6 months period ended September 30,



2102, ₹ Nil for financial year ended as at March 31, 2012, ₹ Nil for financial year ended March 31, 2011 and ₹ Nil for financial year ended March 31, 2010 respectively, as considered in the Consolidated Financial Statements.

- vii) The Consolidated financial statement of the Company for the financial years ended March 31, 2008, March 31, 2009 have not been prepared by the management, as the Company did not have any subsidiary during these years.

**Financial Information of the Company:**

- 2 We have examined the attached Consolidated Restated Statement of Assets and Liabilities of the Company as at September 30, 2012, March 31, 2012, March 31, 2011 and March 31, 2010 (**Annexure-I**); the accompanying Consolidated Restated Statement of Profit and Losses of the Company for the period(s) ended September 30, 2012, March 31, 2012, March 31, 2011 and March 31, 2010 (**Annexure-II**); the accompanying Consolidated Restated Statement of Cash Flows of the Company for the period(s) ended September 30, 2012, March 31, 2012, March 31, 2011 and March 31, 2010 (**Annexure-III**) and the significant accounting policies and notes to restated summary statement (**Annexure IV**) together referred to as ‘Consolidated Financials Statements’ as prepared by the Company and approved by the Board of Directors. These statements reflect the Consolidated assets and liabilities and Consolidated profit and losses for each of the relevant periods as extracted from the Consolidated Financial Statements audited by M/s A.R. Pai & Co. and re-audited by us for 6 months period ended September 30, 2012 and Financial Year ended March 31, 2012 for Samruddhi Realty Limited, after making therein the disclosures and adjustments (**Clause 7 of Annexure IV** – Notes to restated summary statement) required to be made in accordance with the provisions of Schedule VIII Part A (IX) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The Financial Statements and other Financial Information’s of the subsidiaries have been taken from the audited report of respective statutory auditor - M/s A.R. Pai & Co., Chartered Accountants, and is based solely on his report.
2. Based on the examination of these Consolidated Summary Statements, we confirm that the restated profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments and regrouping as in our opinion are appropriate.
3. We have examined the following regrouped/ rearranged financial information relating to the Company, proposed to be included in the Draft Offer Document / Offer Document, as approved by the Board of Directors of the Company and attached to this report:

Annexure –A	Consolidated Statement Of Long Term And Short Term Borrowings;
Annexure –V-A	Consolidated Statement Of Principal Terms Of Secured Loans And Assets Charges As Security;
Annexure –V-B	Consolidated Statement Of Terms & Conditions Of Unsecured Loans
Annexure –B	Consolidated Statement Of Non-Current Investments
Annexure –C	Consolidated Statement Of Current Investments
Annexure –D	Consolidated Statement Of Other Non-Current Assets
Annexure –E	Consolidated Statement Of Trade Receivables
Annexure –F	Consolidated Statement Of Long-Term Loans And Advances
Annexure –G	Consolidated Statement Of Short-Term Loans And Advances
Annexure –H	Consolidated Statement Of Other Current Assets
Annexure –I	Consolidated Statement Of Long-Term Provisions
Annexure –J	Consolidated Statement Of Short-Term Provisions





Annexure –K	Consolidated Statement Of Other Current Liabilities
Annexure –L	Consolidated Statement Of Other Income
Annexure –M	Consolidated Statement Of Related Party Transaction
Annexure –N	Consolidated Statement of Share capital, reserves and surplus
Annexure –O	Consolidated Statement of Capitalization
Annexure –P	Consolidated Summary of Mandatory accounting ratios based on adjusted profits/ losses, relating to earnings per share, net assets value per share and return on net worth
Annexure –Q	Consolidated Statement of Deferred tax asset/liabilities

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

FOR K. GOPALAKRISHNAN & CO.,  
CHARTERED ACCOUNTANTS  
[Firm registration: 009600S]

K. GOPALAKRISHNAN  
[Membership No. 025421] PROPRIETOR  
Bangalore,  
February 18, 2013



**CONSOLIDATED RESTATED STATEMENT OF ASSETS AND LIABILITIES**

ANNEXURE-I

(in ₹)

	Particulars	As at			
		30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10
<b>A</b>	<b>Non-current assets</b>				
	<b>Fixed Assets:</b>				
	Tangible assets	23,461,143	9,016,463	8,276,788	4,566,192
	Less : Revaluation Reserve	-	-	-	-
	Net Block after adjustment of Revaluation Reserve	23,461,143	9,016,463	8,276,788	4,566,192
	Intangible assets (Goodwill on consolidation)	86,664	75,464	60,795	49,215
	Capital work-in-progress	-	-	-	-
	Intangible assets under development	-	-	-	-
	Non-current investments	96,198	96,198	126,198	30,000
	Deferred tax assets (net)	980,309	1,178,588	847,561	636,977
	Long-term loans and advances	64,545,882	32,576,882	27,376,882	6,923,174
	Other non-current assets	1,133,550	833,550	1,935,431	1,409,934
	<b>Total non-current assets</b>	<b>A 90,303,746</b>	<b>43,777,145</b>	<b>38,623,655</b>	<b>13,615,492</b>
<b>B</b>	<b>Current Assets</b>				
	Current Investments	-	-	-	528,186
	Inventories	123,772,427	101,170,229	63,112,446	62,322,360
	Trade Receivables	105,730,011	65,515,291	36,842,848	6,619,946
	Cash & Bank Balances	49,635,033	30,992,579	25,830,107	17,657,753
	Short Term Loans & Advances	6,620,365	4,640,732	4,002,106	2,904,939
	Other Current Assets	34,686,662	26,302,805	4,619,901	3,720,227
	<b>Total Current Assets</b>	<b>B 320,444,498</b>	<b>228,621,636</b>	<b>134,407,408</b>	<b>93,753,411</b>
<b>C</b>	<b>Total Assets (C=A+B)</b>	<b>C 410,748,244</b>	<b>272,398,781</b>	<b>173,031,063</b>	<b>107,368,903</b>
<b>D</b>	<b>Non Current Liabilities</b>				
	Long-term borrowings	151,245,654	114,907,074	69,872,903	58,604,279
	Deferred tax liabilities (net)	-	-	-	-
	Other long-term liabilities	-	-	-	-
	Long-term provisions	1,739,277	1,286,391	1,055,415	962,175
	<b>Total Non Current Liabilities</b>	<b>D 152,984,931</b>	<b>116,193,465</b>	<b>70,928,318</b>	<b>59,566,454</b>
<b>E</b>	<b>Current liabilities</b>				
	Short-term borrowings	13,657,586	13,512,127	13,906,841	2,944,783
	Trade payables	35,947,297	17,219,137	6,418,164	4,001,294
	Other current liabilities	159,916,501	89,522,228	53,017,571	32,753,649
	Short-term provisions	4,334,591	3,926,108	699,838	431,132
	<b>Total Current Liabilities</b>	<b>E 213,855,975</b>	<b>124,179,600</b>	<b>74,042,414</b>	<b>40,130,858</b>
<b>F</b>	<b>Share Application Money Pending Allotment</b>	<b>F -</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>G</b>	<b>Total Liabilities (G=D+E+F)</b>	<b>G 366,840,905</b>	<b>240,373,065</b>	<b>144,970,732</b>	<b>99,697,312</b>
<b>H</b>	<b>Minority Interest</b>	<b>H 52,860</b>	<b>57,660</b>	<b>63,945</b>	<b>68,910</b>
<b>I</b>	<b>Net Worth (C-G-H):</b>	<b>I 43,854,479</b>	<b>31,968,056</b>	<b>27,996,386</b>	<b>7,602,681</b>
<b>J</b>	<b>Net Worth Represented by:</b>				
	Share Capital	28,500,000	22,500,000	22,500,000	5,000,000
	Reserves & Surplus	15,354,479	9,468,056	5,496,385	2,602,681
	Less : Revaluation Reserve	-	-	-	-
	Less: Miscellaneous Expenses not w/off	-	-	-	-
	<b>Net Worth</b>	<b>J 43,854,479</b>	<b>31,968,056</b>	<b>27,996,385</b>	<b>7,602,681</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 Annexures II, III and IV.



**CONSOLIDATED RESTATED STATEMENT OF PROFIT AND LOSS**

ANNEXURE-II

(in ₹)

Particulars		For the period 6 months ended	For the Year ended		
		30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10
<b>Revenue from operations:</b>					
- Revenues from Property Development		97,558,116	123,144,417	54,428,410	28,240,333
<b>Net Revenue from operations</b>		<b>97,558,116</b>	<b>123,144,417</b>	<b>54,428,410</b>	<b>28,240,333</b>
Other income		1,185,210	2,483,955	2,064,899	647,605
<b>Total Revenue</b>	<b>A</b>	<b>98,743,326</b>	<b>125,628,372</b>	<b>56,493,309</b>	<b>28,887,938</b>
<b>Expenses:</b>					
Cost of Sales		72,427,016	96,816,507	47,068,206	25,927,896
Changes in inventories of finished goods, WIP and Stock-in-Trade		(22,602,198)	(38,057,783)	(19,486,794)	(16,160,425)
Employee benefits expense		10,961,203	16,008,946	11,921,847	7,249,337
Finance costs		9,109,342	14,259,325	2,343,695	819,997
Depreciation and amortization expense		1,386,658	2,429,983	1,236,440	1,361,208
Preliminary Expenses written off		-	-	-	-
Other expenses		18,676,603	25,700,750	9,676,795	4,823,659
<b>Total Expenses</b>	<b>B</b>	<b>89,958,624</b>	<b>117,157,728</b>	<b>52,760,189</b>	<b>24,021,672</b>
<b>Profit before exceptional and extraordinary items and tax (A-B)</b>	<b>C</b>	<b>8,784,702</b>	<b>8,470,644</b>	<b>3,733,121</b>	<b>4,866,266</b>
Exceptional item		-	-	-	-
<b>Profit before extraordinary items and tax</b>	<b>D</b>	<b>8,784,702</b>	<b>8,470,644</b>	<b>3,733,121</b>	<b>4,866,266</b>
Extraordinary item		-	-	-	-
<b>Profit Before Tax</b>	<b>E</b>	<b>8,784,702</b>	<b>8,470,644</b>	<b>3,733,121</b>	<b>4,866,266</b>
<b>Provision for Tax</b>					
- Current Tax		2,700,000	4,800,000	1,050,000	630,000
- Fringe Benefit Tax		-	-	-	-
- Tax adjustment of prior years		-	-	-	(107,436)
- Deferred Tax Liability / (Asset)		198,279	(331,027)	(210,584)	(162,342)
<b>Restated profit after tax from continuing operations</b>	<b>F</b>	<b>5,886,423</b>	<b>4,001,671</b>	<b>2,893,705</b>	<b>4,506,044</b>
<b>Discontinuing operation</b>		-	-	-	-
<b>Restated profit for the year</b>		<b>5,886,423</b>	<b>4,001,671</b>	<b>2,893,705</b>	<b>4,506,044</b>
Balance brought forward from previous year		9,468,056	5,496,385	2,602,681	(1,849,363)
Adjustment for Consolidation of Subsidiaries and Associates		-	(30,000)	-	(54,000)
<b>Accumulated Profit/ (Loss) carried to Balance Sheet</b>		<b>15,354,479</b>	<b>9,468,056</b>	<b>5,496,385</b>	<b>2,602,681</b>

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



**CONSOLIDATED RESTATED STATEMENT OF CASHFLOWS**

ANNEXURE-III

(in Rs)

Particulars	For the period 6 months ended	For the Year ended		
		30-Sep-12	31-Mar-12	31-Mar-11
<b>1. Cash Flow From Operating Activities:</b>				
Net Profit before tax and extraordinary item	8,784,702	8,470,644	3,733,121	4,866,266
<i>Adjustments for:</i>				
Depreciation and amortization expense	1,386,658	2,429,983	1,236,440	1,361,208
Interest Paid	9041039	13,380,976	1418795	822,219
Adjustment for Consolidation of Subsidiaries and Associates	-	(30,000)	-	(54,000)
(Profit)/Loss on sale of Fixed Assets	-	304,911	213,549	-
(Profit)/Loss on sale of Shares	-	-	-	(34,516)
Dividend Received	-	(5,000)	-	(1,500)
Interest Received/ Other Non Operative Receipts	(779,374)	(1,558,748)	(1,108,470)	(283,665)
<b>Operating Profit before Working Capital Changes</b>	<b>18,433,025</b>	<b>22,992,766</b>	<b>5,493,435</b>	<b>6,676,012</b>
<i>Adjustments for:</i>				
Inventories	(22,602,198)	(38,057,783)	(790,086)	(16,160,425)
Trade Receivables	(40,214,720)	(28,672,443)	(30,222,902)	5,041,295
Movement in other current/non-current assets	(8,683,857)	(20,581,023)	(1,425,171)	(877,812)
Trade Payables	18,728,160	10,800,973	2,416,870	(1,352,324)
Other Current Liabilities	70,394,273	36,504,657	20,263,922	18,733,696
Short term Provision	408,483	3,226,270	268,706	415,405
Long term Provision	452,886	230,976	93,240	122,538
<b>Cash Generated from Operation</b>	<b>36,916,051</b>	<b>(13,555,608)</b>	<b>(3,901,987)</b>	<b>12,598,386</b>
Taxes Paid	(2,700,000)	(4,800,000)	(1,050,000)	(630,000)
<b>Net Cash from Operating Activities</b>	<b>34,216,051</b>	<b>(18,355,608)</b>	<b>(4,951,987)</b>	<b>11,968,386</b>
<b>2. Cash Flow From Investing Activities:</b>				
Fixed Assets Purchased	(15,831,338)	(3,754,569)	(5,260,585)	(421,536)
(Increase)/Decrease in Intangible Assets	(11,200)	(14,669)	(11,580)	(49,215)
Sale of Fixed Assets	-	280,000	100000	-
Dividend Received	-	5,000	-	1,500
Interest Received	779,374	1,558,748	1,108,470	283,665
Investments (Purchased) / Sold	-	30,000	431,988	(474,186)
Long/Short Term Loans and Advance	(33,948,633)	(5,838,627)	(21,550,875)	3,460,045
Long Term Current Liabilities		-	-	-
<b>Net Cash from Investing Activities</b>	<b>(49,011,797)</b>	<b>(7,734,117)</b>	<b>(25,182,582)</b>	<b>2,800,273</b>
<b>3. Cash Flow From Financing Activities:</b>				
Proceeds from issue of shares	6,000,000	-	17,500,000	-
Proceeds from issue of shares to minority interest	(4,800)	(6,285)	(4,965)	68,910
Proceeds from Short term borrowings	145,459	(394,714)	10,962,058	2,944,783
Proceeds from Long term borrowings	36,338,580	45,034,171	11,268,624	(1,913,501)
Interest paid	(9,041,039)	(13,380,976)	(1,418,795)	(822,219)
<b>Net Cash from Financing Activities</b>	<b>33,438,200</b>	<b>31,252,196</b>	<b>38,306,922</b>	<b>277,973</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents</b>	<b>18,642,454</b>	<b>5,162,472</b>	<b>8,172,354</b>	<b>15,046,632</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>30,992,579</b>	<b>25,830,107</b>	<b>17,657,753</b>	<b>2,611,121</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>49,635,033</b>	<b>30,992,579</b>	<b>25,830,107</b>	<b>17,657,753</b>
<b>Note:</b> 1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on Cash Flow Statements as recommended by Companies accounting standard rules, 2006.				
2. Figures in Brackets represents outflow.				
3. The above statement should be read with the significant accounting policies and notes to restated summary statement of assets and liabilities and statement of profit and loss as appearing in Annexures I, II and IV.				



## ANNEXURE-IV

### SIGNIFICANT ACCOUNTING POLICIES & NOTES TO RESTATED SUMMARY STATEMENT

#### I. SIGNIFICANT ACCOUNTING POLICIES:

##### **Basis of preparation of financial statements**

These financial statements are prepared under the historical cost basis of accounting and evaluated on a going concern basis, with revenues and expenses accounted for on their accrual to comply in all material aspects with the applicable accounting principles and applicable Accounting Standards notified U/s. 211(3C) of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956.

##### **Use of estimates**

The preparation of financial statements require estimates and assumptions to be made that affect the reported balances of assets as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accounting estimates could change from period to period. Actual results could differ from these estimates. Appropriate changes in estimates are made as and when the Management becomes aware of the changes in the circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and if material, their effects are disclosed in the notes to the financial statements

The following significant accounting policies are adopted in the preparation and presentation of these financial statements:

1. The Consolidated Financial Statements relate to Samruddhi Realty Ltd ("The Company") and its subsidiaries and associates. The Consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the company and its subsidiaries have been prepared based on a line-by-line consolidation by adding together the book values of like items of assets, liabilities, income and expenses as per the respective financial statements duly certified by the auditors of the respective companies.
- ii) Investments in associates are accounted for using equity method in accordance with AS – 23 "Accounting for Investments in Associates in Consolidated Financial Statements" under the relevant provisions of the Companies (Accounting Standard) Rules, 2006."
- iii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- iv) The excess of cost to the Company of its investments in the subsidiaries over its portion of equity of subsidiaries at the dates they become subsidiaries is recognized in the financial statements as goodwill.
- iv) The excess of Company's portion of equity of the subsidiaries over the cost to the Company of its investments at the dates they become subsidiaries is recognized in the financial statements as capital reserve.



## **2. Revenue recognition**

Revenue from real estate projects is recognized when it is reasonably certain that the ultimate collection will be made and that there is a buyer's commitment to make the complete payment. 'Percentage of Completion Method' is used to recognize the revenues.

## **3. Fixed assets**

(i) Fixed assets shown under gross block are valued at cost of acquisition inclusive of inward freight, duties and taxes and incidental expenses related to acquisition and also include cost of installation wherever incurred.

(ii) Depreciation on fixed assets has been charged on written down value basis, pro-rata for the period of use, by adopting the revised rates of depreciation specified in Schedule XIV of the Companies Act, 1956.

## **4. Inventories**

The properties under development on the reporting date represents cost incurred in respect of the unsold area of the projects under development and cost incurred on the projects where revenue is yet to be recognized.

## **5. Investments**

Long term Investments are valued at cost. Provision for diminution is made to recognize a decline, other than temporary, in the value of investments. Current investments are stated at lower of cost or market value.

## **6. Employee benefits**

### **(a) Defined-contribution plans:**

The Company has defined contribution plans (where Company pays pre-defined amounts and does not have any legal or informal obligation to pay additional sums) for post employment benefits (viz., Provident Fund), and the Company's contributions thereto are charged to statement of profit and loss Account every year. The Company's contributions to State plan, namely, Employee Pension Scheme, 1995, are charged to statement of profit and loss every year.

### **(b) Defined-benefit plan:**

The Company has a defined benefit plan (viz., Gratuity) for employees, the liability for which is determined on the basis of valuation carried out by an independent actuary (under projected unit credit method) at the balance sheet date.

## **7. Foreign exchange transactions**

(i) All receipts and expenditure in foreign currencies are recorded at rates prevailing on the date when the relevant transaction took place.

(ii) All monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains/ losses arising thereon are adjusted to the statement of profit and loss account.

## **8. Lease accounting**

(i) Assets acquired under lease where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such lease is capitalized at the inception of the lease at the minimum lease payments and



a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost and the interest cost is charged off to the Statement of profit and loss.

(ii) Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals on assets taken on operating lease are recognized as an expense in the Statement of profit and loss.

#### **9. Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset till such time the asset is ready for its intended use. Other Borrowing Costs are recognized as an expense in the period in which they are incurred.

#### **10. Taxes on income**

**Current tax** -Provision for current tax is made based on tax liability computed after considering tax allowances and exemptions.

**Deferred tax** -Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable or virtual certainty, as may be applicable, that sufficient future taxable income will be available against which such deferred tax asset can be realized.

#### **11. Earnings per share:**

Annualized earnings/ (loss) per equity share (basic and diluted) is arrived at based on Net Profit/ (Loss) after Taxation to the weighted average number of equity shares.

#### **12. Impairment of assets:**

An impairment loss is charged to the Statement of profit and loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

#### **13. Provisions and contingent liabilities:**

Based on the best estimate of the management, provisions are determined of the outflow of economic benefits which are required to settle the obligation as at the reporting date. Where no reliable estimate can be made, disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation that may, but probably will not, require an outflow of the Company's resources.

**14.** 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.

## **II. NOTES TO RESTATED SUMMARY STATEMENT:**

The financial statements for the years ended prior to April 1, 2011 were prepared as per the then-applicable pre-revised Schedule VI of the Companies Act 1956. Consequent to the notification of the revised schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 and Half year ended September



30, 2012 are prepared as per the revised schedule VI. Accordingly, the figures of the previous years have also been re-classified to conform to classification as per the revised schedule VI. The adoption of revised schedule VI for the figures of the previous years does not impact recognition and measurement principles followed for the preparation of these financial statements.

1. Contingent liabilities and commitments (to the extent not provided for)

In the opinion of the Board there are no contingent liabilities for any of the years covered by this Statement

2. Related party transactions are already reported as per AS-18 of Companies (Accounting Standards) Rules, 2006, as amended, in the Annexure-M of the enclosed financial statements.

3. Deferred Tax liability/Asset in view of Accounting Standard – 22: “Accounting for Taxes on Income” as at the end of the year is already reported in the Annexure-Q of the enclosed financial statements.

**4. Earnings Per Share:**

Earnings per Share have been calculated as under:

Particulars	For 6 months – Sep 2012	2011-12	2010-11	2009-10
A. Number of Shares at the beginning of the year	2,250,000	2,250,000	500,000	500,000
Shares issued during the year:				
- Allotment	600,000	-	1,750,000	-
B. Total Number of equity shares outstanding at the end of the year	2,850,000	2,250,000	2,250,000	500,000
C. Weighted average number of equity shares outstanding during the year	2,421,429	2,250,000	1,092,466	500,000
D. Net profit after tax available for equity shareholders as restated	5,886,423	3,971,671	2,893,705	4,452,044
E. Basic and Diluted earnings per share (₹)	2.43	1.77	2.65	8.90

**5. 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	For 6 months – Sep 2012	2011-12	2010-11	2009-10
	₹	₹	₹	₹
<b>(a) Defined Benefit Plan (Gratuity)</b>				
<b>1. The amounts recognized in the Balance Sheet are as follows:</b>				
Present value of unfunded obligations recognized	1,771,855	1,310,486	1,075,184	980,197
Net Liability	1,771,855	1,310,486	1,075,184	980,197
<b>2. The amounts recognized in the Profit &amp; Loss A/c are as follows:</b>				
Current Service Cost	156,970	235,440	198,121	196,446
Interest on Defined Benefit Obligation	55,696	91,391	78,416	68,429
Net Actuarial Losses / (Gains) Recognized in Year	248,703	(91,529)	(181,550)	(140,042)
Past Service Cost				
Total, Included in “Salaries, allowances & welfare”				





	461,369	235,302	94,987	124,833
<b>3. Changes in the present value of defined benefit obligation:</b>				
Defined benefit obligation as at the beginning of the year/period	1,310,486	1,075,184	980,197	855,364
Service cost	156,970	235,440	198,121	196,446
Interest cost	55,696	91,391	78,416	68,429
Actuarial Losses/(Gains)	248,703	(91,529)	(181,550)	(140,042)
Past Service Cost				
Defined benefit obligation as at the end of the year/period	1,771,855	1,310,486	1,075,184	980,197
<b>The principal actuarial assumptions for the above are:</b>				
Discount rate per annum	8.50%	8.50%	8.50%	8.50%
Expected salary escalation rate per annum	6.50%	6.50%	6.50%	6.50%
Retirement Age:	60	60	60	60
Withdrawal Rate:	5% at younger ages and reducing to 1% at older ages according to graduated scale			
Mortality Rate:	LIC (1994-96) published table of Mortality Rates			
<b>(b) Defined Contribution Plans</b>				
The Company is registered with the Regional Provident Fund Commissioner for the Employees' Provident Fund Scheme. Contributions to Provident Fund are included under head Salaries, allowances and welfare in the Statement of profit and loss.				
<b>Particulars</b>	<b>For 6 months – Sep 2012</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
	₹	₹	₹	₹
Provident Fund	662,592	12,543,312	10,748,296	-

## 6. Leases

### (a) Finance lease

The Company has entered into finance lease arrangements for certain Assets. The schedule of future minimum lease payments in respect of non cancellable finance lease is set out below

#### Total min lease payments outstanding

(in ₹)

Particulars	For 6 months – Sep 2012	2011-12	2010-11	2009-10
Within one year of the date of the balance sheet	1,033,751	943,956	1,014,371	909,246
Later than one year and not later than five years	922,959	5,760,300	837,398	1,851,769
<b>Total</b>	<b>1,956,710</b>	<b>6,704,256</b>	<b>1,851,769</b>	<b>2,761,015</b>

#### Present value of minimum lease payments

(in ₹)

Particulars	For 6 months – Sep 2012	2011-12	2010-11	2009-10
Within one year of the date of the balance sheet	3,481,236	847,247	645,835	641,173
Later than one year and not later than five years	2,775,845	4,119,910	486,585	1,132,420
<b>Total</b>	<b>6,257,081</b>	<b>4,967,157</b>	<b>1,132,420</b>	<b>1,773,592</b>



**(b) Operating leases** are mainly in the nature of lease of office premises with no restrictions and are renewable by mutual consent. There are no restrictions imposed by lease arrangements. Lease rental payments made by the Company are recognized in the statement profit and loss account under the head 'Rent on premises'

**Present value of minimum lease payments**

(in ₹)

Particulars	For 6 months – Sep 2012	2011-12	2010-11	2009-10
Lease Rentals Paid	2,047,644	2,426,512	2,164,910	238,144

**7. MATERIAL ADJUSTMENTS:**

Appropriate adjustments have been made in the standalone 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 Schedule VI and Accounting Standards.

**Statement of Adjustments in the financial statements:**

(in ₹)

Particulars	For 6 months period ended	For the year ended		
		Sep-12	Mar-12	Mar-11
Net Profits after tax and extraordinary items as per audited accounts but before Adjustments: <b>(A)</b>	5,001,125	4,114,018	2,959,341	4,430,867
<b>Adjustment on Account of :</b>				
Add: Short Provision for income tax for earlier years		-	-	(107,436)
Less: Deferred Tax on Gratuity Provision not provided earlier	(425,187)	92,955	29,351	38,574
Add/(less): Provision for change in accounting policy		-	17133	(17,133)
Less: Provision of Gratuity not provided earlier	1,310,485	(235,302)	(94,987)	(124,833)
<b>Total (B)</b>	885,298	(142,347)	(65,636)	21,177
<b>Net Profit as Restated (A+B)</b>	5,886,423	3,971,671	2,893,705	4,452,044

**(a) Provision for income tax for earlier years**

There was a short provision of Income Tax in Financial years prior to year ended 31.03.2008 which was provided for by the company in the financial year 2009-10. The same has been adjusted accordingly as above to arrive at the Restated Financial Statements.

**(b) Non provision of deferred tax on Gratuity**

With reference to point 'd' below, adjustment for deferred tax on the same has been given effect accordingly.

**(c) Provision for change in accounting policy**

The company followed an accounting practice of carrying current investments at cost in its Balance Sheet for the years ended prior to 01.04.2012 and started carrying the same at lower of cost or market value from the years beginning 01.04.2012. The same has been adjusted in the years ended prior to such date to arrive at the Restated Financial Statements.



**(d) Short provision of Gratuity**

The company had not provided for gratuity for the years ended prior to 01.04.2012. The same was provided as on 30.09.2012 including for periods ended prior to such date. For the purpose of Restatement the figures for earlier years have been adjusted in the respective years.

**8. Realisations**

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.

**9. Contractual liabilities**

All other contractual liabilities connected with business operations of the Company have been appropriately provided for.

**10. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

Under the Micro, Small and Medium Enterprises Development Act, 2006 read with notification no. 8/7/2006 – CDN dated 17/05/2007, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts. However in the view of the management, the impact of interest, if any, that may be payable as per the provisions of this Act is not expected to be material.

**11. Amounts in the financial statements**

Amounts in the financial statements are rounded off to nearest rupees. Figures in brackets indicate negative values.

**12. Previous year's figures**

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Figures of all the previous years dealt in this statement have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure to the extent possible.



**CONSOLIDATED STATEMENT OF LONG TERM AND SHORT TERM BORROWINGS**

**ANNEXURE-A**

Particulars	As at			
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10
	₹	₹	₹	₹
<b>Long Term Borrowings</b>				
<b>Term Loans</b>				
Karnataka Bank (Secured)	67,697,170	45,197,170	23,197,170	-
Barclays Bank (Unsecured)	-	-	-	414,175
Reliance Home Finance- NBFC (Secured)	30,000,000	20,000,000	-	-
India Bulls- NBFC (Unsecured)	-	-	-	-
Vehicle Loan (Secured)	13,710,149	3,871,569	837,398.00	1,851,769
<b>Loans and advances from related parties (Unsecured)</b>				
From Promoters (Unsecured)	39,838,335	45,838,335	45,838,335	56,338,335
<b>TOTAL</b>	<b>151,245,654</b>	<b>114,907,074</b>	<b>69,872,903</b>	<b>58,604,279</b>
<b>Current portion of long-term borrowings, included under Other current liabilities</b>	<b>25,867,200</b>	<b>26,038,003</b>	<b>1,014,371</b>	<b>1,833,820</b>
<b>Short Term Borrowings</b>	<b>13,657,586</b>	<b>13,512,127</b>	<b>13,906,841</b>	<b>2,944,783</b>
From Banks- Cash Credit (Secured)	13,657,586	13,512,127	13,906,841	2,944,783
<b>TOTAL</b>	<b>13,657,586</b>	<b>13,512,127</b>	<b>13,906,841</b>	<b>2,944,783</b>
<b>The above amount includes:</b>				
Secured Borrowings	150,932,104	108,618,869	38,955,780	5,705,798
Unsecured Borrowings	39,838,335	45,838,335	45,838,335	57,677,084
<b>TOTAL</b>	<b>190,770,439</b>	<b>154,457,204</b>	<b>84,794,115</b>	<b>63,382,882</b>

**Notes:**

- 1) The terms and conditions and other information in respect of Secured Loans are given in Annexure -V (A)
- 2) The terms and conditions and other information in respect of Unsecured Loans are given in Annexure -V (B)



**CONSOLIDATED STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGES AS SECURITY**

**ANNEXURE - V (A)**

Name of Lender	Type of Loan Facility	Amount Sanctioned (₹)	Amount Outstanding as at March 31, 2012 (in ₹)	Amount Outstanding as at September 30, 2012 (in ₹)	Rate of Interest (%)	Repayment Schedule	Security
Karnataka Bank	DPN Term Loan	1500 Lakhs	70,197,170	92,697,170	BR+5.0% presently at 14.0% p.a.	Repayable in 12 EMI of ₹125.00 Lakhs each starting from Feb'13 after initial repayment holiday of 23 months.	1) Registered Simple mortgage of land under Joint Development measuring 3 acres & 8 guntas survey no 43 and 4 acres 10 guntas survey no 52 situated at Nimbekalpur village, Bidarahalli Hobli, Bangalore East Taluk, Bangalore District 2) 59 Villas under construction.
Reliance Home Finance	Construction Finance	675 Lakhs	20000000	30000000	PLR -1.75 % presently 16.5% p.a.	Repayable in 12 EMI of ₹ 56.25 Lakhs each starting from July'13 after initial repayment holiday of 18 months.	Secured against the assets attributable to the project "Mystic Wind"
Bank of India	Over Draft	154 Lakhs	13,512,127	13,657,586	1% above the interest earned on the respective Fixed Deposits.	Repayable on demand	Lien on Fixed Deposits

**DETAILS OF VEHICLE LOAN:**

a) Repayment Schedule : ICICI Bank Loan (LABNG00008009172)		Total Amount Outstanding (in ₹)
Year	Yearly Installment (Principal Component)	Pre-closure
2009-10	46,727	
2010-11	51,753	
<b>TOTAL</b>	<b>193,517</b>	
b) Rate of Interest: <b>10.26% p.a.</b>		
c) Secured against Hypothecation of vehicle: <b>Tata Indica</b>		
d) Purpose: <b>Business</b>		



<b>b) Repayment Schedule : ICICI Car Loan (LABNG00011501645)</b>		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2009-10	272,306	830,442
2010-11	304,578	525,864
2011-12	340,675	Pre-closure
<b>TOTAL</b>	<b>1,254,675</b>	
<b>b) Rate of Interest: 10.86% p.a.</b>		
<b>c) Secured against Hypothecation of vehicle: Skoda Laura</b>		
<b>d) Purpose: Business</b>		

<b>c) Repayment Schedule : ICICI Car Loan(LABNG00012433559)</b>		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2009-10	272,577	953,358
2010-11	303,696	649,662
2011-12	338,365	Pre-closure
<b>TOTAL</b>	<b>1,178,503</b>	
<b>b) Rate of Interest: 10.86% p.a.</b>		
<b>c) Secured against Hypothecation of vehicle: Skoda Laura</b>		
<b>d) Purpose: Business</b>		

<b>d) Repayment Schedule : ICICI Car Loan (LABNG00012565992)</b>		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2009-10	270,132	977,215
2010-11	300,972	676,243
2011-12	335,331	Pre-closure
<b>TOTAL</b>	<b>1,148,888</b>	
<b>b) Rate of Interest: 10.86% p.a.</b>		
<b>c) Secured against Hypothecation of vehicle: Skoda Laura</b>		
<b>d) Purpose: Business</b>		

<b>e) Repayment Schedule : Axis Bank - ( AUR000900336932 )</b>		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2011-12	61,481	531,519
2012-13	101,136	430,383
2013-14	112,936	317,447
2014-15	126,112	191,335
2015-16	140,827	50,508
2016-17	50,508	-
<b>TOTAL</b>	<b>593,000</b>	
<b>b) Rate of Interest: 11.09% p.a.</b>		
<b>c) Secured against Hypothecation of vehicle: Indigo Manza</b>		
<b>d) Purpose: Business</b>		

<b>f) Repayment Schedule : Axis Bank ( AUR000900336941 )</b>		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2011-12	61,481	531,519
2012-13	101,136	430,383
2013-14	112,936	317,447
2014-15	126,112	191,335
2015-16	140,827	50,508
2016-17	50,508	-
<b>TOTAL</b>	<b>593,000</b>	



f) Repayment Schedule : Axis Bank ( AUR000900336941 )		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
b) Rate of Interest: 11.09% p.a.		
c) Secured against Hypothecation of vehicle: Indigo Manza		
d) Purpose: Business		

g) Repayment Schedule : Axis Bank ( AUR000900336936 )		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2011-12	61,481	531,519
2012-13	101,136	430,383
2013-14	112,936	317,447
2014-15	126,112	191,335
2015-16	140,827	50,508
2016-17	50,508	-
<b>TOTAL</b>	<b>593,000</b>	
b) Rate of Interest: 11.09% p.a.		
c) Secured against Hypothecation of vehicle: Indigo Manza		
d) Purpose: Business		

h) Repayment Schedule : Axis Bank ( AUR000900334739 )		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2011-12	67,597	584,403
2012-13	111,195	473,208
2013-14	124,171	349,037
2014-15	138,662	210,375
2015-16	154,843	55,532
2016-17	55,532	-
<b>TOTAL</b>	<b>652,000</b>	
b) Rate of Interest: 11.09% p.a.		
c) Secured against Hypothecation of vehicle: Indigo Manza		
d) Purpose: Business		

i) Repayment Schedule : Dhanlaxmi Bank (DLBBANUC00001377)		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2011-12	91,311	908,689
2012-13	207,455	701,234
2013-14	245,605	455,629
2014-15	290,769	164,860
2015-16	164,860	-
<b>TOTAL</b>	<b>1,000,000</b>	
b) Rate of Interest: 16.99% p.a.		
c) Secured against Hypothecation of vehicle: Skoda Laura		
d) Purpose: Business		

j) Repayment Schedule : Dhanlaxmi Bank (DLBBANUC00001378)		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2011-12	89,024	885,976
2012-13	202,262	683,714
2013-14	239,463	444,250
2014-15	283,506	160,745
2015-16	160,745	-
<b>TOTAL</b>	<b>975,000</b>	



j) Repayment Schedule : Dhanlaxmi Bank (DLBBANUC00001378)		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
b) Rate of Interest: 17.00% p.a.		
c) Secured against Hypothecation of vehicle: Skoda Laura		
d) Purpose: Business		

k) Repayment Schedule : Dhanlaxmi Bank (DLBBANUC00001379)		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2011-12	94,053	935,947
2012-13	213,682	722,265
2013-14	252,973	469,292
2014-15	299,489	169,802
2015-16	169,803	-
<b>TOTAL</b>	<b>1,030,000</b>	
b) Rate of Interest: 16.99% p.a.		
c) Secured against Hypothecation of vehicle: Skoda Laura		
d) Purpose: Business		

l) Repayment Schedule : BMW India Financial Services Pvt Ltd (CN00034496)		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2012-13	232,132	3,023,626
2013-14	195,483	2,828,143
2014-15	423,792	2,404,352
2015-16	471,662	1,932,689
2016-17	524,940	1,407,749
2017-18	584,237	823,512
2018-19	650,231	173,281
2019-20	173,281	-
<b>TOTAL</b>	<b>3,255,758</b>	
b) Rate of Interest: 10.75% p.a.		
c) Secured against Hypothecation of vehicle: BMW Car		
d) Purpose: Business		

m) Repayment Schedule : BMW India Financial Services Pvt Ltd (CN00034508)		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2012-13	232,132	3,023,626
2013-14	195,483	2,828,143
2014-15	423,792	2,404,352
2015-16	471,662	1,932,689
2016-17	524,940	1,407,749
2017-18	584,237	823,512
2018-19	650,231	173,281
2019-20	173,281	-
<b>TOTAL</b>	<b>3,255,758</b>	
b) Rate of Interest: 10.75% p.a.		
c) Secured against Hypothecation of vehicle: BMW Car		
d) Purpose: Business		

n) Repayment Schedule : BMW India Financial Services Pvt Ltd (CN00034512)		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2012-13	232,132	3,023,626
2013-14	195,483	2,828,143





<b>n) Repayment Schedule : BMW India Financial Services Pvt Ltd (CN00034512)</b>		
<b>Year</b>	<b>Yearly Installment (Principal Component) (in ₹)</b>	<b>Total Amount Outstanding (in ₹)</b>
2014-15	423,792	2,404,352
2015-16	471,662	1,932,689
2016-17	524,940	1,407,749
2017-18	584,237	823,512
2018-19	650,231	173,281
2019-20	173,281	-
<b>TOTAL</b>	<b>3,255,758</b>	
<b>b) Rate of Interest:</b>	<b>10.75% p.a.</b>	
<b>c) Secured against Hypothecation of vehicle:</b>	<b>BMW Car</b>	
<b>d) Purpose:</b>	<b>Business</b>	



## ANNEXURE - V (B)

**CONSOLIDATED STATEMENT OF TERMS & CONDITIONS OF UNSECURED LOANS**

1. Unsecured Loan from Bank is repaid as per repayment schedule.		
<b>Barclays bank</b>		
<b>Rate of Interest- 18.00%</b>		
<b>a) Repayment Schedule :</b>		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2009-10	318,502	794,981
2010-11	380,806	Pre-closure
<b>TOTAL</b>	<b>985,825</b>	

2. Unsecured Loan from Financial Institutions is repaid as per repayment schedule.		
<b>Indiabulls</b>		
<b>Rate of Interest- 19.00%</b>		
<b>a) Repayment Schedule :</b>		
Year	Yearly Installment (Principal Component) (in ₹)	Total Amount Outstanding (in ₹)
2009-10	495,252	543,768
2010-11	543,768	-
<b>TOTAL</b>	<b>1,480,000</b>	

**Details Of Unsecured Loans outstanding as at the end of the respective periods from Directors/Promoters/Promoter Group /Associates/Relatives Of Directors/Subsidiary/Group Companies**

3. Unsecured Loans from Promoters/Directors are interest free that are taken without any preconditions attached towards repayments.				
<b>1 Name V.R. Manjunath (Promoter)</b>				
<b>Rate of Interest- Nil</b>				
Particulars	As at			
	(in ₹)			
	September 30, 2012	March 31, 2012	March 31,2011	March 31,2010
Opening Balance	45,838,335	45,838,335	56,338,335	56,338,335
Amount Received/credited		-	5,000,000	-
Amount repaid/adjusted	6,000,000	-	15,500,000	-
Outstanding Amount	39,838,335	45,838,335	45,838,335	56,338,335



**CONSOLIDATED STATEMENT OF NON-CURRENT INVESTMENTS**

ANNEXURE-B

Particulars	Units	As at	Units	As at	Units	As at	Units	As at
	Nos	30-Sep-12	Nos	31-Mar-12	Nos	31-Mar-11	Nos	31-Mar-10
		₹		₹		₹		₹
<b>Non Current Investment</b>								
<b>(Other Than Trade, at Cost)</b>								
<b>Investment in equity, Unquoted</b>								
Samruddhi Real Assets Private Limited	3,000	-	3,000	-	3,000	30,000	3,000	30,000
Studio 3 Planners Private Limited	2,500	-	2,500	-	2,500	-	2,500	-
Samruddhi Infratech (India) Private Limited	2,900	-	2,900	-	2,900	-	2,900	-
<b>(Traded, at Cost)</b>								
<b>Investment in equity, quoted</b>								
Century Extrusions Limited	5,000	61,016	5,000	61,016	5,000	61,016		-
Kanoria Chemicals & Industries Limited	1,000	35,182	1,000	35,182	1,000	35,182		-
<b>Total</b>		<b>96,198</b>		<b>96,198</b>		<b>126,198</b>		<b>30,000</b>

**CONSOLIDATED STATEMENT OF CURRENT INVESTMENTS**

ANNEXURE-C

Particulars	Units	As at	Units	As at	Units	As at	Units	As at
	No.	30-Sep-12	No.	31-Mar-12	No.	31-Mar-11	No.	31-Mar-10
		₹		₹		₹		₹
<b>Current investments in equity</b>								
<b>Traded and Quoted</b>								
State Bank of India Ltd		-		-		-	200	404,327
Ispat Industries Ltd		-		-		-	1,000	19,400
Nagarjuna Fertilizers and Chemicals Ltd		-		-		-	1,000	30,700
Videocon Industries Ltd		-		-		-	200	45,480
ASIASIA.BO		-		-		-	67,331	28,279
<b>Total</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>528,186</b>
<b>Aggregate Book value of Quoted Shares</b>		-		-		-		<b>545,319</b>
<b>Aggregate Market value of Quoted Shares</b>		-		-		-		<b>539,659</b>

**CONSOLIDATED STATEMENT OF OTHER NON-CURRENT ASSETS**

ANNEXURE -D

Particulars	As at			
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10
	₹	₹	₹	₹
- Project Deposit	1,133,550	833,550	1,935,431	1,409,934
<b>TOTAL</b>	<b>1,133,550</b>	<b>833,550</b>	<b>1,935,431</b>	<b>1,409,934</b>



**CONSOLIDATED STATEMENT OF TRADE RECEIVABLES**

ANNEXURE -E

Particulars	As at			
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10
	₹	₹	₹	₹
<b>Outstanding for a period exceeding six months (Unsecured and considered Good)</b>				
- From Directors/ Promoters/ Promoter group /Associates/ Relatives of Directors/Subsidiary, Group Company	-	-	-	-
- Others	24,548,871	7,444,750	1,107,675	-
<b>Outstanding for a period not exceeding 6 months (Unsecured and considered Good)</b>				
- From Directors/ Promoters/ Promoter group /Associates/ Relatives of Directors/Subsidiary, Group Company	-	-	-	-
- Others	81,181,140	58,070,541	35,735,173	6,619,946
<b>TOTAL</b>	<b>105,730,011</b>	<b>65,515,291</b>	<b>36,842,848</b>	<b>6,619,946</b>

None of the Trade Receivables as stated above are due from Directors/ Promoters/ Promoter group /Associates/ Relatives of Directors/ Group company.

**CONSOLIDATED STATEMENT OF LONG-TERM LOANS AND ADVANCES**

ANNEXURE -F

Particulars	As at			
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10
	₹	₹	₹	₹
<b>Unsecured, Considered Good unless otherwise stated</b>				
Security Deposit				
- Rent Deposit	3,323,000	2,004,000	1,704,000	1,675,000
- Sales Tax Deposit	22,000	22,000	22,000	12,000
<b>Other loan and advances</b>				
Property Advance	61,200,882	30,550,882	25,650,882	5,236,174
<b>TOTAL</b>	<b>64,545,882</b>	<b>32,576,882</b>	<b>27,376,882</b>	<b>6,923,174</b>

None of the long term loans and advances as stated above are recoverable from Directors/ Promoters/ Promoter group /Associates/ Relatives of Directors/ Group company.



**CONSOLIDATED STATEMENT OF SHORT-TERM LOANS AND ADVANCES**

ANNEXURE -G

Particulars	As at			
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10
	₹	₹	₹	₹
<b>Unsecured, Considered Good unless otherwise stated</b>				
<b>Loan and advances to related parties</b>				
Samruddhi Infratech I Pvt. Ltd (Associate)	829,726	579,726	-	-
Studio 3 Planners Pvt. Ltd., (Associate)	4,768,500	3,578,500	3,445,600	2,483,600
Elements Constructions Pvt. Ltd (Entity under the control of KMP and their relative)	500,000	-	-	-
<b>Other loan and advances</b>				
Advance to employee and others	522,139	482,506	556,506	421,339
<b>TOTAL</b>	<b>6,620,365</b>	<b>4,640,732</b>	<b>4,002,106</b>	<b>2,904,939</b>

Except as disclosed above None of the short term loans and advances are recoverable from Directors/ Promoters/ Promoter group /Associates/ Relatives of Directors/ Group company.

**CONSOLIDATED STATEMENT OF OTHER CURRENT ASSETS**

ANNEXURE -H

Particulars	As at			
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10
	₹	₹	₹	₹
Balance with Government Authorities	13,926,316	9,692,363	2,701,649	852,412
Others	532,908	541,153	509,577	540,000
Advance to Supplier	16,970,423	13,591,648	333,912	2,044,150
Accrued Interest	3,257,015	2,477,641	1,074,763	283,665
<b>TOTAL</b>	<b>34,686,662</b>	<b>26,302,805</b>	<b>4,619,901</b>	<b>3,720,227</b>

**CONSOLIDATED STATEMENT OF LONG-TERM PROVISIONS**

ANNEXURE -I

Particulars	As at			
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10
	₹	₹	₹	₹
Provision for Gratuity	1,739,277	1,286,391	1,055,415	962,175
<b>TOTAL</b>	<b>1,739,277</b>	<b>1,286,391</b>	<b>1,055,415</b>	<b>962,175</b>

**CONSOLIDATED STATEMENT OF SHORT-TERM PROVISIONS**

ANNEXURE -J

Particulars	As at			
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10
	₹	₹	₹	₹
<b>Provisions :</b>				
Income Tax / FBT / DDT	4,302,013	3,902,013	680,069	413,110
Gratuity	32,578	24,095	19,769	18,022
<b>TOTAL</b>	<b>4,334,591</b>	<b>3,926,108</b>	<b>699,838</b>	<b>431,132</b>



**CONSOLIDATED STATEMENT OF OTHER CURRENT LIABILITIES**

ANNEXURE -K

Particulars	As at			
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10
	₹	₹	₹	₹
<b>Current maturities of long term borrowings</b>				
-Banks	25,000,000	25,000,000	-	380,806
-Vehicle Loan	867,200	1,038,003	1,014,371	909,246
-Others	-	-	-	543,768
Duties & Taxes	11,652,712	1,749,413	1,023,714	572,022
<b>Advance from Related Party</b>				
Samruddhi Infratech I Pvt. Ltd (Associate)	-	-	1,520,274	1,939,774
Samruddhi Real Assets Pvt. Ltd (Associate)	28,390,135	31,698,135	27,998,135	7,855,135
Way Bridge Capital Pvt. Ltd (Entity under the control of KMP)	8,261,480	-	-	-
Ayushi Business I Pvt. Ltd (Entity under the control of KMP)	2,606,040	-	-	-
Other Liabilities	2,315,418	1,687,434	1,696,204	1,633,294
Advance from customers	80,823,516	28,349,243	19,764,873	18,919,604
<b>TOTAL</b>	<b>159,916,501</b>	<b>89,522,228</b>	<b>53,017,571</b>	<b>32,753,649</b>

**CONSOLIDATED STATEMENT OF OTHER INCOME**

ANNEXURE -L

Particulars	For 6 months period ended	For the year ended		
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10
	₹	₹	₹	₹
<b>Recurring Income:</b>				
Interest Income	779,374	1,558,748	1,108,470	283,665
Dividend Income	-	5,000	-	1,500
Maintenance Charges Received	405,836	859,932	779,404	-
<b>Non-Recurring Income:</b>				
Balances Written Off	-	60,275	-	327,924
Profit on sale of Shares	-	-	177,025	34,516
<b>Total</b>	<b>1,185,210</b>	<b>2,483,955</b>	<b>2,064,899</b>	<b>647,605</b>

**CONSOLIDATED STATEMENT OF RELATED PARTY TRANSACTION**

ANNEXURE - M

a)	Names of the related parties with whom transactions were carried out during the years and description of relationship:	
1)	Associate Concerns :	Samruddhi Infratech (India) Private Ltd Studio 3 Planners Private Ltd Samruddhi Real Assets Private Ltd
(i)	Company/entity owned or significantly influenced by directors / KMP	Samruddhi Retail Mart Private Ltd Lido Business Ventures Private Ltd Elements Constructions Private Limited Waybridge Capital Private Limited Ayushi Business Enterprises India Private Limited



(ii)	Key Management Personnel:	Hemang Rawal
		Ravindhra Madhudi
		V.R.Manjunath
		Mahalakshmi Ramakrishnan
(iii)	Relatives of Key Management Personnel:	Chaitali H. Rawal
		Nanda R. Madhudi
		Rajani Manjunath

**b) Transactions:**

**2. Transactions with Associate Companies**

Sr. No	Nature of Transactions	6 months period ended	Year ended		
		30-Sep-12	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
<b>A</b>	<b>Transaction During the Year</b>				
	<b>Advances received / (paid)</b>				
	Samruddhi Infratech (P) Ltd	(250,000)	(2,100,000)	(419,500)	(284,732)
	Samruddhi Real Assets (P) Ltd	(3,308,000)	(300,000)	20,143,000	5,005,500
	Studio 3 Planners (P) Ltd	(1,190,000)	(1,461,900)	(962,000)	(1,637,342)
	<b>Services Availed</b>				
	Studio 3 Planners (P) Ltd	-	1,329,000	-	-
	<b>Professional Charges paid</b>				
	Studio 3 Planners (P) Ltd	-	-	-	550,000
	<b>Interest Paid on Advances</b>				
	Samruddhi Real Assets (P) Ltd	-	4,000,000	-	-
<b>B</b>	<b>Closing Balance Dr/(Cr)</b>				
	Samruddhi Infratech (P) Ltd	829,726	579,726	(1,520,274)	(1,939,774)
	Samruddhi Real Assets (P) Ltd	(28,390,135)	(31,698,135)	(27,998,135)	(7,855,135)
	Studio 3 Planners (P) Ltd	4,768,500	3,578,500	3,445,599	2,483,599

**(i) Transactions with Companies/Entity Owned or significantly influenced by Director/KMP**

Sr. No	Nature of Transactions	6 months period ended	Year ended		
		30-Sep-12	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
<b>A</b>	<b>Transaction During the Year</b>				
	<b>Advances received / (paid)</b>				
	Elements Constructions Private Limited	(500,000)	-	-	-
	Waybridge Capital Private Limited	8,261,480	-	-	-
	Ayushi Business Enterprises India Private Limited	2,606,040	-	-	-
<b>B</b>	<b>Closing Balance Dr/(Cr)</b>				
	Elements Constructions Private Limited	500,000	-	-	-
	Waybridge Capital Private Limited	(8,261,480)	-	-	-
	Ayushi Business Enterprises India Private Limited	(2,606,040)	-	-	-



(ii) Transactions with key management personnel

Sr. No	Nature of Transactions	6 months period ended	Year ended		
		30-Sep-12	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
<b>A</b>	<b>Transaction During the Year</b>				
		₹	₹	₹	₹
	<b>Remuneration</b>				
	Hemang Rawal	1,500,000	3,000,000	3,000,000	1,818,000
	Ravindhra Madhudi	1,452,000	2,904,000	2,905,000	1,560,000
	V.R. Manjunath	600,000	1,200,000	1,200,000	1,200,000
	<b>Shares Allotted</b>				
	Hemang Rawal	3,000,000	-	3,400,000	-
	Ravindhra Madhudi	3,000,000	-	3,400,000	-
	V.R. Manjunath	-	-	10,500,000	-
	<b>Loans and Advances received</b>				
	Hemang Rawal	60,000	-	1,500,000	-
	Ravindhra Madhudi	-	518,320	1,538,552	-
	V.R. Manjunath	-	-	5,000,000	-
	<b>Loans and Advances repaid/ Adjusted</b>				
	Hemang Rawal	60,000	-	1,500,000	-
	Ravindhra Madhudi	-	518,320	1,538,552	-
	V.R. Manjunath	6,000,000	-	5,000,000	-
<b>B</b>	<b>Closing Balance Dr/(Cr)</b>				
	<b>For Loan Liability/Advance (including interest, if any)</b>				
	V.R.Manjunath	(39,838,335)	(45,838,335)	(45,838,335)	(56,338,335)

(iii) Transaction with Relative of KMP

Sr. No	Nature of Transactions	6 months period ended	Year ended		
		30-Sep-12	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
<b>A</b>	<b>Transaction During the Year</b>				
		₹	₹	₹	₹
	<b>Shares Allotted</b>				
	Chaitali H. Rawal	-	-	100,000	-
	Nanda R. Madhudi	-	-	100,000	-
	<b>Professional Charges paid</b>				
	Chaitali H. Rawal	495,000	660,000	660,000	660,000
	Nanda R. Madhudi	495,000	660,000	660,000	660,000
<b>B</b>	<b>Closing Balance Dr/(Cr)</b>				
	Chaitali H. Rawal	99,000	-	-	-
	Nanda R. Madhudi	99,000	-	-	-





**CONSOLIDATED STATEMENT OF SHARE CAPITAL, RESERVES AND SURPLUS**

ANNEXURE – N

Particulars	As at			
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10
<b>Share Capital</b>				
<b>Authorised Share Capital</b>				
Equity shares of ₹10 each	5,000,000	5,000,000	3,000,000	1,000,000
Share Capital (in ₹)	<b>50,000,000</b>	<b>50,000,000</b>	<b>30,000,000</b>	<b>10,000,000</b>
<b>Issued, Subscribed and Paid up share capital</b>				
Equity Shares of ₹ 10 each fully paid up	2,850,000	2,250,000	2,250,000	500,000
Share Capital (in ₹)	28,500,000	22,500,000	22,500,000	5,000,000
<b>Total</b>	<b>28,500,000</b>	<b>22,500,000</b>	<b>22,500,000</b>	<b>5,000,000</b>
<b>Reserves and Surplus</b>				
Profit and Loss account (in ₹)	15,354,479	9,468,056	5,496,385	2,602,681
<b>Total</b>	<b>15,354,479</b>	<b>9,468,056</b>	<b>5,496,385</b>	<b>2,602,681</b>

**CONSOLIDATED STATEMENT OF CAPITALISATION**

ANNEXURE-O

Particulars	Pre-Issue	Post-Issue*
	As on 30 September 2012	
	₹	₹
<b>Debt</b>		
Short Term Debt	13,657,586	
Long Term Debt	177,112,853	
<b>Total Debt</b>	<b>190,770,439</b>	
<b>Shareholders' Fund (Equity)</b>		
Share Capital	28,500,000	
Reserves & Surplus	15,354,479	
Less: Miscellaneous Expenses not w/off	0	
<b>Total Shareholders' Fund (Equity)</b>	<b>43,854,479</b>	
<b>Long Term Debt/Equity</b>	<b>4.04</b>	
<b>Total Debt/Equity</b>	<b>4.35</b>	

(\* ) The corresponding post issue figures are not determinable at this stage pending the completion of public issue and hence have not been furnished. The figures will be updated at the time of filing of prospectus with ROC.

**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 re stated statement of Assets and Liabilities of the Company as at 30.09.2012.



**CONSOLIDATED MANDATORY ACCOUNTING RATIOS**

**ANNEXURE-P**

Particulars	As at			
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10
Face Value per equity Share(₹)	10	10	10	10
Earnings/ (losses) Per Share (in ₹)				
- Basic and Diluted Earnings/ (losses) Per Share [a/b]	2.43	1.77	2.65	8.90
(ii) Return on Net Worth (in %) [a/d]	13.42%	12.42%	10.34%	58.56%
(iii) Net Assets Value per Share (in ₹) [d/c]	15.39	14.21	12.44	15.21
(a) Net profit available for appropriation (as restated)	5,886,423	3,971,671	2,893,705	4,452,044
(b) Weighted average numbers of equity shares for calculating Basic and diluted EPS.	2,421,429	2,250,000	1,092,466	500,000
(c) No. of equity shares outstanding at the end of the year.	2,850,000	2,250,000	2,250,000	500,000
(d) Net Worth as at the end of the period/year	43,854,479	31,968,056	27,996,385	7,602,681
<b>Notes:</b>				
1. The above ratios are calculated as under:				
a) Basic and Diluted Earnings per Share =	$\frac{\text{Net Profit available for appropriation (as restated)}}{\text{Weighted average number of equity shares outstanding during the year}}$			
b) Return on Net Worth (%) =	$\frac{\text{Net Profit available for appropriation (as restated)}}{\text{Net worth as at the year end}}$			
c) Net Asset Value Per Equity Share =	$\frac{\text{Net Worth as at the end of the period/year}}{\text{Number of equity shares outstanding at the end of the Year}}$			

2. Net Worth means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off), Minority Interest and the debit balance of the profit and loss account;

3. Earnings Per Share (EPS) calculation are in accordance with the Accounting Standard 20 "Earnings Per Share" prescribed under the Companies (Accounting Standards) Rules, 2006.

4. The figures disclosed above are based on the restated financial information of the Company.

5. Basic and Diluted EPS for the period ended 30th September 2012 are not annualized.



**CONSOLIDATED STATEMENT OF DEFERRED TAX ASSETS / (LIABILITIES)**

**ANNEXURE- Q**

Particulars	As At			
	30-Sep-12	31-Mar-12	31-Mar-11	31-Mar-10
	₹	₹	₹	₹
Opening Balance of Deferred Tax Asset / (Liability)	1,178,588	847,561	636,977	474,635
DTA / (DTL) on Timing Difference in Depreciation as per Companies Act and Income Tax Act.	(347,970)	238,072	181,233	123,768
DTA / (DTL) on Timing Difference in provision for Gratuity as per Companies Act and Income Tax Act.	149,691	92,955	29,351	38,574
<b>Closing Balance of Deferred Tax Asset / (Liability)</b>	<b>980,309</b>	<b>1,178,588</b>	<b>847,561</b>	<b>636,977</b>



### FINANCIAL INDEBTEDNESS

A brief detail on the financial indebtedness of the Company as on January 31, 2013 is as under:

#### A. Loan from Banks / NBFC

Name of Lender	Purpose	Sanction Amount	Rate of interest	Securities offered	Re-payment	Moratorium	Outstanding amount (₹)
<b>Secured Loan</b>							
<b>Karnataka Bank Limited*</b>	DPN Term Loan for Construction of 59 Villas at Bidarahalli Hobli, Bangalore	₹ 1500 Lakhs	BR+5.0% presently at 14.0% p.a.1	1) Registered Simple mortgage of land under Joint Development measuring 3 acres & 8 guntas survey no 43 and 4 acres 10 guntas survey no 52 situated at Nimbekalpura village, Bidarahalli Hobli, Bangalore East Taluk, Bangalore District. 2) 59 Villas under construction.	Repayable in 12 EMI of ₹125.00 Lakhs each starting from Feb'13 after initial repayment holiday of 23 months.	23 Months starting from Feb'11	123,350,000
<b>Reliance Home Finance</b>	Construction Finance	₹ 675 Lakhs	PLR - 1.75 % presently 16.5% p.a	Secured against the assets attributable to the project "Mystic Wind"	Repayable in 12 EMI of ₹ 56.25 Lakhs each starting from July'13 after initial repayment holiday of 18 months.	18 Months starting from Jan'12	34,999,000
<b>Bank of India</b>	Over Draft	₹ 154 Lakhs	1% above the interest earned on the respective Fixed Deposits.	Lien on Fixed Deposits	Repayable on demand	-	15,963,176
<b>Karnataka Bank Limited</b>	Over Draft	₹ 135 Lakhs	10.25%	Lien on Fixed Deposits	Repayable on demand	-	13,295,169

\* Balance of Karnataka Bank Limited DPN Tem Loan is ₹11,08,50,000 as at 06.02.2013 as per bank confirmation letter after adjusting the payment of ₹1,25,00,000 as on 04.02.2013.



### B. Vehicle Loans

Name of Lender	Purpose	Sanction Amount	Rate of interest	Securities offered	Re-payment	Moratorium	Outstanding amount (₹)
Axis Bank	Office Use	₹652000	11.09	Vehicle - Indigo Manza	₹14205/- 60 months EMI Installments	-	492,603
Axis Bank	Office Use	₹593000	11.09	Vehicle - Indigo Manza	₹12919/- 60 months EMI Installments	-	448,024
Axis Bank	Office Use	₹593000	11.09	Vehicle - Indigo Manza	₹12919/- 60 months EMI Installments	-	448,024
Axis Bank	Office Use	₹593000	11.09	Vehicle - Indigo Manza	₹12919/- 60 months EMI Installments	-	448,024
Dhanalakshmi Bank	Office Use	₹975000	17	Vehicle - Skoda Laura	₹28135/- 48 months EMI Installments	-	719,839
Dhanalakshmi Bank	Office Use	₹1000000	16.99	Vehicle - Skoda Laura	₹28855/- 48 months EMI Installments	-	738,285
Dhanalakshmi Bank	Office Use	₹1030000	16.99	Vehicle - Skoda Laura	₹29720/- 48 months EMI Installments	-	760,429
BMW India Financial Services Pvt. Ltd	Office Use	₹3500000	10.75	Vehicle - BMW	₹58945/- 84 months EMI Installments	-	3,268,518
BMW India Financial Services Pvt. Ltd	Office Use	₹3500000	10.75	Vehicle - BMW	₹58945/- 84 months EMI Installments	-	3,268,518
BMW India Financial Services Pvt. Ltd	Office Use	₹3500000	10.75	Vehicle - BMW	₹58945/- 84 months EMI Installments	-	3,268,518
ICICI Bank	Office Use	₹499000	11.26	Vehicle - Ford Figo	₹10914/- 60 months EMI Installments	-	479,650
ICICI Bank	Office Use	₹499000	11.26	Vehicle - Ford Figo	₹10914/- 60 months EMI Installments	-	479,650

### C. Unsecured Loans

Name of Lender	Purpose	Rate of interest	Re-payment	Outstanding amount (₹)
Manjunath V R	Business Loan	Nil	Loan taken without any preconditions attached towards repayments.	37,238,335

Note: The Company has taken a loan of ₹150 Lakhs from Reliance Home Finance on 05.02.2013.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF 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, 2007, 2008, 2009, 2010 and 2011, including the schedules and notes thereto and the reports thereon, which appear in the section titled "Financial Statements of the Company" on page 133 of this Draft 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 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. Factors that may cause such a difference include, but are not limited to, those discussed in "Forward-Looking Statements" and "Risk Factors", beginning on page 8 & 9 respectively, of this Draft Prospectus.*

### Overview

Our Company was originally incorporated with the Registrar of Companies, Bangalore on November 28, 2003 as Samruddhi Realty Private Limited. During the initial years of our operations our Company took small steps by undertaking the execution of high value luxury apartments under the small size segment. Our Company completed its initial projects with assured quality standards and delivered them to the customers in scheduled time. With determined efforts and gradually progression we achieved a built area of approximately 1,25,000 sq feet by the year 2009.

We are a growing Real Estate Development Company headquartered in Bangalore, Karnataka. We believe that we have established a successful track record in the Bangalore real estate industry by developing innovative projects through our focus on contemporary architecture, strong project execution and quality construction. Our core area of operations is residential projects.

We use a knowledge-based approach from internal and external sources in making development and lease/sales decisions. We have an in-house architectural and designing team which co-ordinates the entire process from initiation of a project to its final delivery, that ensure quality of and timely execution of each project. Most of the developments carried out by us are on a joint development model with the landowners being given built up area. We currently follow a sale model for our residential projects.

Currently, we have a head office and a corporate office located in Bangalore, Karnataka. In over 9 years of our existence, we have executed projects at different locations in the Bangalore region. As part of our growth plans, We are contemplating taking up projects in other cities such as New Delhi, Chennai, Pune, Ahmedabad and Hyderabad.

Our Promoters have been connected with real estate industry for over 18 years. Our Company is benefitted from their rich experience, expert in-sight of the industry and has expanded its operation many fold since their association with us.

Our company is a member of Confederation of Real Estate Developers' Associations of India (CREDAI) which is a prominent body for private Real Estate developers in India. CREDAI represents over 6,000 developers through 18 member associations across the country. Our Company is also member with Indian Green Building Council (IGBC).

### Details of our completed, ongoing and upcoming projects:

As on the date of this Draft Prospectus we have completed 4 Projects with a Developable & Saleable Area of approx. 125528 Sq. Feet. We have 3 Ongoing Projects with a Developable & Saleable Area of approx. 4,46,117 Sq. Feet and 4 upcoming Projects with a Developable & Saleable Area of approx. 6,25,000 Sq. Feet. For further details of our various projects please refer to the chapter titled "Our Business" on page 72 of this Draft Prospectus.



We typically develop our projects:

- (1) through joint development agreements with land-owners, in terms of which we acquire the development rights to the underlying land;
- (2) in fewer occasions, through acquiring land ourselves and retaining the sole development rights in respect of any project.

### **Our Competitive Strengths**

#### **Strong presence in Bangalore**

We believe that we have good knowledge of the market and regulatory environment in Bangalore that assists us in identifying opportunities in this region. Our Completed, Ongoing and Upcoming projects are located in Bangalore, which we believe is an attractive real estate market in terms of returns on investment, product positioning and depth of demand for real estate developments. Bangalore's position as the IT/ITES destination of India, the population of high-income customer base and an expanding segment of young, upwardly mobile professionals provides a substantial market for our projects.

#### **Established brand image**

Our Promoters have been connected with real estate business since over two decades. We believe that our track record of developing projects, strong project execution and quality construction have enabled us to achieve sales for our projects. We believe that we have an established brand which is a differentiating factor for our customers, which helps establish customer confidence, influences buying decisions and has enabled us to achieve sales for our projects.

#### **Strong project pipeline providing near term cash flow visibility**

We believe that we have a strong project pipeline. We currently have 4 ongoing and 5 upcoming projects, which we expect to provide a total Saleable Area of approximately 30,00,000 square feet. With all the planned projects to be launched and executed in the next three to five years, we feel that cash flows will be adequate.

#### **Strong and stable management team**

Our promoters have an experience of over two decades in the real estate industry. We also have a strong and well supportive management team with established and structured corporate processes. Before executing a project we undertake research for our projects and then commence any project. We utilise an outsourcing model that allows scalability design and quality construction. We have experienced and capable design management and project management teams who oversee and execute all aspects of project development. Our strong and long-standing relationships with external service providers such as architects, landscape planners & contractors would prove beneficial to us. We believe that the strength of our management team and their understanding of the real estate market will enable us to continue to take advantage of current and future market opportunities.

#### **Our growth strategy**

We intend to pursue the following strategies in order to grow further:

#### **Increased focus on Bangalore Region.**

The real estate industry in India is predominantly regional due to difficulties with respect to large scale land acquisition in unfamiliar locations, inadequate infrastructure to market projects in new locations, the complex legal framework and the large number of approvals which are necessary to be obtained from different authorities at various stages of construction under local laws, and the long gestation period of projects. We also believe that due



to our base at Bangalore and experience of our management about markets in and around, we will be able to focus and expand our business in and around Bangalore.

### Focus on Performance and Project Execution

We also believe that it is important to identify additional land and development rights in strategic locations at a competitive cost, we currently intend to focus on developing our Forthcoming Projects in a timely and efficient manner. We will continue to leverage advanced technologies, designs and project management tools to increase productivity and maximize asset utilization in capital intensive construction activities.

*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, 2008, 2009, 2010, 2011, 2012 and 6 months period ended September 2012, including the schedules and notes thereto and the reports thereon, which appear in the section titled “Financial Statements of the Company” on Page 133 of this Draft 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 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. Factors that may cause such a difference include, but are not limited to, those discussed in “Forward-Looking Statements” and “Risk Factors”, beginning on Page 8 & 9 respectively of this Draft Prospectus.*

### Our Significant Accounting Policies:

Our significant accounting policies are described in the section entitled “*Financial Information of the Company*” on page 133 of this Draft Prospectus.

### Changes in Accounting Policies in the previous 3 years:

There has been change in the Accounting policies relating to carrying amount of current investments by our Company. Prior to 01.04.2012 the carrying amount of current investments was taken at cost in its Balance Sheet. However in order to comply with the Accounting Standard 13, our Company changed the accounting policy and started carrying the same at lower of cost or market value w.e.f. 01.04.2012. The same has been adjusted in the years ended prior to such date to arrive at the Restated Financial Statements.

### Summary of the Results of Operation

The following table sets forth select financial data from standalone restated profit and loss accounts for the stub period ended September 30, 2012 & Financial Year 2012, 2011, 2010 and 2009 and the components of which are also expressed as a percentage of total income for such periods.

(₹ in Lakhs)

Particulars	For the 6 months period ended		For the Year ended							
	30-Sep-12	% of Total Income	31-Mar-12	% of Total Income	31-Mar-11	% of Total Income	31-Mar-10	% of Total Income	31-Mar-09	% of Total Income
<b>Revenue from operations:</b>										
- Revenues from Property Development	975.58	98.80	1231.44	98.02	544.28	96.34	282.40	97.76	345.78	100.00
Other income	11.85	1.20	24.84	1.98	20.65	3.66	6.48	2.24	0.00	0.00%





Particulars	For the 6 months period ended		For the Year ended							
	30-Sep-12	% of Total Income	31-Mar-12	% of Total Income	31-Mar-11	% of Total Income	31-Mar-10	% of Total Income	31-Mar-09	% of Total Income
<b>Total Revenue</b>	<b>987.43</b>	<b>100.00</b>	<b>1256.28</b>	<b>100.00</b>	<b>564.93</b>	<b>100.00</b>	<b>288.88</b>	<b>100.00</b>	<b>345.78</b>	<b>100.00</b>
<b>Expenses:</b>										
Cost of Sales	724.27	73.35	968.17	77.07	470.68	83.32	259.28	89.75	370.49	107.14
Changes in inventories of finished goods, WIP and Stock-in-Trade	(226.02)	(22.89)	(380.58)	(30.29)	(194.87)	(34.49)	(161.60)	(55.94)	(102.23)	(29.57)
Employee benefits expense	109.61	11.10	160.09	12.74	119.22	21.10	72.49	25.09	78.80	22.79
Finance costs	91.09	9.23	142.59	11.35	23.44	4.15	8.20	2.84	12.47	3.61
Depreciation and amortization expense	13.87	1.40	24.30	1.93	12.36	2.19	13.61	4.71	17.48	5.05
Preliminary Expenses written off	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.03
Other expenses	186.77	18.91	257.01	20.46	96.77	17.13	48.24	16.70	11.52	3.33
<b>Total Expenses</b>	<b>899.59</b>	<b>91.10</b>	<b>1171.58</b>	<b>93.26</b>	<b>527.60</b>	<b>93.39</b>	<b>240.22</b>	<b>83.15</b>	<b>388.62</b>	<b>112.39</b>
<b>Profit Before Tax</b>	<b>87.85</b>	<b>8.90</b>	<b>84.71</b>	<b>6.74</b>	<b>37.33</b>	<b>6.61</b>	<b>48.66</b>	<b>16.85</b>	<b>(42.83)</b>	<b>(12.39)</b>
<b>Provision for Tax</b>										
- Current Tax	27.00	2.73	48.00	3.82	10.50	1.86	6.30	2.18	0.00	0.00
- Fringe Benefit Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.64	0.47
- Tax adjustment of prior years	0.00	0.00	0.00	0.00	0.00	0.00	(1.07)	(0.37)	0.00	0.00
- Deferred Tax Liability / (Asset)	1.98	0.20	(3.31)	(0.26)	(2.11)	(0.37)	(1.62)	(0.56)	(3.03)	(0.88)
<b>Profit after tax</b>	<b>58.86</b>	<b>5.96</b>	<b>40.02</b>	<b>3.19</b>	<b>28.94</b>	<b>5.12</b>	<b>45.06</b>	<b>15.60</b>	<b>(41.45)</b>	<b>(14.35)</b>

The figures as at September 30, 2012 are not comparable with those of as at March 31, 2012 as the current period represents a period of 6 months from April 1, 2012 to September 30, 2012



## **Financial Performance Highlights for the 6 Months Period Ended September 30, 2012**

### **Revenue from operations**

Our income from operations during the 6 months period ended September 30, 2012 was ₹ 987.43 Lakhs. The revenue from property development was ₹ 975.58 Lakhs which comprised 98.80% of our total income for the six months period ended September 30, 2012. The income from property development was attributable to sale under new projects named “Mystic Winds” and “Lake Drive”. The other income includes mainly interest income on fixed deposits and maintenance charges.

### **Total Expenses:**

The total expenditure during the 6 months period ended September 30, 2012 was ₹ 899.59 Lakhs. The total expenditure represents 91.10% of the total revenue. The total expenses is represented by cost of sales, changes in inventories of finished goods and WIP, employee benefits expense, finance costs, depreciation and amortization expense, other expenses for administrative and selling and distribution. The main constituent of total expenditure is cost of sales, which is ₹ 724.27 Lakhs. The said expenses are pertaining to the construction activity of the two projects named above.

### **Profit after tax**

Our restated net profit during the 6 months period was ₹ 58.86 Lakhs representing 5.96% of the total revenue of our Company.

## **COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2012 WITH FISCAL 2011**

### **1. Revenue from Operations:**

During the year 2011-12 the total revenue of our company increased to ₹ 1256.28 Lakhs as against ₹ 564.93 Lakhs of 2010-11, representing 98.02% of the total revenue. The revenues from property development increased to ₹ 1,231.44 Lakhs from ₹ 544.28 Lakhs, an increase of 126.25% to previous year. This increase can be attributable to sale of additional 13 villas and receipt of amounts towards such new agreements and the existing agreements added with the construction process being carried out at an increased pace. The other income includes mainly interest income on fixed deposits and maintenance charges.

### **2. Total Expenses:**

The total expenditure for the year 2011-12 increased to ₹ 1,171.58 Lakhs from ₹ 527.60 Lakhs, an increase of 122.06% to the previous year which is in line with the increase in revenue between this two years. This increase was due to increase in the construction activity and cost of additional sources of finance to sustain the increase in operations.

### **3. Cost of Sales:**

Cost of Sales for the year 2011-12 amounted to ₹ 968.17 Lakhs as against ₹ 470.68 Lakhs of previous year, an increase of 105.69% to the previous year. In % terms it amounted to 77.07% of the total revenue as against 83.32% in the previous year. This increase of 105.69% was as a result of increase in the construction activity of the villas.

### **4. Changes in inventories of finished goods, WIP and Stock-in-Trade:**

The inventory has increase to ₹ 380.58 Lakhs in 2011-12 as compared to ₹ 194.87 Lakhs in 2010-11 due to an increased Work in Progress given the pace of construction work.



#### **5. Employee benefits expense:**

The employee benefit expense comprises of salaries, allowances, contribution to provident fund, staff welfare expenses and other benefits to the employees. The said expenses increased to ₹ 160.09 Lakhs during the current year from ₹ 119.22 Lakhs in the previous year 2010-11 i.e. an increase of 34.28% to the previous year. The employee benefit expenses did not increase in proportion to growth in total revenue due to increase in output per employee as a result of improved systems, procedure and expertise. Further the fixed employee cost did not increase. Due to this the employee cost decreased to 12.74% from 21.10% of the Total Revenue.

#### **6. Finance costs:**

Finance cost for the year 2011-12 increased to ₹ 142.59 Lakhs as against ₹ 23.44 Lakhs of the previous year. The increase is due to fresh loans taken during the year.

#### **7. Depreciation and amortization expense:**

Depreciation for the year 2011-12 stood at ₹24.30 Lakhs calculated at WDV method as per companies Act. For the year 2010-11 the same was ₹ 12.36 Lakhs. The increase was due to addition to fixed assets during the fiscal year 2011 for which depreciation was allowed only for a part of the year but allowed for the entire year during fiscal year 2012. Further, the depreciation was more due to addition in fixed assets during the year 2011-12.

#### **8. Other expenses:**

Other expenses include administrative, selling & distribution expenses which majorly comprises of advertisements, business promotion, professional charges, commission and brokerage, rent, travelling and conveyance, repairs and maintenance etc. These expenses increased to 20.46% from 17.13% of Total Revenue amounting to ₹ 257.01 Lakhs as against ₹ 96.77 Lakhs during the previous financial year. The said increase was due to increase in Professional consultancy charges towards the project and other fields and certain expenses incurred for new projects.

#### **9. Taxation**

The total tax provision for the year 2011-12 stood at ₹ 44.69 Lakhs, which includes ₹ 3.31 Lakhs for Deferred Tax Assets. The tax has been provided as per Income Tax rules.

#### **10. Profit after tax**

The profit after tax for the year 2011-12 stood at ₹ 40.02 Lakhs as against ₹ 28.94 Lakhs of 2010-11. The net profit margin decreased to 3.19% from 5.12% of the total revenue. The major reason for decrease in the net profit after tax in % terms was due to increase in the finance cost and administrative, selling & distribution expenses.

### **COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2011 WITH FISCAL 2010**

#### **1. Revenue from Operations:**

During the year 2010-11 the total revenue of our company increased to ₹ 564.93 Lakhs as against ₹ 288.88 Lakhs of 2009-10, representing 96.34% of the total revenue. The revenue from property development increased to ₹ 544.28 Lakhs from ₹ 282.40 Lakhs, an increase of 95.56% to the previous year. This increase can be attributable to substantial constructional receipts towards the project named "Lemon Tree". The other income includes mainly interest income on fixed deposits and maintenance charges.

#### **2. Total Expenses:**

The total expenditure for the year 2010-11 increased to ₹ 527.60 Lakhs from ₹ 240.22 Lakhs, an increase of 119.64% to the previous year which is in close proportion to the increase in our revenue.



### **3. Cost of Sales:**

Cost of Sales for the year 2010-11 amounted to ₹ 470.68 Lakhs as against ₹ 259.28 Lakhs of previous year, an increase of 81.54% to the previous year. In % terms it amounted to 83.32% of the total revenue as against 89.75% in the previous year. This increase of 81.54% was as a result of increase in the construction process of “Lemon Tree” being in its initial stages, the company acquired materials for its execution.

### **4. Changes in inventories of finished goods, WIP and Stock-in-Trade:**

The inventory has increase to ₹ 194.87 Lakhs in 2010-11 as compared to ₹161.60 Lakhs in 2009-10 due to an increased Work in Progress given the pace of construction work.

### **5. Employee benefits expense:**

The employee benefit expense comprises of salaries, allowances, contribution to provident fund, staff welfare expenses and other benefits to the employees. The said expenses increased to ₹ 119.22 Lakhs during the current year from ₹ 72.49 Lakhs in the previous year 2009-10 i.e. an increase of 64.45% to the previous year. The increase in employee benefit expenses was an outcome of appointment of additional man power for the expected surge in the volume of business (Fresh Projects) added with the additional costs of existing man power. These expenses did not increase in proportion to growth in total revenue due to fixed employee cost as a result of which the employee benefit cost decreased in % terms to 21.10% from 25.09% of the Total Revenue.

### **6. Finance Cost:**

Finance cost for the year 2010-11 increased to ₹ 23.44 Lakhs as against ₹ 8.20 Lakhs of the previous year. The increase is due to the growth in business and additional loans taken.

### **7. Depreciation and amortization expense:**

Depreciation for the year 2010-11 stood at ₹ 12.36 Lakhs calculated at WDV as per companies Act. For the year 2009-10, the same was ₹ 13.61 Lakhs. The decrease was due to addition to fixed assets during the previous fiscal year 2010 which resulted into more depreciation during the previous year.

### **8. Other expenses:**

Other expenses include administrative, selling & distribution expenses which majorly comprises of advertisements, business promotion, professional charges, commission and brokerage, rent, travelling and conveyance, repairs and maintenance etc. These expenses increased to 17.13% from 16.70% of Total Revenue amounting to Rs. 96.77 Lakhs as against ₹ 48.24 Lakhs during the previous financial year. The said increased was due to additional expenses incurred on maintenance, travelling, selling and distribution expenses etc.

### **9. Taxation :**

The total tax provision for the year 2010-11 stood at ₹ 8.39 Lakhs, which includes ₹ 2.11 Lakhs for Deferred Tax Assets. The tax has been provided as per Income Tax rules.

### **10. Profit after tax**

The profit after tax for the year 2010-11 stood at ₹ 28.94 Lakhs as against ₹ 45.06 Lakhs of 2009-10. The net profit margin decreased to 5.12% from 15.60% of the total revenue. The major reason for decrease in the net profit after tax in % terms was due to increase in Material cost, Finance cost, Administration and Selling & Distribution expenses.



## COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2010 WITH FISCAL 2009

This decrease in sales is due to completion of the project “Grace” and the project “Lemon Tree” being at its inception stage.

### 1. Revenue from Operations:

During the year 2009-10 the total revenue of our company decreased to ₹ 288.88 Lakhs as against ₹ 345.78 Lakhs of 2008-09, representing 97.76% of the total revenue. The revenue from property development decreased to ₹ 282.40 Lakhs from ₹ 345.78 Lakhs, a decrease of 18.33% to the previous year. This decrease in sales is due to completion of the project “Grace” in the previous year and the project “Lemon Tree” being at its inception stage during the current fiscal year.

### 2. Total Expenses:

The total expenditure for the year 2009-10 decreased to ₹ 240.22 Lakhs from ₹ 388.62 Lakhs, a decrease of 38.19% to the previous year. This was due to completion of the project “Grace” and construction of the project “Lemon Tree” not commenced during the current fiscal year.

### 3. Cost of Sales:

Cost of Sales for the year 2009-10 amounted to ₹ 259.28 Lakhs as against ₹ 370.49 Lakhs of previous year, a decrease of 30.01% to the previous year. In % terms it amounted to 89.75% of the total revenue as against 107.14% in the previous year. The fall was due to completion of the project “Grace” and construction of the project “Lemon Tree” not commenced during the current fiscal year. However during the year the direct expenses increased due to preliminary expense incurred on the project “Lemon Tree” during the year, which is also reflected in the increase in work in progress for the year.

### 4. Changes in inventories of finished goods, WIP and Stock-in-Trade:

The inventory has increase to ₹ 161.60 Lakhs in 2009-10 as compared to ₹102.23 Lakhs in 2008-09 due to preliminary expense incurred on the project “Lemon Tree” during the year.

### 5. Employee benefits expense:

The employee benefit expense comprises of salaries, allowances, contribution to provident fund, staff welfare expenses and other benefits to the employees. The said expenses decreased to ₹ 72.49 Lakhs during the current year from ₹ 78.80 Lakhs in the previous year 2008-09 i.e. a decrease of 8% to the previous year.

### 6. Finance Cost:

Finance cost for the year 2009-10 increased to ₹ 8.20 Lakhs as against ₹ 12.47 Lakhs of the previous year. The decrease is due to lesser utilization of loan funds in absence of major construction activity.

### 7. Depreciation and amortization expense:

Depreciation for the year 2009-10 stood at ₹ 13.61 Lakhs calculated at WDV as per companies Act. For the year 2008-09 the same was ₹ 17.48 Lakhs. The decrease was due to proportionately lesser addition to fixed assets during the fiscal year 2010.

### 8. Other expenses:

Other expenses include administrative, selling & distribution expenses which majorly comprises of advertisements, business promotion, professional charges, commission and brokerage, rent, travelling and conveyance, repairs and maintenance etc. These expenses increased to 16.70% from 3.33% of Total Revenue amounting to ₹ 48.24 Lakhs



as against ₹ 11.52 Lakhs during the previous financial year. The increase was due to additional administration expenses incurred for finalization of sales of the project “Grace” and commencement of the project “Lemon Tree”.

**9. Taxation :**

The total tax provision for the year 2009-10 stood at ₹ 3.60 Lakhs, which includes ₹ 1.62 Lakhs for Deferred Tax Assets. The tax has been provided as per Income Tax rules.

**10. Profit After Tax :**

The profit after tax for the year 2009-10 stood at ₹ 45.06 Lakhs as against a loss of ₹ 41.45 Lakhs of 2008-09. The net profit margin increased to 15.60% from (14.35)% of the total revenue. The major reason for increase in the profit in the year 2009-10 as compared to 2008-09 is because the major construction work was done in the year 2008-09 and the sales towards such construction was recognized in the subsequent year.



**Information required as per Item (2) (IX) (E) (5) of Part A of Schedule VIII to the SEBI Regulations:**

**An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:**

***Unusual or infrequent events or transactions***

There are no unusual or infrequent events or transactions in our Company. The transactions are as per usual business operations.

***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.

***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 9 in the Draft 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.

***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 material suppliers and service vendors.

***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 and inception of new construction projects.

***Total turnover of each major industry segment in which Our Company operated***

The Company operates in single industry segment i.e. construction and real estate.

***Status of any publicly announced New Products or Business Segment***

Our Company has announced new projects which are under progress during the past years under project names “Lake Drive”, “Mystic Wind”, “Sunshine”, “Rhythm” and “Endless Clouds” which can also be seen on our company website.

***Seasonality of business***

Our Company’s business is not seasonal in nature.

***Dependence on a single or few customers / supplier***

We are a construction company having projects which offer spaces to individual clients/customers and hence our clients/customers are non repetitive in nature.

The % of contribution of our Company’s top 5 suppliers are as follows:



#### Our Major Suppliers for the half year ended September 30, 2012

Name of the Supplier	Amount (₹ in Lakhs)	% of purchase
Uma Iron & Steels Pvt. Ltd	134	32.84%
Madras Cements Ltd	53	12.99%
Agro Steels	38	9.31%
Mines & Rock Products I Pvt. Ltd	22	5.39%
Acc Concrete Ltd	22	5.39%
<b>Total</b>	<b>269</b>	<b>65.92%</b>

#### Our Major Suppliers for the financial year ended March 31, 2012

Name of the Supplier	Amount (₹ in Lakhs )	% of purchase
Agro Steels	106	17.85%
Uma Iron & Steels Pvt. Ltd	73	12.29%
Uro Veneer World	42	7.07%
Madras Cements Ltd	40	6.73%
Acc Concrete Ltd	39	6.57%
<b>Total</b>	<b>300</b>	<b>50.51%</b>

#### *Competitive conditions*

Competitive conditions are as described under the Chapters “*Industry Overview*” and “*Our Business*” beginning on pages 69 and 72, respectively of the Draft Prospectus.

#### *Details of material developments after the date of last balance sheet i.e. September 30, 2012*

Except a loan taken from Reliance Home Finance on 05.02.2013 for ₹150 Lakhs, in the opinion of the Board of our Company, there have not arisen, since the date of the last financial statements i.e. September 30, 2012 included in this Draft Prospectus, any circumstance that materially and adversely affect or is likely to affect our business or profitability or the value of our assets or our ability to pay our liabilities within the next 12 months. There is no subsequent development except the loan taken under normal course of our business, after the date of the Auditor’s Report which we believe is expected to have a material impact on reserves, profits, earning per share and book value of our business.

#### **Related Party Transactions**

For details on related party transactions, please refer to the statement of related party transactions contained in Annexure M to our restated standalone financial information and restated consolidated financial information on pages 157 and 188, respectively of the Draft Prospectus.





## **SECTION VI – LEGAL AND OTHER INFORMATION**

### **OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS**

*There are no outstanding litigations, suits, civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or, alleging criminal or economic offences or tax liabilities or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Directors, our Promoter and our Group Entities that would have a material adverse effect on our business. There are no defaults, non-payments or overdue of statutory dues, institutional/bank dues and dues payable to holders of debentures or fixed deposits and arrears of cumulative preference shares that would have a material adverse effect on our business.*

#### **PART 1: CONTINGENT LIABILITIES OF OUR COMPANY - NIL**

#### **PART 2: LITIGATION RELATING TO OUR COMPANY**

##### **A. FILED AGAINST OUR COMPANY**

###### **1. Litigation Involving Civil Laws:**

NIL

###### **2. Litigation Involving Criminal Laws.**

NIL

###### **3. Litigation involving Securities and Economic Laws**

NIL

###### **4. Litigation involving Statutory Laws**

NIL

###### **5. Litigation involving Labour Laws**

NIL

##### **B. CASES FILED BY OUR COMPANY**

###### **1. Litigation involving Civil Laws:**

NIL

###### **2. Litigation Involving Criminal Laws:**

NIL

###### **3. Litigation Involving Securities and Economic Laws:**

NIL

###### **4. Litigation Involving Statutory Laws:**



NIL

**5. Litigation Involving Labour Laws:**

NIL

**C. PAST PENALTIES**

NIL

**PART 3: LITIGATION RELATING TO OUR SUBSIDIARIES**

**A. CASES FILED AGAINST OUR SUBSIDIARIES**

**1. Litigation involving Civil Laws**

NIL

**2. Litigation involving Criminal Laws**

NIL

**B. CASES FILED BY OUR SUBSIDIARIES**

**1. Litigation involving Civil Laws**

NIL

**3. Litigation involving Criminal Laws**

NIL

**C. PAST PENALTIES**

NIL

**PART 4: LITIGATION RELATING TO OUR DIRECTORS**

**A. LITIGATION AGAINST OUR 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



**B. LITIGATION FILED BY OUR 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

**C. PAST PENALTIES**

NIL

**PART 5: LITIGATION RELATING TO OUR PROMOTERS**

**A. LITIGATION AGAINST OUR PROMOTERS**

**1. Litigation involving Civil/Statutory Laws.**

NIL

**2. Litigation involving Criminal Laws.**

NIL

**3. Litigation Involving Securities and Economic Laws.**

NIL

**B. LITIGATION FILED BY OUR PROMOTERS**

**1. Litigation involving Civil/Statutory Laws.**

NIL

**2. Litigation involving Criminal Laws.**

NIL

**3. Litigation Involving Securities and Economic Laws.**

NIL

**C. PAST PENALTIES**

NIL



**PART 6: LITIGATION RELATING TO OUR GROUP COMPANIES**

**A. LITIGATION AGAINST OUR GROUP COMPANIES**

**1. Litigation involving Civil Laws.**

NIL

**2. Litigation involving Criminal Laws.**

NIL

**3. Litigation Involving Securities and Economic Laws.**

NIL

**B. LITIGATION FILED BY OUR GROUP COMPANIES**

**1. Litigation involving Civil Laws.**

NIL

**2. Litigation involving Criminal Laws.**

NIL

**3. Litigation Involving Securities and Economic Laws.**

NIL

**C. PAST PENALTIES**

NIL

**PART 7: LEGAL NOTICES**

**1. Legal notices issued to our Company**

NIL

**2. Legal Notices issued by our Company**

NIL

**3. Legal Notices issued to our subsidiaries**

NIL

**4. Legal Notices issued by our subsidiaries.**

NIL

**5. Legal Notices issued to our Group Companies.**

NIL



**6. Legal Notices issued by our Group Companies.**

NIL

**PART 8: AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS AND OTHER CREDITORS**

There are no outstanding dues payable to Small scale industries and other creditors amounting to ₹1 lakh or more which are pending for more than 30 (thirty) days from the due date.

**PART 9: MATERIAL DEVELOPMENTS OCCURING AFTER LAST BALANCE SHEET DATE, i.e. September 30, 2012**

Except a loan taken from Reliance Home Finance on 05.02.2013 for ₹150 Lakhs, in the opinion of the Board of our Company, there have not arisen, since the date of the last financial statements i.e. September 30, 2012 included in this Draft Prospectus, any circumstance that materially and adversely affect or is likely to affect our business or profitability or the value of our assets or our ability to pay our liabilities within the next 12 months. There is no subsequent development except the loan taken under normal course of our business, after the date of the Auditor's Report which we believe is expected to have a material impact on reserves, profits, earning per share and book value of our business.



## **GOVERNMENT AND OTHER APPROVALS**

*We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business (as applicable on date of this Draft Prospectus) and except as mentioned below, no further approvals are required for carrying on our present business.*

*In view of the approvals listed below, we can undertake this Issue and our current/proposed business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to be undertaken in respect of the Issue or continue our business activities. It must be distinctly understood that, in granting these approvals, the Government of India 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. Unless otherwise stated, these approvals are all valid as of the date of this Draft Prospectus.*

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to carry out its activities.

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.

### **I. APPROVALS FOR THE ISSUE**

#### **Corporate Approvals**

1. The Board of Directors have, pursuant to Section 81(1A) of the Companies Act, by a resolution passed at its meeting held on January 10, 2013 authorized the Issue, subject to the approval of the shareholders and such other authorities as may be necessary.
2. The shareholders of our Company have, pursuant Section 81(1A) of the Companies Act, by a Special Resolution passed in the Extra Ordinary General Meeting held on January 24, 2013, authorized the Issue.
3. Our Company has obtained in-principle listing approval from the SME platform of the BSE dated [●].

### **II. INCORPORATION AND OTHER DETAILS**

#### **A. Our Company**

1. Certificate of Incorporation dated November 28, 2003 issued by the Registrar of Companies, Karnataka (“RoC”) in the name of “Samruddhi Realty Private Limited”.
2. Fresh Certificate of Incorporation dated March 31, 2010 issued by the RoC consequent upon change of name from “Samruddhi Realty Private Limited” to “Samruddhi Realty Limited”.
3. The Corporate Identity Number (CIN) of the Company is U07010KA2003PLC032934.

#### **B. Our Subsidiaries**

1. Certificate of Incorporation dated February 14, 2010 issued by the Registrar of Companies to Samruddhi Gruha Nirman Private Limited.
2. Certificate of Incorporation dated February 17, 2010 issued by the Registrar of Companies to Samruddhi Holiday Resorts Private Limited.
3. Certificate of Incorporation dated February 14, 2010 issued by the Registrar of Companies to Samruddhi Vaasthu Infracon Private Limited.



### III. GENERAL APPROVALS

1. The Company has obtained Certificate of Registration No.SLJ8/W.76/W.NO.3666/04 under the Karnataka Shops and Commercial Establishments Act, 1961 for its office located at the Landmark, No.21/15, 4<sup>th</sup> Floor, M. G. Road, Bangalore – 560 001. The Certificate was issued on May 27, 2004, It was renewed on November 23, 2011 and is now valid until December 31, 2017.

### IV. TAX RELATED APPROVALS/LICENSES/REGISTRATIONS

The Company has in place the following categories of approvals from various tax authorities viz. Income-tax Department, Sales tax Department of various States in India, etc.

i. General					
S. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
1.	Permanent Account Number (PAN)	The Income Tax Department, Government of India	AAHCS8507Q	November 28, 2003	Valid until cancelled
2.	Tax Deduction and Collection Account Number (TAN)	the Income Tax Department, Government of India	BLRS14840A	NA	NA
3.	Certificate of Registration issued under Service Tax Code Registration	Commissioner of Service Tax, Mumbai	AAHCS8507QSD002	August 24, 2012	Valid until cancelled

i. Value Added Tax					
S. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
1.	Certificate of Registration	Assistant Commissioner of Commercial Taxes, (LVO) - 020 Bangalore	TIN - 29200562890	February 15, 2011	Valid from October 12, 2010 until cancelled

i. Central Sales Tax					
S. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
1.	Certificate of Registration	Assistant Commissioner of Commercial Taxes, (LVO) - 020 Bangalore	TIN - 29200562890	February 15, 2011	Valid from October 12, 2010 until cancelled

iv. Professional tax					
S. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
1.	Certificate of Registration-Karnataka	Professional tax Authority	BNACCT-XXIV/2279/04-05	June 8, 2004	NA



## V. LABOUR RELATED APPROVALS/REGISTRATIONS

The Company has obtained the following approvals related to Labour/employment related registrations:

S. No.	Authority	Code Number	Date of Issue
1.	Assistant Provident Fund Commissioner, Regional Office (Compliance Wing), 570, Rajarajeshwari Regency, 26 <sup>th</sup> Cross, Near Rajarajeshwari Temple, Rajarajeshwari Nagar, Bangalore – 560 098.	KN/44181	July 19, 2010
2.	Director, Employees' State Insurance Corporation, PanchdeepBhawan, No.10, BinnyPeth, Binny Fields, Karnataka	53000311830001099	January 10, 2012

### 2. Approvals under the Contract Labour (Regulation and Abolition) Act, 1970 ("Contract Labour Act")

S No.	Description	Authority	Project	Code Number	No. of Labourers	Contractor	Date of Issue	Validity
1.	Certificate of Registration granted under Section 7 of the Contract Labour Act issued to the Company	Assistant Labour Commissioner, Division 4, KarmikaBhavan, Banergatta Road, Bangalore	Samruddhi Sunshine – Survey No.11/1, BegurHobli, Naganathapur, Bangalore South Taluka, Bangalore	ALCB4/CLA/P-122/2012-13	100	Starworth Infrastructure and Construction Limited ("SICL")	November 27, 2012	NA
2.	License for conducting civil, electrical plumbing, fire fighting work granted under Section 12(1) of the Contract Labour Act to SICL	Assistant Labour Commissioner, Division 4, Bangalore	Establishment of the Company located The Landmark, No.21/15, 4 <sup>th</sup> Floor, M.G.Road, Bangalore – 560 001	ALCB-4/CLA/C-277/2012-13	100	SICL	December 31, 2012	Valid until December 30, 2013
3.	Certificate of Registration	Assistant Labour Commissioner and	Samruddhi Lake Drive – Survey No.43 and	ALCB-3/CLA/P-73/2012-13	60	Rims Manpower Solutions (India)	August 7, 2012	NA






	granted under Section 7 of the Contract Labour Act to the Company	Registering Officer, Bangalore Division III Bangalore	52(P), Nimbekayipur Village, Bidarahalli (Hobli), Bangalore – 560049			Private Limited (“RMSIPL”)		
4.	License for conducting civil, electrical plumbing, fire fighting work	Assistant Labour Commissioner, Division 3, Bangalore	Samruddhi Lake Drive – Survey No.43 and 52(P), Nimbekayipur Village, Bidarahalli (Hobli), Bangalore 560049	ALCB-4/CLA/C-184/2012-13	60	RMSIPL	August 25, 2012	Valid until August 24, 2013

#### VI. Approvals Relating To Intellectual Property

##### TRADEMARKS

S. No.	Particulars of Mark	Word/ Label Mark	Applicant	Application No.	Date of Filing	Class	Status
1.	 Samruddhi	Label	Samruddhi Realty Private Limited	1953445	April 20, 2010	37	Objected*

\* The trade mark has been objected by the Trade Mark Registry under Section 11 of the Trade Mark Act, 1999. The Company has filed its reply dated July 9, 2012 in support of registration of the trade mark. Thereafter, the Company received a show cause hearing notice dated December 4, 2012 wherein the hearing in the matter was fixed for December 31, 2012. The matter has been adjourned for hearing.

##### COPYRIGHT

Sr. No.	Applicant	Registration Number	Title of Work	Date of Filing	Date of Issue	Class and Description	Status
1.	Mr. Hemang D. Rawal, Samruddhi Realty Limited	SR-7691-2012	Jingle	July 27, 2010	June 13, 2012	Sound recording	Registered

#### VII. PROJECT RELATED APPROVALS

The Company has obtained the following approvals for the purposes of its current projects.



**PROJECT MYSTIC WIND:**

Sr. No.	Description	Reference Number	Issuing Authority	Date of Issue	Date of Expiry
1.	Plan Sanction Letter	BMP/NM/AS/AA-1/TSA-2/U/06 2011-12	Commissioner, Bangalore Development Authority	May 8, 2011	June 7, 2013
2.	Sanctioned Plan in respect of: i. Ground Floor Plan; ii. First Floor and Second Floor Plan; iii. Terrace Floor Plan, Elevation and Section; and iv. Elevation Section and Site Plan.	BDA/NM/AS/AA-1/TS-2/N/06/2011-12	Commissioner, Bangalore Development Authority	June 8, 2011	June 7, 2013
3.	Official Memorandum – Order for conversion of agricultural land to be non-agricultural residential land for Survey No.31/2	ANLS(EBK)49/2010-11	Special Deputy Commissioner, Bangalore District, Bangalore.	January 21, 2011	NA
4.	Commencement Certificate	BDA/EMEO-02/TA-2/CC/T-118/2012-13	Bangalore Development Authority	June 08, 2012	NA

**PROJECT LAKEDRIVE:**

Sr. No.	Description	Reference Number	Issuing Authority	Date of Issue	Date of Expiry
1.	Endorsement stating non-acquisition of Survey No.43 and Survey No.52	Bangalore/VBAA/248 /2007-08	Special Acquisition Officer, Karnataka Industrial Areas Development Board.	December 13, 2007	NA
2.	No-objection Letter for sanctioning of 50,000 litres of water to Survey No.43 and Survey No.52	NA	Secretary, Mandur Gram Panchayath.	March 23, 2009	NA
3.	Plan Sanction Letter	BMP/NM/AS/P/32/10 -11	Commissioner, Bangalore Development Authority.	April 15, 2010	April 14, 2012
4.	Approved Development Plan Sanction	GH-05/09-10/2916/2009-10	Commissioner, Bangalore Development Authority.	November 30, 2009	NA
5.	Sanctioned Development Plan	BDA/TPM/GH05/09-10/2916/2009-10	Commissioner, Bangalore Development Authority.	November 30, 2009	NA
6.	Sanctioned Ground to Second Floor Plan – Section and Elevation (Block 6)	NM/AS/AA3-1N/32/2010-2011	Commissioner, Bangalore Development Authority.	April 15, 2010	April 14, 2012
7.	Sanctioned Plan for: 1. The Site Plan; 2. Ground Floor Plan; 3. 1 <sup>st</sup> Floor and 2 <sup>nd</sup> Floor Plan (Block 1, 4 and 5) and Elevation and	BDA/TPM/GH05/09-10/2916/LP0031/2012 -13	Commissioner, Bangalore Development Authority.	May 21, 2011	May 20, 2013



	Section (Block -1); 4. 1 <sup>st</sup> Floor and 2 <sup>nd</sup> Floor Plan (Block 2and 3)				
8.	Consent for establishment for construction 65 villas Karnataka State Pollution Control Board (“KSPCB”)	PCB/182/CNP/09/H10 07	Senior Environmental Officer, KSPCB	August 25, 2009	NA
9.	Consent for establishment for construction of 65 villas from Karnataka State Pollution Control Board (“KSPCB”)	PCB/182/CNP/09/202 4	Senior Environmental Officer, KSPCB	August 14, 2009	NA
10.	Commencement Certificate	BDA/EM/EO-II/TA-II/CC/T-319/2011-2012	Bangalore Development Authority	September 03, 2011	NA

**PROJECT SUNSHINE:**

Sr. No	Description	Reference Number	Issuing Authority	Date of Issue	Date of Expiry
1.	No Objection Certificate from fire department	GBC(1)97/2011	Director General of Police and Director General, Karnataka Fire and Emergency Services.	October 31, 2011	NA
2.	No Objection Certificate from Bangalore Electricity Supply Company Limited (“BESCOM”) for supply of 600KVA power.	EE/HSRD/JE-1/626-27	Executive Engineer (Ele) C, O&M, HSR Layout Division, BESCOM, Bangalore	April 30, 2011	March 31, 2013
3.	No Objection Certificate from Bharat Sanchar Nigam Limited for construction of a high rise building.	AGM/(TP)/S-6/VI/2010-11/7	AGM (Transmission Planning), the Microwave Survey Division, Bangalore	January 19, 2011	NA
4.	No Objection Certificate – Height Clearance	ASC/CM(AO)/181/HAL-BG-266/2011	General Manager, Airport Services Centre, Hindustan Aeronautics Limited	December 23, 2011	December 22, 2016
5.	No Objection Certificate for water supply and underground facilities	BWSSB/EIC/ACE(M)-I/DCE(M)/TA-9/9357/2011-12	Engineer in Chief, Bangalore Water Supply and Sewerage Board	March 14, 2012	NA
6.	Consent for establishment under Water (Prevention and Control of Pollution) Act	PCB/142/CNP/11/H14 11	Senior Environmental Officer, Karnataka State Pollution Control Board	March 20, 2012	NA
7.	Permission Letter to construct residential apartments	NA	Joint Director, Bruhat Bangalore MahanagaraPalike	August 13, 2012	August 22, 2014
8.	Sanctioned Plan for:	BBMP/ADDLDIR/JG	Joint Commissioner, Town	August	August



	1. Stilt Floor Plan; 2. Typical 1 <sup>st</sup> to 19 <sup>th</sup> , Terrace Floor plan and Site Plan; 3. Elevation; 4. Ground Floor Plan; 5. Basement Floor Plan; and 6. Section.	SOUTHLP0031/2012- 13	Planning, Bruhat Bangalore MahanagarPalike.	23, 2012	22, 2014
9.	Official Memorandum – Order for conversion of agricultural land to be non-agricultural residential land for Survey No.11/1	ANL/(SB)(BH)SR25/1 0-11	Special Deputy Commissioner, Bangalore District, Bangalore.	October 26, 2010	NA
10.	Endorsement stating non-acquisition of Survey No.11	KKPAM/BS/314/2010 -11	Special Acquisition Officer, Karnataka State Area Development Board	May 05, 2010	NA

**PROJECT RHYTHM:**

Sr. No.	Description	Reference Number	Issuing Authority	Date of Issue	Date of Expiry
1.	Consent for establishment	PCB/177/CNP/12/H83 4	Senior Environmental Officer, Karnataka State Pollution Control Board	October 22, 2012	NA
2.	Official Memorandum – Order for conversion of agricultural land to be non-agricultural residential land for Survey No.29/2 and Survey No.30/1	ANL(SB)(BH)SR147/ 2008-09	Special Deputy Commissioner, Bangalore District, Bangalore.	June 26, 2009	NA
3.	Sanctioned Plan for: 1. Basement and Ground Floor Plan; 2. Ground Floor Plans; 3. Block A and B- Typical 1 <sup>st</sup> to 4 <sup>th</sup> Floor Plan; 4. Block A and B- Terrace Floor Plan; and 5. Elevation, Section and Site Plan.	NM/AS/AA- 2/U/93/12-13	Bangalore Development Authority	February 12, 2013	February 11, 2015



## **SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **AUTHORITY FOR THE ISSUE**

The Issue has been authorised by a resolution of the Board dated January 10, 2013. The shareholders have authorised the Issue by a special resolution passed pursuant to section 81(1A) of the Companies Act at the EGM of our Company held on January 24, 2013.

Our Company has obtained in-principle approval from the SME Platform of BSE for using its name in the Prospectus pursuant to letter dated [●]. BSE is the Designated Stock Exchange.

### **PROHIBITION BY SEBI OR OTHER GOVERNMENTAL AUTHORITIES**

There is no prohibition on our Company, Promoters, Promoters Group, Directors, Group Companies for accessing the Capital Market for any reason by the Board or any other Authorities.

Our Company, our Promoters, our Promoter Group, our Directors have not been debarred from accessing or operating in the capital market by the Board (SEBI) or any other regulatory or governmental authority. The listing of any securities of our Company has never been refused by any of the stock exchanges in India.

Neither of our Promoters, Promoter Group, Directors has ever been part of Promoters, Promoter Group, Directors of any other Company which is debarred from accessing the capital market under any order or directions made by the Board (SEBI) or any other regulatory or governmental authority.

None of our Directors are in any manner associated with the securities market and there has been no action taken by SEBI against our Directors or any entity in which our Directors are involved as promoters or directors.

### **PROHIBITION BY RBI**

Neither our Company, our Promoters, our Promoter Group, our Group Companies, relatives of our Promoters (as defined under the Companies Act), our Directors and companies with which our Directors are associated as directors or promoters have not been declared as willful defaulters by RBI / government authorities and there are no violations of securities laws committed by them in the past and no proceedings are pending against them.

### **ELIGIBILITY FOR THE ISSUE**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations; and this Issue is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the 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:

- a) In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this issue is hundred percent underwritten and that the Lead Manager to the Issue Shall underwrite minimum 15% of the Total Issue Size. *For further details pertaining to said underwriting please refer to “General Information – Underwriting” on page 39 of this Draft Prospectus.*
- b) 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, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under Section 73 of the Companies Act.



- c) In accordance with Regulation 106(O) of the SEBI (ICDR) Regulations, we have not filed any Draft 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.
- d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we hereby confirm that we have entered into an agreement with the Lead Manager and a Market Maker to ensure compulsory Market Making for a minimum period of three 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 "General Information – Details of the Market Making Arrangements for this Issue" on page 39 of this Draft 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, 2009, 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 circular dated April 19, 2012, which states as follows:  
<http://www.bsesme.com/aboutpublicissue.aspx>

1. Net Tangible Assets of at least ₹ 1 Crore as per the latest audited financial results (as restated).

(Amount in ₹)

Particulars	(Standalone)		(Consolidated)	
	30.09.2012	31.03.2012	30.09.2012	31.03.2012
<b>Non-current assets</b>				
Tangible Fixed assets (Net Block) excluding Revaluation Reserve, if any	23,461,143	9,016,463	23,461,143	9,016,463
Non-current investments	390,198	390,198	96,198	96,198
Long-term loans and advances	64,545,882	32,576,882	64,545,882	32,576,882
Other non-current assets	1,133,550	833,550	1,133,550	833,550
<b>Current Assets</b>				
Inventories	123,772,427	101,170,229	123,772,427	101,170,229
Trade Receivables	105,730,011	65,515,291	105,730,011	65,515,291
Cash & Bank Balances	49,377,893	30,735,439	49,635,033	30,992,579
Short Term Loans & Advances	6,651,365	4,655,732	6,620,365	4,640,732
Other Current Assets	34,686,662	26,302,805	34,686,662	26,302,805
<b>Total Non-current &amp; Current Assets (A)</b>	<b>409,749,131</b>	<b>271,196,589</b>	<b>409,681,271</b>	<b>271,144,729</b>
<b>Non Current Liabilities</b>				
Long-term borrowings	151,245,653	114,907,074	151,245,654	114,907,074
Long-term provisions	1,739,277	1,286,391	1,739,277	1,286,391
<b>Current liabilities</b>				
Short-term borrowings	13,657,586	13,512,127	13,657,586	13,512,127
Trade payables	35,947,297	17,219,137	35,947,297	17,219,137
Other current liabilities	159,866,557	89,472,284	159,916,501	89,522,228
Short-term provisions	4,334,591	3,926,108	4,334,591	3,926,108
<b>Total Non Current Liabilities and Current Liabilities (B)</b>	<b>366,790,961</b>	<b>240,323,121</b>	<b>366,840,905</b>	<b>240,373,065</b>
<b>Net Tangible Assets (A-B)</b>	<b>42,958,170</b>	<b>30,873,468</b>	<b>42,840,366</b>	<b>30,771,664</b>

Net tangible assets are defined as the sum of all net assets of the Company, excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.



2. Net worth (excluding revaluation reserves) of at least ₹ 1 crore as per the latest audited financial results (as restated).

(₹)

Particulars	(Standalone)		(Consolidated)	
	30.09.2012	31.03.2012	30.09.2012	31.03.2012
Share Capital	28,500,000	22,500,000	28,500,000	22,500,000
Add: Reserves & Surplus	15,438,479	9,552,056	15,354,479	9,468,056
Less: Preliminary Expenses to the extent written off	-	-	-	-
<b>Net Worth</b>	<b>43,938,479</b>	<b>32,052,056</b>	<b>43,854,479</b>	<b>31,968,056</b>

*Net worth includes Equity Share Capital and Reserves (excluding revaluation reserves), Miscellaneous Expenditure not written off, if any. & Debit Balance of Profit and Loss Account not written off, if any)*

3. Track record of distributable profits in terms of Section 205 of Companies Act, 1956 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 ₹ 3 Crores.

*The Company has distributable profits in terms of sec. 205 of Companies Act, 1956(as restated), as detailed below:*

Particulars	30.09.2012	31.03.2012	31.03.2011	31.03.2010
Net Profit (as restated) – Standalone	5,886,423	4,001,671	2,893,705	4,506,045
Net Profit (as restated) – Consolidated	5,886,423	3,971,671	2,893,705	4,452,044

4. The post-issue paid up capital of the Company shall be at least ₹ 1 crores
5. The Company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.
6. The Company shall mandatorily have a website ; [www.samruddhirealty.com](http://www.samruddhirealty.com)
7. The Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
8. There is no winding up petition against the Company that has been accepted by a Court.

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.

#### DISCLOSURE

Neither the Company nor its Promoters, Group Companies, Relatives (as defined under Companies Act, 1956) of Promoters and Group Companies have been identified as willful defaulters by the Reserve Bank of India or any other Authority.

#### Disclaimer Clause of SEBI

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO 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 [●] WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT 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 DRAFT 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 DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.





4. WE SHALL SATISFY 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 DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT PROSPECTUS.
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 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 THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS:
  - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
  - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER BELOW (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR.



**Price Information of Past Issues handled:**

**Hem Securities Limited**

Sr. No.	Issue 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	19534.1	24.00	19151.28	25.45	18022.22	23.15	17728.61
2	Tijaria Polypipes Ltd.	60.00	60.00	14-10-2011	62.00	18.10	(69.83)	17082.69	15.05	16939.28	11.97	17481.93	16.28	17118.74

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 30 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at premium as on 30 <sup>th</sup> 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%
2012-13	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2011-12	1	60.00	1	-	-	-	-	-	1	-	-	-	-	-
2010-11	1	36.00	1	-	-	1	-	-	-	-	1	-	-	-
2009-10	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**Note:**

- 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.
- BSE SENSEX has been considered as the benchmark index.



**Note:**

The filing of this Offer Document does not, however, absolve our Company from any liabilities under Section 63 and section 68 of the Companies Act 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 Lead Merchant Banker any irregularities or lapses in the Offer Document.

**Caution - Disclaimer from our Company and the Lead Manager**

Our Company, our Directors, and the Lead Manager accept no responsibility for statements made otherwise than in the Draft Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site [www.samruddhirealty.com](http://www.samruddhirealty.com) would be doing so at his or her own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the MOU entered into between the Lead Manager Hem Securities Limited and our Company dated March 01, 2013, and the Underwriting Agreement dated March 01, 2013 entered into between the Underwriters (Hem Securities Limited) and our Company and the Market Making Agreement dated March 01, 2013 entered into among the Market Maker and our Company.

All information shall be made available by us 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 centers or elsewhere.

**Note:**

Investors that 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 Equity Shares of our Company.

**Disclaimer in respect of Jurisdiction**

This Issue is being made in India to Persons resident in India (including Indian nationals resident in India), who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in section 4A of the Companies Act, state industrial development corporations, Venture Capital Funds (VCFs) registered with SEBI, Insurance Companies registered with Insurance and Regulatory Development Authority, Provident Funds (subject to applicable law) with minimum corpus of ₹ 2,500 Lakhs and pension funds with minimum corpus of ₹ 2,500 Lakhs, and to permitted non residents including FIIs, eligible NRIs, multilateral and bilateral development financial institutions, foreign venture capital investors registered with SEBI and eligible foreign investors provided they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. The Draft Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to or purchase Equity Shares offered hereby in any other jurisdiction to any Person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any Person into whose possession the Draft Prospectus 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 the jurisdiction of appropriate court(s) in Bangalore, Karnataka, 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 thereby may not be offered or sold, directly or



indirectly, and the Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

*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 applications 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.

#### **Disclaimer Clause of the SME Platform of BSE**

As required, a copy of the Draft Prospectus shall be submitted to the SME Platform of BSE. The Disclaimer Clause as intimated by the SME Platform of BSE to us, post scrutiny of the Draft Prospectus, shall be included in the Prospectus prior to filing with ROC.

#### **Filing**

A copy of this Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Regulation 106(M)(3). However, a copy of the Prospectus shall be filed with SEBI at the Regional office, Overseas Towers, 7<sup>th</sup> Floor, 756-L, Anna Salai, Chennai - 600002.

A copy of the Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the RoC situated at 'E' Wing, 2<sup>nd</sup> Floor, Kendriya Sadana Koramangala, Bangalore-560034, Karnataka.

#### **Listing**

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, there is no requirement of obtaining In-principle approval from SME Platform of BSE. However applications will be made to the SME Platform of BSE for obtaining permission to deal in and for an official quotation of our Equity Shares. BSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalised.

The SME Platform of BSE has given its in-principal approval for using its name in our Prospectus vide its letter dated [●].

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by the SME Platform of BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within 8 days after our Company becomes liable to repay it (i.e. from the date of refusal or within 15 days from the Issue Closing Date), then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under section 73 of the Companies Act.



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 the BSE mentioned above are taken within twelve Working Days from the Issue Closing Date.

### **Impersonation**

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or
- (b) otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”

### **Consents**

Consents in writing of: (a) the Directors, the Promoters, the Company Secretary, the Compliance Officer, the Auditors, the Banker(s) to the Issue; and (b) Lead Manager, Registrar to the Issue, Banker(s) to the Issue, Legal Advisor to the Issue, Underwriters and Market Maker to the Issue to act in their respective capacities have been obtained and shall be filed along with a copy of the Prospectus with the ROC, as required under sections 60 and 60B of the Companies Act and such consents shall 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. K. GOPALAKRISHNAN & CO, Chartered Accountants, the Peer Review Auditors of the Company have agreed to provide their written consent to the inclusion of their report dated February 18, 2013 on restated financial statements and Statement of Possible Tax Benefits dated February 18, 2013 relating to the possible tax benefits, as applicable, which may be available to the Company and its shareholders, included in this 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 Draft Prospectus.

### **Experts Opinion**

Except for the “Statement of Possible Tax Benefits” report dated February 18, 2013 from the Statutory Auditors; our Company has not obtained any expert opinions.

### **Expenses of the Issue**

The total expenses of the Issue are estimated to be approximately ₹ 60.40 Lakhs. The expenses of this Issue include, among others, underwriting and management fees, SCSB’s commission/fees, selling commission, 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:

Activity	Expenses (₹ in Lakhs)	Percentage of Issue Expenses	Percentage of the Issue Size
Payment to Merchant Banker including fees and reimbursements of Market Making Fees, Underwriting and selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars, Bankers etc and other out of pocket expenses*	46.00	76.16%	17.67%
Printing and Stationery and postage expenses	4.00	6.62%	1.54%
Advertising and Marketing expenses	4.50	7.45%	1.73%
Other Expenses	1.90	3.15%	0.73%
Regulatory fees and expenses	4.00	6.62%	1.54%
<b>Total estimated issue expenses</b>	<b>60.40</b>	<b>100.00%</b>	<b>23.20%</b>

#### Fees Payable to the Lead Manager

The total fees payable to the Lead Manager will be as per the (i) Memorandum of Understanding dated March 01, 2013 with the Lead Manager Hem Securities Limited, (ii) the Underwriting Agreement dated March 01, 2013 with Underwriter Hem Securities Limited and (iii) the Market Making Agreement dated March 01, 2013 with Market Maker Hem Securities Limited, a copy of which is available for inspection at our Registered Office.

#### Fees Payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as the per the MoU between our Company and the Registrar to the Issue dated February 11, 2013.

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 them to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

#### Underwriting commission, brokerage and selling commission on Previous Issues

Since this is the Initial Public Offer of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our incorporation.

#### Previous Rights and Public Issues

We have not made any previous rights and public issues in India or abroad in the five years preceding the date of the Draft Prospectus.

#### Previous issues of shares otherwise than for cash

Except as stated in the chapter titled “*Capital Structure*” beginning on page 41 of the Draft Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.



### **Companies under the same management**

Except as stated in the section titled “Our Promoter and “our Promoter Group” beginning on page 109 and 112 respectively of this Draft Prospectus, there are no companies under the same management within the meaning of former section 370 (1B) of the Companies Act. No Company under the same management as the Company within the meaning of Section 370(1B) of the Companies Act has made any public issue (including any rights issues to the public) during the last three years.

### **Promise vis-à-vis objects – Public/ Rights Issue of our Company and/ or listed group companies, subsidiaries and associates of our Company**

Our Company and Promoter Group have not made any previous rights and public issues.

### **Outstanding Debentures, Bond Issues, or Preference Shares**

Our Company does not have any outstanding debentures, bonds or preference shares as of the date of the Draft Prospectus.

### **Stock Market Data for our Equity Shares**

This being an Initial Public Offering of our Company, the Equity Shares of our Company are not listed on any stock exchanges.

### **Mechanism for Redressal of Investor Grievances**

The agreement between the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of at least three years from the last date of dispatch of the letters of allotment, demat credit and refund orders 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, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Applicants.

Our Board by a resolution on February 08, 2013 constituted a Shareholders/Investors Grievance Committee. The composition of the Shareholders/Investors Grievance Committee is as follows:

<b>Name of Director</b>	<b>Designation in Committee</b>	<b>Nature of Directorship</b>
Mrs. Sushma T. S.	Chairman	Non Executive-Independent Director
Mr. Praveen Narayanaswamy	Member	Non Executive-Independent Director
Mr. Ravindra M. Madhudi	Member	Whole Time Director

For further details, see section titled “Our Management” beginning on page 97 of this Draft Prospectus.

We have also appointed Mr. Dharmesh M. Kuvalekar as the Compliance Officer for this Issue and he may be contacted at the Registered Office of the Company. His contact details are as follows:

**Mr. Dharmesh Maruti Kuvalekar**  
The Land Mark,  
21/15, 4<sup>th</sup> Floor, M. G. Road,  
Bangalore 560 001,





Karnataka, India.  
Tel No.: +91 – 80 – 4112 2991/ 4112 2992  
Fax No.: +91 – 80 – 4112 2993  
Email: [cssamruddhi@samruddhigroup.com](mailto:cssamruddhi@samruddhigroup.com)

Investors can contact the Compliance Officer or the Registrar to the Issue or the Lead Manager in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary accounts and refund orders

#### **Status of Investor Complaints**

We confirm that we have not received any investor complaint during the three years preceding the date of this Draft Prospectus and hence there are no pending investor complaints as on the date of this Draft Prospectus.

#### **Change in Auditors**

There has been no change in the statutory auditors of our Company for the last three years from the date of this Draft Prospectus.

#### **Capitalisation of Reserves or Profits**

Our Company has not capitalised our reserves or profits during the last five years, except as stated in the chapter titled “*Capital Structure*” beginning on page 41 of the Draft Prospectus.

#### **Revaluation of Assets**

Our Company has not revalued its assets in the last five years

#### **Purchase of Property**

Other than as disclosed in “*Our Business*” Section on page 72 of the Draft Prospectus, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of the Draft 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 Draft Prospectus, our Company has not purchased any property in which the Promoter and/or Directors have any direct or indirect interest in any payment made thereunder.

#### **Servicing Behavior**

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 “*Related Party Transactions*” beginning on page 157 of the Draft Prospectus, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.**



## **SECTION VIII – ISSUE RELATED INFORMATION**

### **TERMS OF THE ISSUE**

*The Equity Shares being offered are subject to the provisions of the Companies Act, 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, 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 January 10, 2013 and was approved by the Shareholders of the Company by passing Special Resolution at the Extraordinary General Meetings held on January 24, 2013 in accordance with the provisions of Section 81(1A) of the Companies Act, 1956.

#### **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 the Articles of Association of the Company*" on page 259 of this Draft Prospectus.

#### **Mode of Payment of Dividend**

The declaration and payment of dividend will be as per the provisions of Companies Act, the Articles of Association, 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, 1956. For further details, please refer to "*Dividend Policy*" on page 132 of this Draft Prospectus.

#### **Face Value and Issue Price**

The Equity Shares having a Face Value of ₹ 10 each are being offered in terms of this Draft Prospectus at the price of ₹ 12 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 57 of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

#### **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;
- 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 259 of this Draft Prospectus.

#### **Minimum Application Value; Market Lot and Trading Lot**

As per the provisions of the Depositories Act, 1996 and Section 68B of the Companies Act, the Equity Shares to be allotted must be in Dematerialised form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode.

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 Dematerialised form only.

The trading of the Equity Shares will happen in the minimum contract size of 10,000 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 10,000 Equity Shares subject to a minimum allotment of 10,000 Equity Shares to the successful applicants.

#### **Minimum Number of Allottees**

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.

#### **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

#### **Nomination Facility to Investor**

In accordance with Section 109A of the Companies Act, 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 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

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



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

Notwithstanding anything stated above, 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**

ISSUE OPENS ON	[•]
ISSUE CLOSES ON	[•]

#### **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 on page 56 of this Draft Prospectus.

If the issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under section 73 of the Companies Act, 1956.

*In accordance with Regulation 106P(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 Draft 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) and 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 10,000 shares. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME Exchange.

#### **Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting**

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please refer sub-heading "*Main Provisions of the Articles of Association of the Company*" on page 259 of this Draft Prospectus.

#### **Option to receive Equity Shares in Dematerialized Form**

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 dematerialised 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.
- 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 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 39 of this Draft Prospectus.

In accordance with the SEBI Circular No. CIR/MRD/DSA/31/2012 dated November 27, 2012, it has decided to make applicable limits on the upper side for the Market 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 two way quotes till it reaches the upper limit threshold, thereafter it has the option to give only sell quotes. Two way quotes shall be resumed the moment inventory reaches the prescribed re-entry threshold.

In view of the Market Maker obligation, there shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts its inventory through market making process on the platform of the exchange, the concerned stock exchange may intimate the same to SEBI after due verification.

### Underwriting Agreement

Underwriting Agreement dated March 01, 2013 has been entered into between our Company, the LM and the Underwriter, who is also the Market Maker in this Issue. This issue is 100% underwritten. However, it may be noted that with regard to the Market Maker Reservation Portion, it is compulsory that the Market Maker i.e. the LM subscribes to the specific portion of the Issue set aside as "Market Maker Reservation Portion" as it needs to be subscribed 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. Accordingly, the LM shall ensure that its portion of 1,10,000 equity shares are subscribed in its OWN account prior to the closure of the Issue.



### **New Financial Instruments**

The Issuer Company is not issuing any new financial instruments through this Issue.

### **Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall, after registering the Prospectus with the RoC publish a pre-Issue advertisement, in the form prescribed by the SEBI (ICDR) 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 where the Registered Office of our Company is situated.

### **Withdrawal of the issue**

The Company, in consultation with the LMs, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

- (i) The final listing and trading approvals of the SME Platform of BSE, which the Company shall apply for after Allotment and
- (ii) The final RoC approval of the Prospectus after it is filed with the RoC.
- (iii) In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue in the same newspapers where the pre-issue advertisement had been published.

If the Company withdraws the Issue after the Issue Closing Date and thereafter determines that it shall proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Prospectus with the SME Exchange

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Jaipur, Rajasthan, 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 232 and 240 of this Draft Prospectus.

Following is the issue structure:

*Public issue of 21,70,000 Equity Shares of ₹ 10/- each (the "Equity Shares") for cash at a price of ₹ 12/- per equity share (including a share premium of ₹ 12/- per equity share) aggregating to ₹ 260.40 Lakhs ("the issue") by Samruddhi Realty Limited ("SRL" or the "Company" or the "Issuer").*

*The issue comprises a Net Issue to Public of 20,60,000 Equity Shares ("the Net issue") and a reservation of 1,10,000 Equity Shares for subscription by the designated Market Maker ("the Market Maker Reservation Portion").*

Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
Number of Equity Shares available for allocation	20,60,000 Equity Shares	1,10,000 Equity Shares
Percentage of Issue Size available for allocation	94.93% of the Issue Size (50% to Retail Individual Investors and the balance 50% to other investors).	5.07% of the Issue Size Firm allotment
Basis of Allotment	Proportionate subject to minimum allotment of 10,000 Equity Shares and further allotment in multiples of 10,000 Equity Shares each.  For further details please refer to "Issue Procedure - Basis of Allotment" on page 245 of this Draft Prospectus.	Firm Allotment
Mode of Application	For QIB Applicants and Non-Institutional 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	<i>For QIB and NII:</i>  Such number of Equity Shares in multiples of 10,000 Equity Shares such that the Application Value exceeds ₹ 2,00,000/-  <i>For Retail Individuals:</i>  10,000 Equity Shares	1,10,000 Equity Shares



Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
Maximum Application Size	<p><i>For all Other Investors:</i></p> <p>For all other investors 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.</p> <p><i>For Retail Individuals:</i></p> <p>Such number of Equity Shares in multiples of 10,000 Equity Shares such that the Application Value does not exceed ₹ 2,00,000/-.</p>	1,10,000 Equity Shares
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Trading Lot	10,000 Equity Shares	10,000 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 237 of this Draft 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
  - i. Individual applicants other than retail individual investors; and
  - ii. Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

#### **Withdrawal of the Issue**

Our Company, in consultation with the LMs, 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 LMs, 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 draft offer document 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 Draft Prospectus, which our Company will apply for only after Allotment; and (ii) the final RoC approval of the Prospectus.

<b>ISSUE OPENING DATE</b>	[•]
<b>ISSUE CLOSING DATE</b>	[•]

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the 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).

Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).



## ISSUE PROCEDURE

### **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 Bankers to the Issue who shall duly submit to them the Registrar of 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 the Equity Shares will be allotted to all successful Applicants only in dematerialized form. Applicants will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchange.

### **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 Draft Prospectus. The application form shall contain space for indicating number of specified securities subscribed for in dematerialised 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 Draft 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 Draft 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:**

<b>Category</b>	<b>Color</b>
Indian Public / NRI's applying on a non-repatriation basis (ASBA and Non-ASBA)	White
Non-Residents including eligible NRI's, 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.

### **Who can apply?**

1. Indian nationals resident in India who are not minors 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, commercial banks (excluding foreign banks), regional rural banks, cooperative banks (subject to RBI regulations and the SEBI Regulations, as applicable);
7. Venture Capital Funds registered with SEBI;
8. State Industrial Development Corporations;
9. 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;
10. Scientific and/or industrial research organizations authorized to invest in Equity Shares;
11. Insurance Companies registered with Insurance Regulatory and Development Authority;
12. Provident Funds with minimum corpus of ₹ 250 million and who are authorized under their constitution to hold and invest in Equity Shares;
13. Pension Funds with minimum corpus of ₹ 250 million and who are authorized under their constitution to hold and invest in Equity Shares;
14. Multilateral and bilateral development financial institutions;
15. National Investment Fund; and

**Applications not to be made by:**

- a. Minors
- b. Partnership firms or their nominations
- c. Foreign Nationals (except NRIs)
- d. Overseas Corporate Bodies
- e. FII's
- f. FVCIs
- g. Other Foreign Investors

**Participation by Associates of LMs**

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.

**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).



#### **Option to Subscribe in the Issue**

- a. Investors will have the option of getting the allotment of specified securities either in physical form or in dematerialized form.
- 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.

#### **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.

#### **Application by Mutual Funds**

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

**No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid up share capital carrying voting rights.**

**In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.**

#### **Applications by 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. The Eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

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 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,.



### **Applications by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors**

As per the current regulations, the following restrictions are applicable for SEBI Registered Venture Capital Funds:

The SEBI (Venture Capital) Regulations, 1996 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. 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 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 Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.*

### **MAXIMUM AND MINIMUM APPLICATION SIZE**

#### **a) For Retail Individual Applicants**

The Application must be for a minimum of 10,000 Equity Shares and in multiples of 10,000 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.

#### **b) For Other Applicants (Non-Institutional Applicants and QIBs):**

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹ 2,00,000 and in multiples of 10,000 Equity Shares thereafter. An Application cannot be submitted for more than the 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 Draft Prospectus.*

### **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:

- 1) 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;



- 2) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPs); and
- 3) the industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPs).

**The above information is given for the benefit of the Applicants. Our 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 filing of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the maximum number of Equity Shares applied for or maximum investment limits do not exceed the applicable limits under laws or regulations or as specified in this Draft Prospectus.**

#### **Applications under Power of Attorney**

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, 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, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority 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.

***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.***

#### **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.



### **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 Draft payable at Mumbai.

### **Applicant's Depository Account and Bank Details**

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:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
2. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
3. For applications where the proportionate allotment works out to less than 10,000 Equity Shares the allotment will be made as follows:
  - a) Each successful applicant shall be allotted 10,000 Equity Shares; and
  - b) The successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
4. If the proportionate allotment to an applicant works out to a number that is not a multiple of 10,000 Equity Shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 10,000 Equity Shares subject to a minimum allotment of 10,000 Equity Shares.



5. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the lower nearest multiple of 10,000 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 Draft Prospectus.
6. The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below
  - a) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
  - b) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
  - c) The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall/may be made available for allocation to applicants in the other category, if so required.

'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 NRIs and they will be treated on the same basis with other categories for the purpose of allocation.**

#### **TERMS OF PAYMENT / PAYMENT INSTRUCTIONS**

The entire issue price of ₹ 12 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/ Stockinvest/ Money Orders/ Postal orders will not be accepted.

A separate Cheque or Bank Draft should accompany each application form. 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. Money Orders / Postal Notes will not be accepted.

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: "SAMRUDDHI REALTY LIMITED -PUBLIC ISSUE - R".
  - In case of Non-Resident Retail Applicants applying on repatriation basis: "SAMRUDDHI REALTY 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.

#### **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 finalisation 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.

#### **GENERAL INSTRUCTIONS**

##### ***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 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.

##### ***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 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.

No separate applications for demat and physical is to be made. If such applications are made, the applications for physical shares will be treated as multiple applications and rejected accordingly.

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 LMs may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non-Institutional Applicants, Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

### **Grounds for 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;
- 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 not in multiples of 4,000;
- Category not ticked;
- Multiple Applications as defined in this Draft Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole;
- 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 by OCBs, FIIs, FVCIs and other foreign investors (except NRIs);

### **Impersonation**



Attention of the applicants is specifically drawn to the provisions of sub section (1) of Section 68A of the Companies Act, which is reproduced below:

**"Any person who:**

- a) **Makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or**
- b) **Otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.**

#### **Signing of Underwriting Agreement**

Wide an Underwriting agreement dated March 01, 2013 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 56 and Section 60 of the Companies Act.

#### **Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, 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 Marathi newspaper with wide circulation.

#### **Designated Date and Allotment of Equity Shares**

The Company will issue and dispatch letters of allotment / securities certificates and / or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 12 days of the Issue Closing Date.

In case the Company issues Letters of allotment, the corresponding Security Certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act, 1956 or other applicable provisions, if any. Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the Security Certificates.

After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Applicants depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of Allotment.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

Applicants to whom refunds are made through electronic transfer of funds will be sent a letter intimating them about the mode of credit of refund within 15 days of closure of Issue.

The 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 us, as Refund Banker and payable at par at places where applications are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.



## **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:

- 1) **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.
- 2) **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.
- 3) **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 Lakhs, 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.
- 4) **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.
- 5) 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 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 days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within 15 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 seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

- 1) Allotment of Equity Shares shall be made within 12 (twelve) days of the Issue Closing Date;
- 2) 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
- 3) The Company shall pay interest at 15% p.a. for any delay beyond the 12 (twelve) 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.

#### **UNDERTAKINGS BY OUR COMPANY**

The Company undertakes the following:

- 1) That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- 2) That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of Allotment;
- 3) 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;
- 4) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Issue Closing Date, 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;
- 5) That the certificate of the securities / refund orders to the non-resident Indians shall be dispatched within specified time; and
- 6) That no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Prospectus are listed or until the Application monies are refunded on account of non-listing, under subscription etc.



- 7) 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.
- 8) 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:

- 1) 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 73 of the Companies Act;
- 2) Details of all monies utilized out of the Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- 3) 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
- 4) 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.

#### **WITHDRAWAL OF THE ISSUE**

Our Company, in consultation with the LMs reserves the right not to proceed with the Issue at anytime, including after the Issue Closing Date but before the Board meeting for Allotment, without assigning any reason. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment. In terms of the SEBI Regulations, QIB Applicants shall not be allowed to withdraw their Application after the Issue Closing Date.

#### **EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL**

To enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- (a) Agreement dated [●] between NSDL, the Company and the Registrar to the Issue;
- (b) Agreement dated [●] between CDSL, the Company and the Registrar to the Issue;

The Company's shares bear an ISIN No. [●]

We have already applied for Dematerialization of Equity Shares with NSDL and CDSL letter dated February 27, 2013. We are awaiting for the approval and ISIN No.

- 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 CDSL and NSDL.
- 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 Draft 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 SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA

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 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 stockinvest, 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.



## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

### RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GOI and FEMA. The Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI (“DIPP”) by Circular 1 of 2012, with effect from April 10, 2012 (“Circular 1 of 2012”), consolidates and supercedes all previous press notes, press releases and clarifications on FDI issued by the DIPP and is currently applicable to all FDI matter.

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.

The Consolidated FDI Policy dated April 10, 2012, permits foreign investment up to 100% is in the Company under the automatic route subject to the following:

- (1) Minimum area to be developed under each project would be as under:
  - (i) In case of development of serviced housing plots, a minimum land area of 10 hectares;
  - (ii) In case of construction-development projects, a minimum built-up area of 50,000 square metres;
  - (iii) In case of a combination project, any one of the above two conditions would suffice.
- (2) Minimum capitalization of US\$10 million for wholly owned subsidiaries and US\$ 5 million for joint ventures with Indian partners provided that the funds are brought in within 6 (six) months of commencement of business of the Company.
- (3) Original investment i.e. the entire amount brought in as FDI cannot be repatriated before a period of 3 (three) years from completion of minimum capitalization. The lock-in period of three years shall commence from the date of receipt of each installment/tranche of FDI or from the date of completion of minimum capitalization, whichever is later. However, the investor may be permitted to exit earlier with prior approval of the Government through the FIPB.
- (4) At least 50% of each such project must be developed within a period of five years from the date of obtaining all statutory clearances. The investor/investee company would not be permitted to sell undeveloped plots. Further, the investor will also be required to obtain a completion certificate from the concerned authorities prior to disposal of serviced housing plots.
- (5) The project shall conform to the norms and standards, including land use requirements and provision of community amenities and common facilities, as laid down in the applicable building control regulations, bye-laws, rules, and other regulations of the concerned authorities.
- (6) The investor/investee company shall be responsible for obtaining all necessary approvals and for complying with all other requirements as prescribed under applicable rules/bye-laws/regulations of the State Government/ Municipal/Local Body concerned.
- (7) The State Government/ Municipal/ Local Body concerned, which approves the building / development plans, would monitor compliance of the above conditions by the developer.

It is pertinent to note that the conditions at (1) to (4) above do not apply to hotels and tourism, hospitals, Special Economic Zones (SEZs), the education sector, old age homes and investment by NRIs. Also, FDI is not allowed in Real Estate Business.



Therefore, only NRIs are permitted to invest in this Issue and foreign investors including FIIs, FVCIs and foreign multilateral and bilateral development financial institutions are not eligible to invest in this Issue.

As per the existing policy of the Government of India, OCBs also cannot participate in any Public Issue.

No approvals of the FIPB or the RBI are required for such Allotment of Equity Shares under this Issue. Our Company will be required to make certain filings with the RBI after the completion of the Issue.

The Equity Shares have not been and will not be registered under the US Securities Act or any state securities laws in the USA and may not be offered or sold within the USA or to, or for the account or benefit of persons (as defined in the U.S. Securities Act). Our Company, LM and the Issue Management Team will not be 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 this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.



## **SECTION IX: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY**

### **CAPITAL AND SHARES**

#### **Share Capital**

3. The Authorised Share Capital of the Company shall be in terms of Clause V of the Memorandum of Association of the Company with power to increase or reduce the Capital, to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being provided by regulations of the Company and consolidate or sub-divide the shares and issue shares of higher or lower denomination subject to the provisions of the Act.

#### **Issue and allotment of shares for consideration other than cash**

4. Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company in or about the formation or promotion of the Company or the conduct of the business and any shares which may be so allotted and be issued, shall be deemed to be fully paid up or partly paid up shares as aforesaid.

#### **Issue of shares at a premium or discount**

5. With the previous authority of the Company in a general meeting and upon otherwise complying the provisions of Section 79 of the Act, the Board may issue at a discount shares of a class already issued.

6. Subject to the provisions of Section 78 of the Act, and other provisions of the Act, the Company may issue at a premium shares of a class already issued.

#### **Redeemable preference shares**

7. Subject to the provisions of Section 80 of the Act. The Company shall have power to issue preference shares which are or at the option of the Company are liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

#### **Modification of rights**

8. Whenever the capital, by reason of issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three fourths in nominal value of the issued shares of the class or is confirmed by a special resolution passed at a separate general meeting of the holders of shares of that class.

#### **Buy Back of Shares**

9. The Company may buy back of its own shares or any other specified securities subject to provisions of Sections 77A and 77B of the Companies Act 1956.

#### **Interest on capital**

10. The Company shall pay interest on capital subject to Section 208 of the Act.



## SHARES AND CERTIFICATES

11. The Company shall cause to be kept a Register and Index of Members in accordance with Section 150 and 151 of the Act.

12. The shares in the capital shall be numbered progressively according to their several denominations and except in the manner hereinafter mentioned, no shares shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

### **Shares under control of Board of directors**

13. Subject to the provisions of these Articles and of the Act the shares (including any shares forming part of any increased capital of the Company) shall be under the control of the directors, who may allot or otherwise dispose of the same to such persons in such proportion, on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in a general meeting with full power, to give any person the option to call for or be allotted shares of class of the Company either at a premium or at par or at a discount and such option being exercisable for such consideration as the directors think fit. The Board shall cause to be filed the returns as to allotment provided for in section 75 of the Act.

### **Further issue of Shares**

14. The Company in a General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such person (whether member or not) in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of Sections 78 and 79 of the Act), as such general meeting shall determine.

### **Sweat Equity**

15. Subject to the Provisions of the Section 79A of the Companies Act, 1956 and other regulations applicable from time to time the Company can issue Sweat Equity shares to its employees including Directors of the Company to reward its employees and directors who have contributed for the growth of the Company.

### **Acceptance of shares**

16. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purposes of these Articles, be a member.

### **Deposit, call etc., to be debt payable immediately**

17. The money which be Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

### **Liability of Members**

18. Every member or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times, and in such manners the Board shall from time to time in accordance with the Company's regulations, require or fix the payment thereof.



### **Share Certificates**

19. a) Every member or allottee of shares shall be entitled, without payment, to receive one certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid-up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letters of acceptance or remuneration or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of at least two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed/authorised by the Board for Two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits it, at least one of the aforesaid two Directors. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued. The Share Certificates shall be issued in market lots and where Share Certificates are issued in either more or less than market lots, sub-division or consolidation of Share Certificates into market lots shall be done free of charge.

b) Any two or more joint allottee of a share shall for the purpose of this Articles, be treated as a single member, and the certificate of any share, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them.

19. a) If a share certificate is defaced, lost or destroyed, it may be renewed on such terms, if any, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating evidence, as the directors think fit.

b) The Managing Director of the Company for the time being, or if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates.

### **Dematerialisation of Securities**

20. Notwithstanding anything to the contrary contained in these Articles, the Board may at any time decide to permit holding of and dealings in any or all the shares or other securities of the Company (hereinafter referred to as 'securities') in dematerialised form under the provisions of the Depositories Act and may offer the securities of the Company for subscription/allotment in dematerialised form in the manner provided by the said Act.

### **Joint holders of shares**

21. If any share stands in the names of two or more persons, the first person named in the Register shall as regards receipt of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at meetings and the transfer of the shares, be deemed the sole holder thereof but the joint holders of a share shall be severally as well as jointly, liable for the payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.

22. Except as ordered by a court of competent jurisdiction, or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any shares or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof; but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.



### **Nomination of Shares**

23. Notwithstanding anything contrary contained in these Articles and Subject to the Provisions of Section 109A of the Companies Act, 1956 a Shareholder may at any time nominate in the prescribed manner, a person to whom his shares in the Company, shall vest in the event of his death. Where shares are held jointly by more than one person, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest, in the event of death of all the joint holders.

## **CALLS**

### **Directors power to make calls**

24. The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (not by a circular resolution) make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments.

### **Notice of calls**

25. At least fifteen days' notice in writing shall be given by the Company before making any call on shares, specifying the time and place of payment and the person or persons, to whom such call shall be paid.

26. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board.

27. A call may be revoked or postponed at the discretion of the Board.

28. The joint holders of share shall be jointly and severally liable to pay all calls in respect thereof.

### **Directors may extend time**

29. The Board, may from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members whom the Board may deem fairly entitled to such extension, but no members shall be entitled to such extension save as a matter of grace and favour.

### **Calls to carry interest**

30. If any member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding eighteen percent per annum, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member. The Board shall be at liberty to waive payment of such interest wholly or in part.

### **Sums deemed to be calls**

31. Any sum, which by the terms of issue of shares 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 articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such had become payable by virtue of a call duly made and notified.





#### **Advance calls may carry interest**

32. a) The Board may, if it thinks fit, agree to and receive from any member willing to advance the same, all or any part of the amounts or his respective shares beyond the sums actually called up and upon the moneys so paid in advance or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the Board may think fit, not exceeding ten percent per annum or may at any time the Board may agree to repay an amount so advanced by giving three months notice to the member paying the sum in advance. However, all moneys paid in advance of calls in any shares may carry interest as aforesaid but shall not confer a right to dividend or right to participate in profits.

b) No member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

#### **Partial payment not to preclude forfeiture**

33. Neither the receipt by the Company of a portion of any money which shall from time to time 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 thereafter proceeding to enforce a forfeiture to such shares as hereinafter provided.

### **LIEN AND FORFEITURE**

#### **Company to have lien on shares**

34. The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with other) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except upon the footing and upon the condition that Article 20 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed to, registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

#### **Enforcement of lien by shares**

35. For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their number to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until notice in writing of the intention to sell shall have been served on such member or his representatives and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for fourteen days after such notice.

#### **Application of proceeds of sale**

36. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any, shall (subject to a like lien sums not presently payable as existed upon the share before the sale) be paid to the persons entitled to the shares at the date of the sale.

#### **Forfeiture of shares**

37. If a member fails to pay any call or installment of a call on the day appointed for payment thereof, the Board may at any time thereafter during such time as any part of call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid together with any interest which may have accrued.



38. The notice aforesaid shall:

- a) name a further day (day being not 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
- b) 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 will be liable to be forfeited.

39. If the requirements of any such notice as aforesaid is 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.

40. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

At any time before a sale or disposal as aforesaid, the Board may cancel forfeiture on such terms as it thinks fit.

41. 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 moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

The liability of such person shall cease if and when the Company shall have received payment in full or all such moneys in respect of the shares.

42. A duly verified declaration in writing that the declarant is a Director, the Manager or the Secretary of the Company, and that shares 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 shares.

The Company may receive the consideration, if any, given for the share or any sale or disposal thereof or may execute a transfer of the shares in favour of the persons to whom the share is sold or disposed of.

The transferee shall thereupon be registered as the holder of the shares.

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,

43. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum in which, by 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 the premium, as if the same had been payable by virtue of a call duly made and notified.

#### **TRANSFER OF SHARES**

44. The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.

45. 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.

46. No fee shall be charged for registration of transfers, power of attorney, probate, letter of administration or other similar documents.

No fee shall be charged for issue of new certificates in replacement of those which are old, decrepit, worn out or caged on the reverse for recording transfers have been fully utilised.



47. Subject to the provisions of Section 108 of the Act, the shares in Company shall be transferred in form number 7B given under clause 20 of Table 'A' of Schedule I to the Act.

48. Shares and debentures of the Company shall be freely transferable provided in Section 111A of the Companies Act, 1956.

49. The Company shall without making any charge register every probate, letters of administration, certificate of death or marriage, power of attorney or other instruments.

50. If the Company refuses to register the transfer of shares or debentures, the Company shall within two months from the date on which the instrument of transfer was lodged in the Company send to the transferee and transferor notice of the refusal.

#### **TRANSMISSION OF SHARES**

51. On the death of a member, the survivor or survivors, where the member was a joint holder and his 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.

Nothing in the above clause shall release the estate of a deceased joint holder from any liability in respect of any shares, which had been jointly held by him with other persons.

52. 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 subject to hereinafter provided elect either:

- i) To be registered himself as a holder of the share; or
- ii) To make such transfer of the share as the deceased or insolvent member could have made.

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.

53. If the person so becoming entitled shall elect to be registered as a holder of the shares himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfer 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 of transfer were a transfer signed by that member.

54. A person becoming entitled to a share by reason of 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.

#### **COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS**

55. Copies of the Memorandum and Articles of Association of the Company and the other documents referred to in Section 39 of the Act shall be sent by the Company to every member at his request within seven days of the request on payment of the sum of rupee One for each copy.

#### **BORROWING POWERS**



#### **Powers to borrow**

56. Subject to the provisions of Section 292 and 293 of the Act, the Board may from time to time at its discretion by a resolution passed at a meeting of the board, accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company, provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves ( not being reserves set apart for any specific purpose), the Board shall not borrow such moneys without the consent of the Company in general meeting.

#### **Payment of moneys borrowed**

57. Subject to the provisions of article 53 hereof, the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the resolution shall prescribe, including by the issue of debentures or debenture stock of the Company charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being; and debentures, debentures-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same be issued.

#### **Terms of issue of Debentures**

58. Any debenture, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, drawings, allotment of shares and attending (but not voting) at general meetings, appointment of directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in a general meeting accorded by a special resolution.

#### **Register of Mortgages etc.**

59. The Board shall cause a proper Register to be kept in accordance with the provisions of section 143 of the Act of all the mortgages, debentures and charges specifically affecting the property of the Company and shall cause the requirements of section 118,125 and 127 to 144 of the Act in that behalf to be duly complied with, so far as they fall to be complied with by the board.

#### **Register of index of debenture holders**

60. The Company shall, if at any time it issues debentures, keep a register and Index of debenture holders in accordance with section 152 of the Act.

### **CONVERSION OF SHARES INTO STOCK**

61. The Company, shall, by Ordinary Resolution, subject to the provisions of sections 94 to 96 of the Act, convert any fully paid up shares into stock and reconvert any stock into paid up shares of any denomination. The holders of such stock may hence forth transfer their respective interest therein or any part of such interest, in the same manner and subject to the same regulations as and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time convert any stock into fully paid up shares of any denomination.

62. 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 a winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

### **GENERAL MEETINGS**



### **Annual General Meeting**

63. The Company shall in each year hold in addition to any other meeting a General Meeting as its Annual General Meeting and shall specify the meeting as such in its notices calling it and not more than 15 months shall elapse between two such Annual General Meetings provided that the time at which any Annual General Meeting shall be held may be extended by the Registrar as provided in Section 166(1) of the Act by a further period not exceeding three months. However, the first Annual General Meeting of the Company can be held within 18 months from the date of incorporation of the Company.

Every Annual General Meeting shall be called for at a time during business hours on a day that is not a public holiday and shall be held either at the Registered Office or at some place within the city, town or village in which the Registered Office of the Company is situated.

### **Extraordinary General Meeting**

64. All General Meetings other than Annual General Meeting shall be referred to as Extraordinary General Meeting.

### **Who may convene the Extraordinary General Meeting**

65. The Directors may whenever they think fit convene an extraordinary general meeting at such time and at such places as they deem fit. Subject to the directions, if any, given by the Board, the Managing Director or Secretary may convene extraordinary general meeting whenever fit at such time and place as he may deem fit.

66. The directors, shall on the requisition of the holders of not less than one-tenth of such of the paid up capital of the Company as at the date of the requisition, carries the right to vote in regard to the matter set out in the requisition, carries the right to vote in regard to the matter set out in the requisition for consideration of an extraordinary general meeting forthwith proceed to convene an extraordinary general meeting of the Company, and in case of such requisition the following provisions shall have effect:

The requisition must state the objects of the meeting and must be signed by the requisitionists and be deposited at the Registered Office of the Company, and may consist of several documents in like form each signed by one or more requisitionists.

If the directors of the Company do not proceed within twenty one days from the requisition being so deposited to cause a meeting to be called on a day not later than forty-five days from the date of the deposit of requisition, the requisitionists may themselves convene the meeting but any meeting so convened shall not be held after three months from the date of the deposit of such requisition.

Any meeting convened under the Article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by the directors but shall be held at the Company's registered office.

A requisition by joint holders of shares may be signed by any one or more of the joint holders.

### **Notice for the meeting**

67. Subject to as hereinafter mentioned in this Article, all general meetings shall be convened on not less than twenty one days' notice to the members and that every other person entitled to receive such notice specifying the place, day and time of the meeting with a statement of the business to be transacted at the meeting and in every such notice there shall appear with reasonable prominence a statement that member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of /himself and that a proxy need not be a member PROVIDED that in case of an Annual General Meeting, with the consent in writing of all the members entitled to vote thereat and in case of any other meeting with the consent of members holding not less than 95% of such part of the paid up share capital of the Company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice.



68. The accidental omission to give notice of any meeting to or the non-receipt of any such notice by any of the members shall not invalidate the proceedings or any resolution passed at the meeting.

#### **PROCEEDINGS AT GENERAL MEETINGS**

69. All business shall be deemed special that is transacted at an extraordinary general meeting and also that is transacted at an annual general meeting with the exception of business relating to (i) consideration of accounts, Balance Sheet, Directors' & Auditor's Report (ii) declaration of dividend (iii) appointment of Directors in place of retiring Directors (iv) appointment and fixing of remuneration of auditors.

#### **Explanatory statement to be annexed to the notice**

70. Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting as explanatory statement setting out all material facts concerning each such item of business, including in particular the nature of interest, if any, of every Director, Managing Director.

#### **Quorum for the general meeting**

71. Five members present in person and entitled to vote shall be a quorum for a general meeting. If within half an hour from the time appointed for the meeting the quorum is not present, the meeting if called upon by the requisition of members shall stand dissolved and in any other case shall stand adjourned to the same day in the next week at the same time and place and such other day, time and place as the Board may determine. If at the adjourned meeting is not present within half an hour from the time appointed for the meeting, the members present shall form a quorum.

#### **Chairman of the meeting**

72. The Chairman of the Board of Directors shall preside as Chairman at every General Meeting.

If there be no such Chairman or if at any meeting he shall not be present within 15 minutes after the time appointed for holding such meeting, or is unwilling to act as Chairman of the meeting, the members present shall choose another director as Chairman of the meeting and if no Director be present or if all Directors present decline to take the Chair, then the members present shall on show of hands or on a poll if properly demanded, elect one of their number, being a member entitled to vote, as Chairman of the meeting.

73. No business shall be discussed at any general meeting except the election of a Chairman whilst the Chair is vacant.

74. The Chairman may with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjourned took place.

When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of the original meeting but save as aforesaid it shall be necessary to give any notice of any adjournment or of the business to be transacted at an adjourned meeting.

#### **When a resolution is carried**

75. Every resolution submitted to a meeting shall be decided at the first instance by a show of hands; and in case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting shall have a casting vote provided he is a member entitled to vote at the meeting and on the resolution.

76. At a general meeting, unless a poll is demanded in accordance with the provisions of Section 179 of the Act, a declaration by the Chairman that the resolution has or has not been carried, or has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the book containing the minutes of the



proceedings of the meeting shall be conclusive evidence of the fact, without proof of the number or production of the votes cast in favour of or against the resolution.

### **Poll**

77. At any general meeting before or on the declaration of the result of voting on any resolution on show of hands, a poll may be ordered to be taken by the Chairman on his own motion or ordered by him on a demand made in that behalf of any member or members present in person or by proxy who hold shares in the Company which confers a power in respect of the resolution not being less than one tenth of the total voting power in respect of the resolution. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

78. Where a poll is to be taken, the Chairman shall appoint two scrutinisers, one at least of whom shall be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed, to scrutinise the votes given on the poll and to report to him thereon. The Chairman shall have power at any time, before the result of the poll is declared, to remove a scrutinisher from office and to fill vacancies in the office of scrutinisher arising from such removal or any other cause.

79. Subject to the provisions of these presents the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

The result of the poll shall be deemed to be the decision of the meeting of the resolution on which the poll was taken.

### **Appointment of Proxy**

80. Every member entitled to attend and vote at a general meeting can appoint a proxy to attend and vote at the meeting instead of himself. The proxy need not be a member of the Company. All the instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointer is a body corporate be under its common seal or the hand of its officer or attorney duly authorised.

A proxy so appointed shall have no right to speak at the meeting; however, he can demand a poll and vote thereat on a poll.

81. The instrument appointing proxy should be lodged with the Registered Office of the Company within 48 hours before the commencement of a general meeting or adjourned meeting in respect of which the proxy is appointed. Every member entitled to attend and vote at a meeting or on any resolution to be moved thereat shall be entitled during the period beginning 24 hours before the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the Companies, provided not less than three days notice in writing of the intention so to inspect is given to the Company.

82. An instrument of proxy may appoint a proxy either for the purpose of particular meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every meeting of the Company or of every meeting to be held before a date specified in the instrument and every adjournment thereof.

83. Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.

84. 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 revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office of the Company before the meeting.

### **Voting powers**



85. Every member of the Company holding any Equity Shares shall have a right to vote in respect of such shares on every resolution placed before the meeting. On a show of hands, every such member present in person and every authorised person of a body corporate shall have one vote and on a poll, every such member whether in person or by proxy shall have one vote for every equity share of which he is the holder.

86. No member shall be entitled to vote, either personally or by proxy at any general meeting in respect of any share registered in his name on which any call or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.

87. 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 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, if any member be a minor, the vote in respect of his share or shares shall be by his guardian or any one of his guardians, if more than one, to be selected in case of dispute by the chairman of the meeting.

88. Where there are joint registered holders of any share, any one of such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint holders be present at any meeting either personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members in respect of such share alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall for the purpose of this article be deemed joint holders thereof.

89. 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.

#### **Minutes of general meetings**

90. The directors shall cause minutes of all general meetings to be kept in the manner prescribed under Section 193 of the Act either in a Book or in loose leaves serially numbered, provided for the purpose.

### **DIRECTORS**

#### **Number of Directors**

91. Subject to sections 252 and 259 of the Act, the number of Directors shall not less than three and more than twelve including all kinds of Directors. The first Directors of the Company shall be:

1. V. R. Manjunath
2. Mahalakshmi Ramakrishnan

92. Subject to provisions of Section 258 and 259 of the act, the Company in a general meeting may, by ordinary resolution, increase or reduce the number of its Directors from time to time within the limit fixed in that behalf by these presents.

#### **Qualification Shares**

93. No share qualification shall be necessary for any individual, being appointed as a Director in the Company.

#### **Appointment of Nominee Director**

94. The Company shall, subject to the provisions of the Act, be entitled to agree with any Government, authority, person, firm or corporation that he or it shall have the right to appoint his or its nominee on the Board upon such terms and conditions as the Company may prescribe. Such nominee and its or his successor in offices shall be called a Nominee Director of the Company.

#### **Term of office of Nominee Director**





95. A Nominee Director shall be entitled to hold office until retired by the Government, authority, person, firm or corporation who may have appointed him and will not be bound to retire by rotation. As and when a Nominee Director vacates his office, or whether upon retirement as aforesaid or by death, resignation or otherwise, the Government, authority, person, firm, or corporation who appointed such Nominee Director may appoint another Director in his place.

#### **How Nominee Director nominated or removed**

96. Every nomination, appointment or removal of a Nominee Director shall be in writing and shall in the case of a Government or authority be under the hand of a secretary to such Government or authority and in the case of a corporation, under the hand of a Director of such corporation duly authorised in that behalf by a resolution of its Board of Directors.

#### **Appointment and term of office of Alternate Director**

97. The Board may appoint an alternate Director to act for him during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held. Such appointee while he holds office as an alternate Director shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly but he shall ipso facto vacate office when the original Director returns to the State.

#### **Appointment of Additional Directors**

98. Subject to the provisions of the Act, the Board of Directors may, from time to time, appoint any individual/individuals as Additional Director/Directors to the Board, but so that the total number of Directors at any time shall not exceed number fixed by these Articles. The Additional Director/Directors so appointed shall hold office till the conclusion of the ensuing Annual General Meeting wherein they shall be eligible to be appointed as Director/Directors of the Company.

#### **Casual vacancy**

99. Any vacancy arising amongst the Board of Directors due to death or resignation shall be treated as a casual vacancy. The Board of Directors shall appoint any order so appointed shall hold office till the time up to which the Director in whose place he has been appointed, would have held office if it had not been vacated by him.

#### **Rotation of Directors**

100. At every Annual General Meeting in each year, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office. However, Ex-officio Directors are not liable to retire by rotation. The word Ex-officio Director shall mean and include any Managing Director, Wholetime Director/s for the time being holding office as such.

101. A retiring Director shall be eligible for re-election and the Company at the Annual General Meeting at which a Director retires in the manner aforesaid may fill the vacancy by appointing the retiring Director or some other person thereto. A retiring Director shall retain office until the dissolution of the meeting at which his successor is elected.

102. The Directors to retire every year shall be those who have been longest in office since their last election; but, as between persons who became Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot.

103. If at any general meeting at which an election of Directors ought to take place, the place of any retiring Director is not filled up, and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned to the same day in the next week at the same place and time or if that day is a public holiday at the same place and time and if at the adjourned meeting also the place of retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, then the retiring Director whose place has not been so filled



up shall be deemed to have been re-elected at the adjourned meeting, subject to the provisions of Section 256 of the Act.

104. A person not being a retiring Director shall be eligible for appointment to the office of a Director at any general meeting if he or some other member intending to propose him as a Director has, not less than 14 days before the meeting, left at the Registered Office of the Company a notice in writing under his hand signifying his candidature for the office of the Director, or the intention of such member to propose him as a candidate for that office as the case may be along with a deposit of five hundred rupees which shall be refunded to such person or as the case may be, to such member, if the person succeeds in getting elected as a Director.

105. At a general meeting of the Company, a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution, unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it.

#### **Removal of Directors**

106. Subject to the provisions of Section 284 of the Act, the Company may by an ordinary resolution remove any Director before the expiration of his period of office, and by an ordinary resolution appoint another person in his place; the person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as a Director.

#### **Vacation of office of Director**

107. The office of a Director shall become vacant ipso facto on the happening of any of the events specified in Section 283 of the Act.

#### **Sitting Fees**

108. The fee payable to a Director of the Company (excluding ex-officio Directors) for attending a meeting of the Board or a Committee thereof shall be decided by the Board of Directors from time to time within the maximum limits to such fee that may be prescribed under the provisions of Section 310 of the Act.

#### **Remuneration of Directors**

109. Subject to the provisions of the Act, a Managing Director or a Director who is in wholetime employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of net profits of the Company or partly by one way and partly by the other.

Subject to the provisions of the Act, a Director who is neither a wholetime Director nor a Managing Director, may be paid remuneration either by way of monthly, quarterly or annual payment or by way of commission if the Company by a special resolution authorises such payment.

#### **Special remuneration of Directors performing extra services**

110. i) If any Director be called upon to perform extra services or special exertions or efforts (which expressions shall include work done by a Director as a member of any Committee formed by the Directors) the Board may arrange with such Directors for such special remuneration for such extra service or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided.

#### **Travelling expenses of Directors**

ii) The Board may allow and pay to any Director, who is not a bonafide resident of the place at which a meeting of the Board is held and who shall come to such meetings; such sum as the Board may consider fair compensation for travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above



specified, and if any director shall be called upon to go out on the Company's business he shall be entitled to be paid and reimbursed any travelling or other expenses incurred in connection with the business of the Company.

#### **Director may become director of companies promoted by Company**

111. A Director may become a Director of any Company promoted by the Company or in which it may be interested as a vendor, shareholder or otherwise and subject to the provisions of the Act and these Articles no such director or shareholder of such Company.

#### **Director of interest**

112. Every Director shall comply with the provisions of section 299 of the Act in regard to disclosure of his interest in any contract or arrangement entered into or to be entered into by the Company.

### **MANAGING DIRECTOR**

113. Subject to the provisions of Section 198, 269 and 310 of the Act and approval of the Company in a general meeting, the Board may from time to time appoint or reappoint one among them as a Managing director of the Company for such period not exceeding five years and on such a remuneration as may be determined by the Board and approved by the Company in a general meeting. The Managing Director shall execute jointly or severally all the powers of management of the Company, save and except such powers as are required in law for the time being in force to be exercised by the Company in General Meeting or by the Board in Board Meeting.

#### **Powers and Duties of Managing Director**

114. The Managing Director shall, subject to the general supervision of the Board, have power and authority, on behalf of the Company to make all purchases and sales and to enter into all contracts and to do all other things usual, necessary or desirable in the management of the business and affairs of the Company or in necessary out its objects and in particular shall have power to advance money on the security movable or immovable and generally make advance of such sum or sums of money upon or in respect of or for the purchases of materials, goods, machinery, stores or any other property, articles and things required for the purpose of the Company with or without security and upon terms and subject to such conditions as the Company may deem expedient.

#### **Whole-time Directors**

115. Subject to the provisions of Section 269 of the Act, and subject to the approval of the Company in general meeting and subject to the approval of Central Government, if any, the Board shall have power to appoint from time to time, any one or more of its members as wholetime Director or whole time Directors of the Company on such designations and such terms and conditions as they may deem fit. The wholetime Directors shall perform duties and exercise such powers as the Board may from time to time, determine and they shall exercise all such powers and perform all such duties subject to the control, supervision and direction of the Board and subject thereto to the supervision and direction of the Managing Director. The remuneration payable to wholetime Directors shall be determined by the Company in general meeting subject to the provisions of Section 198 and 310 of the Act.

116. A Managing Director or a wholetime Director shall (subject to the provisions of any contract between him and the Company) be subject to the same provisions as to resignation and removal as any other directors and he shall, ipso facto and immediately cease to be a whole time Director or Managing Director as the case may be.

### **MEETING OF THE BOARD OF DIRECTORS**

#### **Board to meet in every three months**

117. Subject to the provisions of Section 285 of the Act, a meeting of the Board shall be held once in every three calendar months. Seven days notice of every meeting of the Board shall be given in every Director for the Time being in India, and at his usual address in India and to every other Director, provided that a meeting of the Board may be called at less than seven days notice with the consent of all the Directors.



A Director may, at any time and the Secretary shall, upon the request of a Director made at any time convene a meeting of the Board.

## **PROCEEDINGS OF THE MEETING OF BOARD OF DIRECTORS**

### **Chairman of the meeting**

118. The Board may appoint one of their body to be the Chairman of the Board and determine the period for which he is to hold office.

If no such Chairman of the Board is appointed or if at any meeting of the Board the Chairman is not present within 15 minutes after the time appointed for holding the same, the Directors present may choose one of their member to be Chairman of that meeting.

If a Director who is neither a wholetime Director nor a Managing Director is appointed as Chairman, the Board may request the said Chairman to be Wholetime Chairman and perform any special duties and confer on him such powers on such terms and conditions as they deem fit.

The Board may from time to time with the sanction of the Company in general meeting by special resolution and of the Central Government, if any, fix the remuneration payable to the Chairman for performing all such duties.

The Chairman shall exercise all such powers and perform all such duties subject to the supervision and direction of the Board and subject to such conditions and restrictions as the Board may from time to time impose.

### **Quorum for Board Meeting**

119. The quorum for a meeting of Board of Directors shall be one-third of the total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher; provided that where, at any time the number of interested Directors is equal to or exceeds two-thirds of the total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two shall be the quorum during such time. Total strength means the total strength of the Board after deducting therefrom the number of Directors, if any whose places are vacant at that time.

120. If a meeting of the Board could not be held for want of quorum, then the meeting shall automatically stand adjourned to the same day in the next week, at the same time and place or if that is a public holiday, to the next succeeding day which is not a public holiday at the same time and place.

121. A meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under these articles or the Act for the time being vested in or exercisable by the Board.

### **Directors may appoint committees**

122. The Board may, subject to the provisions of the Act, from time to time and at any time delegate any of its powers to a committee consisting of such Director or Directors as it thinks fit, and may from time to time, revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

123. The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board under the last preceding Article.

### **Resolution by circulation**

124. Subject to the provisions of Section 289 of the Act, no resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation unless the resolution has been circulated in draft, together



with the necessary papers, if any, to all Directors, or their alternate Directors or to all members of the Committee, then in India (not being less in number than the quorum fixed for the meeting of the Board or Committee as the case may be) and to all other Directors or members of the Committee, at their usual address in India and has been approved by a majority of such of the Directors or members of the Committee as are entitled to vote on the resolution.

125. Subject to the provisions of Section 316, 372, and 386 of the Act, the questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have a second or casting vote. However, all questions relating to the aforesaid sections shall be decided by a resolution passed in a meeting with consent of all Directors present at the meeting except those not entitled to vote thereon.

126. Acts done by a person as a Director shall be valid, notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions contained in the Act or in these Articles. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

#### **Meeting of Board Meetings**

127. The Company shall cause minutes of all proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in a book either bound or in loose leaves kept for that purpose with their pages consecutively numbered.

#### **POWERS AND DUTIES OF DIRECTORS**

128. The board may exercise all such powers of the Company and to all such acts and thinks as are not, by the Act, any other Act, or by the Memorandum or by the Articles of the Company required to be exercised by the Company in general meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations, being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

129. Without prejudice in the general powers conferred by the above article but subject as aforesaid the Directors may:

- 1) Pay the costs, charges and expenses preliminary and incidental to the promotion of the Company.
- 2) Purchase or otherwise acquire for the Company any property, rights or privileges, which the Company is authorised to acquire at such price and generally on such terms and conditions as they think fit.
- 3) To open any account or accounts with such banks as they may select or appoint and to make, draw, accept, endorse, sign, discount, negotiate and discharge on behalf of the Company all cheques, bills of exchange, bills of lading, promissory notes, drafts, hundies, railway receipts, dock warrants, delivery orders, Government promissory notes and other negotiable instruments required for the business of the Company.
- 4) Pay for any property, rights or privileges acquired by or services rendered to the Company wholly or partially in cash, shares, bonds, debentures 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 or other securities may be either specifically charged upon all or any part of the property of the Company.
- 5) Secure the fulfilment of any contracts or engagement entered into by the Company by mortgage or charge of all any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.



- 6) Accept from any member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
- 7) Appoint any person to accept and hold in trust for the Company any property belonging to the Company in which it is interested, or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.
- 8) 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 but subject to the provisions of Sections 293 and 295 of the Act, to compound and allow time for payment or satisfaction of any debt due to and of any claims or demands by or against the Company.
- 9) Appoint and at their discretion, remove or suspend such managers, officers, clerks, employees, servants, experts for permanent, temporary or special services and determine their powers and duties and fix their salaries or emoluments and require security in such instances and to such amount as they think fit.
- 10) Refer any claims or demands by or against the Company to arbitration and perform the awards.
- 11) Make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands of the Company.
- 12) From time to time provide for the conduct of the affairs of the Company in different parts of India or outside India in such manner as they think fit, and in particular to establish branch offices and appoint any person to be the attorneys or agents of the Company with such powers (including power to sub-delegate) and upon such terms as may be thought fit.
- 13) Subject to the provisions of the Act, invest and deal with any of the moneys of the Company not immediately required for the purpose thereof upon such securities (not being shares in this Company) and in such manner as they may think fit, and from time to time to vary or realise such investments.
- 14) Execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed on.
- 15) Enter into all such negotiations and contracts and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.
- 16) From time to time, to make, vary and repeal bye-laws for the regulation of the business of the Company, its officers and servants.
- 17) Establish, maintain, support and subscribe to any national, charitable, benevolent, general or useful object or fund and any institution, society or club which may be for the benefit of the Company or its employees or which in the opinion of the Directors is calculated to promote the interests of the Company.
- 18) Act on behalf of the Company in all matters relating to bankrupts and insolvents.
- 19) Distribute by way of bonus amongst the staff of the Company share or shares in the profits of the Company and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expense of the Company.



- 20) Comply with the requirements of any local law which in their opinion it shall, in the interest of the Company, be necessary or expedient to comply with.
- 21) Subject to Sections 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

130. The Directors may from time to time by power of attorney under the seal or by a resolution appoint any person or persons to be the attorney or attorneys of the Company in India or elsewhere 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 they may from time to time, think fit and any such appointment may (if they think fit) be made in favour of any Company or of the members, Directors, nominees or managers of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Directors, and any such power of attorney or any resolution may contain such provisions for the protection or convenience of persons dealing with such attorney or attorneys as the Directors think fit.

#### **SECRETARY**

131. The Board shall from time to time appoint, and may at their discretion remove, any person with prescribed qualification as Secretary to perform any functions which by the Act or by these Articles for the time being of the Company are to be performed by the secretary and to execute any other duties which may from time to time be assigned to the Secretary and to execute any other duties which may from time to time be assigned to the secretary by the Board and by the Managing Director.

#### **ACCOUNTS AND AUDIT**

132. 1) The Company shall keep at the office or at such other place in India as the Board thinks fit proper Books of Account in accordance with Section 209 of the Act with respect to:

- a) All sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place;
- b) All sales and purchases of goods by the Company;
- c) The assets and liabilities of the Company.

2) Whether the Board decides to keep all or any of the Books of Account at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

3) The Company shall preserve in good order the Books of Account relating to a period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such Books of Account.

4) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper Books of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarised returns, made up to date at intervals of not more than three months, are sent by the branch office where the Company's Books of Accounts are kept as aforesaid.

5) The Books of Account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be as explain its transactions. The Books of Account and other books and papers shall be open to inspection by any Director during business hours.

133. 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



inspection of members, not being Directors, and no such member shall have any right of inspection of an account or books or documents of the Company except as conferred by law or authorised by the Board.

134. The Directors shall from time to time, in accordance with Sections 210, 211, 212, 215, 216 and 217 of the Act, cause to be laid before the Company in Annual General Meeting, such Balance Sheets, Profit and Loss Account and Reports as are required under these Sections.

135. A copy of every such profit and loss Account and Balance Sheet (including Auditor's and Directors' report and every other document required by law to be annexed or attached) shall at least twenty one days before the meeting at which the same are to be laid before the members be sent to the members of the Company, debenture holders, trustees for debentures, and all other persons entitled to receive notice of Annual General Meetings of the Company.

#### **Audit**

136. The Auditor of the Company shall be appointed and their remuneration shall be fixed, their rights and duties and liabilities shall be regulated, their qualification and disqualification shall be in accordance with provisions of Sections 224 to 233 of the Act.

137. The first auditor or auditors of the Company shall be appointed by the Board within one month of the date of registration of the Company and the auditor or auditors so appointed shall hold office until the conclusion of the first Annual General Meeting provided that the Company may, at a general meeting, remove any such auditor or all of such auditors and appoint in his or their place any other person or persons who have been nominated for appointment by any member of the Company not less than fourteen days before the date of the meeting provided further that if the Board fails to exercise its powers under the Article, the Company in general meeting may appoint first auditors.

#### **DIVIDENDS AND RESERVES**

138. The Company in General Meeting may declare dividend and no such dividends shall exceed the amount recommended by the Directors.

139. The Board of Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company.

140. The Board of Directors may before recommending any dividend set aside out of the profits of the Company such sum as they think fit as reserve/reserves which shall be at the discretion of the Board be applicable for any purpose to which the profits of the Company be properly applied including provision for meeting contingencies or for equalising dividends and pending such application may at the 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 to time think fit.

The Board may also carry forward profits which it may think prudent not to divide, without setting them aside as a reserve.

141. The Board may deduct from any dividend payable to any member all such sums of money if any, presently payable by him to the Company on account of calls or otherwise in relation to shares of the Company.

142. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited, as paid on the shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

No amount paid or credited as paid on a share in advance of calls shall be treated of the purpose of this regulation as paid on the share.





All dividends shall be appointed 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.

143. Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such share.

144. 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.

145. No dividend shall bear interest against the Company.

146. Any dividend, interest or other moneys in cash in respect of shares may be paid by cheques or warrant sent through the post directed to the registered address of the holder or in the case of joint holders, 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.

Every such cheques or warrant shall be made payable to the order of the person to whom it is sent.

147. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company.

148. No unclaimed dividend shall be forfeited by the Board.

Any dividend declared by the Company and remaining unpaid or unclaimed shall be dealt with in accordance with the provisions of Section 205A and 205B of the Act or any statutory modification or re-enactment in force from time to time.



## SEAL

### **Custody of seal and authority for use**

149. The Board shall provide for the safe custody of the seal which shall not be affixed to any instrument except by the authority or a resolution of the Board and except in the presence of at least two Directors, one of whom shall be Managing Director if any, and of the Secretary or some other person authorised by the Board, and the aforesaid Directors, Secretary or persons shall be every instrument to which seal of the Company is so affixed in their presence.

### **Authentication of documents and proceedings**

150. Save as otherwise expressly provided by the Act a document or proceeding requiring authentication by the Company may be signed by a Director or the Manager or the Secretary or other authorised officer of the Company and need not be under its Company seal provided that in case of the Share Certificates, the seal shall be affixed in accordance with Companies (issue of share certificates), Rules, 1960 or any statutory modifications or re-enactment thereof.

## CAPITALISATION OF PROFITS

151. 1) The Company in a general meeting may, upon the recommendation of the Board resolve:

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 profit and loss account or share premium account or otherwise available for distribution; and

That such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way dividend and in the same proportions.

2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in the clause (3) either in or towards:

- i) paying up any amounts for the time being unpaid on any shares held by such members respectively;
- ii) paying up in full, unissued shares or debentures of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or
- iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).

152. 1) Whenever such a resolution as aforesaid shall have been passed, the Board shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures, if any: and generally do all acts and things required to give effect thereto.

2) The Board shall have full power:

To make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares or debentures, becoming distributable infractions; and also

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 or debentures to which they may be entitled upon such capitalisation or for the payment of by the Company on their behalf, by application thereto or respective proportion of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining on the existing shares.



3) Any agreement made under such authority shall be effective and binding on all such members.

#### **DOCUMENTS AND NOTICES**

153. A document or notice may be served or given by the Company on any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any in India supplied by him to the Company for serving documents or notices on him.

Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a member has intimated to the Company in advance that the documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so; service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of a notice of a meeting, at the expiration of forty eight hours after the letter containing the document or notice is posted and in any other case, at the time at which the letter would be delivered in the ordinary course of post.

154. A document or notice may be served or given by the Company on or to the joint holders of a share by serving or giving the document or notice on or to the joint holder named first in the Register of Members in respect of the share.

155. A document or notice may be served or given by the Company or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name, or by the title of the representatives of the deceased or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the persons claiming to be entitled, or by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

156. Documents or notices of every general meeting shall be served or given in such manner herein before authorised or to every member, every person entitled to a share in consequence of the death or insolvency of a member and the auditors for the time being of the Company.

157. Every person who, by operation of law transfer or by other means whatsoever, shall become entitled to any share, shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derives his title to such shares.

158. Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signatures thereto may be written, printed or lithographed.

159. All documents or notices to be served or given by members on or to the Company or any officer thereof shall be served or given by sending it to the Company or officer at the office by post under a certificate of posting or by registered post or by leaving it at the office.

#### **KEEPING OF REGISTERS AND INSPECTION**



160. The Company shall duly keep and maintain at the office, registers in accordance with Sections 49(7), 143, 150, 151, 152(2), 301, 303, 307, 370 and 372 of the Act and rule 7(2) of the companies (issue of share certificate) Rules, 1960.

161. The Company shall comply with the provisions of Sections 39, 118, 163, 196, 219, 301, 302, 303, 304, 307, 362, 370, 372 and 372A of the Act as to the supplying of copies of the Registers, deeds, documents, instruments, returns, certificates and books therein mentioned to the persons therein specified when so required by such persons, on payment of the charges, if any, prescribed by the said Sections.

## **RECONSTRUCTION**

162. On any sale of the undertaking of the Company, the Board or the Liquidators on a winding up, if authorised by a Special Resolution, accept fully paid up or partly paid up shares, debentures or securities or any other Company, whether incorporated in India or not, either then existing or to be formed, for the purchase in whole or in part of the property of the Company, and the Board (if the profits of the Company permits) or the Liquidators (in a winding up) may distribute such shares or securities or any other property of the Company amongst the members without realisation, or vest the same in trustees for them, and any Special Resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefit or property, otherwise than in accordance with the strict legal rights of the members or contributories of the Company, and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares, shall be bound to accept, and shall be bound by any valuation or distribution so authorised and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights if any under Section 494 of the Act as are incapable of being varied or excluded by the Articles.

## **INDEMNITY**

### **Directors and others right to indemnity**

163. (a) Subject to the provisions of Section 201 of the Act and so far as such provisions permit, the Managing Director and every Director, Manager, Auditor, Secretary and other Officers or servants for the time being of the Company and the Trustees, if any, for the time being in relation to any affairs of the Company (all of whom are hereinafter referred to as the officers or servants) and every one of them and every one of their heirs, executors and administrators shall be indemnified and secured harmless out of assets and profits of the Company, from and against all actions, costs, charges, losses, damages and expenses which any of such officers or servants or their own or any of their executors or administrators and shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts in any way in the discharge of their duties except such (if any) as they shall incur or sustain through or by their own willful neglect or default respectively and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the members over all other claims. Subject as aforesaid the Managing Director and every director, Manager, Secretary and Trustee, if any or other officer or servant of the Company shall be indemnified against any liability incurred by them or him in defending any proceeding whether civil or criminal in which judgement is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given by the court.

(b) No Director, Auditor, Managing Director, Manager, Secretary, Trustee, if any, or other Officer or servant of the Company shall be liable (subject to the provisions of Section 201 of the Act) for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipt or other act for the sake of conformity or for any bankers or other person with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for the safe custody or for the insufficiency or deficiency of title to any property acquired by the order of



the Directors for or on behalf of the Company or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss, damage or misfortune which may happen in the execution of the duties of his office or trust or in relation thereto, unless the same happens through his own willful negligence or default or dishonesty respectively.

## SECRECY

### Secrecy clause

164. Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Board, before entering upon the duties, sign a declaration, pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with its customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration, pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by laws or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

### Member not entitled to information

165. No member shall be entitled, except to the extent expressly permitted by the Act or these Articles, to enter upon the property of the Company or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the directors, it will be inexpedient in the interest of the Members of the Company to communicate to the public.

## WINDING UP

### Distribution of Assets in specie

166. a) Subject to the provisions of the Act, if the Company shall be wound up whether voluntarily or otherwise the liquidator may with the sanction of a special resolution divide among the contributories in specie or kind any part of the assets of the Company in Trusts upon such Trusts for the benefit of the contributories of any of them as liquidator, with the like sanction, shall deem fit.

b) If thought expedient, any such division may be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part, but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined on any contributory who would be prejudiced thereby shall have the rights, if any, to dissent if such right be given by the Act.

c) In case any of the shares to be divided, as aforesaid, in case a liability to calls of otherwise any person entitled under such division to any of the said shares may, within ten days after the passing of the resolution, by notice in writing direct the liquidator to sell his proportion and pay him the net proceeds, and the liquidator shall if practicable, act accordingly.



**Assets may in a winding up be distributed in specie or in kind**

167. If the Company shall be wound up and the surplus assets, shall be more than sufficient to repay the whole of the paid up capital, the excess shall be distributed among the members in proportion to the capital paid up or which ought to have been paid up on the Equity Shares held by them respectively at the commencement of the winding up, but this clause is to be without prejudice to the rights of the holders of shares issued upon special conditions.



## **SECTION X – 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 this Draft 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 this Draft Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered & Corporate office of the Company from 11.00 a.m. to 5.00 p.m. on working days from the date of this Prospectus until the Issue Closing Date.

#### **Material contracts**

1. Memorandum of Understanding dated March 01, 2013 between the Company and the Lead Manager.
2. Memorandum of Understanding dated February 11, 2013 between the Company and the Registrar to the Issue.
3. Escrow Agreement dated [●] among the Company, the Lead Manager, the Escrow Collection Banks, and the Registrar to the Issue.
4. Underwriting Agreement dated March 01, 2013 between the Company, the Lead Manager and the Underwriter.
5. Market Making Agreement dated March 01, 2013 between the Company and the Market Maker.

#### **Material documents**

1. The Company's Memorandum and Articles of Association, as amended.
2. Board Resolutions and Shareholders Resolution dated January 10, 2013 and January 24, 2013, authorising the Issue and other related matter.
3. Auditors' Report dated February 18, 2013 as mentioned in this Draft Prospectus.
4. Copies of Annual Reports of the Company for the years ended March 31, 2012, 2011, 2010, 2009, 2008 and for the Six months period ending September 30, 2012.
5. Consents of Auditors, Bankers to the Company, Lead Manager, Registrar to the Issue, Escrow Bankers, Legal Advisor to the Issue, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
6. Approval dated [●] from the SME Platform of BSE.
7. Agreement among NSDL, the Company and the Registrar to the Issue dated [●].
8. Agreement among CDSL, the Company and the Registrar to the Issue dated [●].
9. Due Diligence Certificate dated [●], 2013.
10. Statement of Possible Tax Benefits dated February 18, 2013.
11. Special Resolution dated January 24, 2013 for the detailed terms of re-appointment of Mr. Hemang D. Rawal as Managing director, Mr. V. R. Manjunath Whole Time Director, and Mr. Ravindra M. Madhudi as Whole Time Director.



## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, 1956, the 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 this Draft Prospectus is contrary to the provisions of the Companies Act, 1956, 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 this Draft Prospectus are true and correct:

### SIGNED BY THE DIRECTORS OF OUR COMPANY:

<b>Mr. Manjunath Vellore Ramakrishnan</b> <i>Chairman and Whole-Time Director</i>	
<b>Mr. Hemang Dipakkumar Rawal</b> <i>Managing Director</i>	
<b>Mr. Ravindra Mallikarjunappa Madhudi</b> <i>Whole-Time Director</i>	
<b>Mr. Praveen Narayanaswamy</b> <i>Non-Executive - Independent Director</i>	
<b>Mr. Srinivas Gulur Seshagirirao</b> <i>Non-Executive - Independent Director</i>	
<b>Ms. Sushma Thirunalpalya Somasekharappa</b> <i>Non-Executive - Independent Director</i>	

### SIGNED BY THE HEAD - FINANCE & ACCOUNTS OF OUR COMPANY

<b>Mr. Yashodhara Kalleshappa</b> <i>D.G.M. - Accounts</i>	
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### SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER OF OUR COMPANY

<b>Mr. Dharmesh Maruti Kuvalekar</b> <i>Company Secretary &amp; Compliance Officer</i>	
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Place: Bangalore

Date: March 2, 2013



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