



## RAUNAQ INTERNATIONAL LIMITED

(Incorporated as Raunaq International Private Limited on April 24, 1965, under the Companies Act, 1956, with the Registrar of Companies, Delhi. The registration no. assigned to our Company was 4382 of 1965-66. The Company was converted into a Public Limited Company and the subsequently the name was changed to Raunaq International Limited w.e.f May 01, 1976. For details of changes in the name of the Company and address of the Registered Office of the Company, please refer to page no. [●] of this Draft Letter of Offer. )

**Registered Office:** 20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad - 121003  
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**Contact Person:** Mr. Sachit Kanwar, Compliance Officer and Executive Director  
Website: [www.raunaqinternational.com](http://www.raunaqinternational.com) Email: [secretarial@raunaqintl.com](mailto:secretarial@raunaqintl.com)

**Promoters of the Company:** Mr. Surinder Pal Kanwar and Mr. Sachit Kanwar

### FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF THE COMPANY ONLY

#### DRAFT LETTER OF OFFER

**ISSUE OF 221141 ZERO DIVIDEND COMPULSORILY AND FULLY CONVERTIBLE PREFERENCE SHARES (ZDCFCPS) OF RS. 100 EACH AGGREGATING TO RS. 221.14 LACS TO THE EXISTING EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 1 ZERO DIVIDEND COMPULSORILY AND FULLY CONVERTIBLE PREFERENCE SHARE FOR EVERY 3 EXISTING EQUITY SHARES HELD BY THE EXISTING SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●]**

#### GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer 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 offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities being offered in the issue have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document."

Specific attention of investors shall be invited to the statement of "Risk factors" given on page number(s) [●] under the section "General Risks"

#### ISSUER'S ABSOLUTE RESPONSIBILITY

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

#### LISTING ARRANGEMENTS

The existing Equity Shares of our Company are listed on The Delhi Stock Exchange Limited (DSE). The In-principle approval has been received from DSE for listing of the securities proposed to be allotted through this issue vide DSE's letter dated [●]. For the purpose of this issue the Designated Stock Exchange is DSE.

#### LEAD MANAGERS TO THE ISSUE



**D and A Financial Services Private Limited**  
SEBI Regn. No.- INM000011484  
13, Community Centre, East of Kailash  
New Delhi - 110 065  
Tel: 011 26218274, 26419079  
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Contact Person: Mr. Heemadri Mukerjea

#### REGISTRAR TO THE ISSUE



**Link Intime India Pvt. Ltd.**  
SEBI Regn. No- INR000004058  
A-40, 2nd floor  
Naraina Industrial Area, Phase-II  
Near Batra Banquet Hall  
New Delhi 110028  
Email: [ril.rights@linkintime.co.in](mailto:ril.rights@linkintime.co.in)  
Tel: 011-41410492, 93  
Fax no. : 011-41410491  
Contact Person: Bharat Bhushan

#### ISSUE PROGRAMME

**ISSUE OPENS ON: [●]**

**LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS: [●]**

**ISSUE CLOSURES ON: [●]**

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## SECTION I- GENERAL

### DEFINITIONS / ABBREVIATIONS

#### ABBREVIATIONS & TECHNICAL TERMS

In this Draft Letter of Offer, the terms "we", "us", "our", "the Company", "our Company" or "RIL", unless the context otherwise implies, refer to Raunaq International Limited. All references to "Rs." or "Re." or "INR" refer to Rupees, the lawful currency of India, "USD" or "US\$" refer to the United States Dollar, the lawful currency of the United States of America, references to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words "Lakh" or "Lac" means "100 thousand" and the word "million" or "mn" means "10 lacs" and the word "crore" means "10 million" or "100 lacs" and the word "billion" means "1,000 million" or "100 crores". Any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

### CONVENTIONAL / GENERAL TERMS

Term	Description
Act/ Companies Act	The Companies Act, 1956 and amendments thereto.
ASBA	Application Supported by Blocked Amount
BIFR	Board for Industrial and Financial Reconstruction.
Cenvat	The Central Value Added Tax.
CESTAT	The Customs, Excise, Service Tax Appellate Tribunal.
Depositories Act	The Depositories Act, 1996 and amendments thereto.
HUF	Hindu Undivided Family.
P/E Ratio	Price Earnings Ratio.
IT Act	The Income Tax Act, 1961 and amendments thereto.
TAN	Tax Deduction Account Number.
Indian GAAP	Generally Accepted Accounting Principles in India.
ITAT	Income Tax Appellate Tribunal
Modvat	Modified Value Added Tax
NAV	Net Asset Value.
NRE Account	Non-Resident External Account.
NRO Account	Non-Resident Ordinary Account.
PAT	Profit After Tax.
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and any amendments thereto.
SEBI ICDR	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and any amendments thereto.
Takeover Code	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and amendments thereto.
Wealth-Tax Act	The Wealth-Tax Act, 1957 and amendments thereto.

### ISSUE RELATED TERMS

Term	Description
Abridged Letter of Offer	The abridged Letter of Offer to be sent to our Equity Shareholders as on the Record Date with respect to this Issue in accordance with SEBI ICDR.
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used by an Investor to make an application authorizing the SCSB to block the amount payable on application in their specified bank account.



ASBA Investor	An applicant who is a Shareholder of the Company on the record date i.e. [●] and who intends to apply through ASBA process and: (a) is holding shares in dematerialised form and has applied for entitlements and /or additional shares in the issue in dematerialised form; (b) has not renounced his/ her entitlements in full or in part; (c) is not a renounee to the Issue; (d) applies through a bank account maintained with SCSBs.
Auditor	The statutory auditors of our Company, namely M/s V.P.Jain & Associates, Chartered Accountants
Articles/ Articles of Association	The articles of association of our Company
Board/ Board of Directors	Board of Directors of our Company including any committees thereof.
Bankers to the Issue	[●]
Consolidated Certificate	In case of physical certificate, our Company would issue one certificate for the Zero Dividend Compulsorily and Fully Convertible Preference Shares allotted in one folio.
Composite Application Form/CAF	The Form used by an Investor to make the application for allotment of equity Shares in the Issue
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is provided on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a>
Designated Stock Exchange	DSE
Draft Letter of Offer	This Draft Letter of Offer dated January 04, 2010 filed with SEBI for its comments.
Equity Share(s) or Share(s)	Equity shares of our Company having a face value of Rs. 10 each unless otherwise specified in the context thereof.
Equity Shareholder	Means a holder of Equity Shares.
Financial Year/ Fiscal/ Fiscal Year/ FY	Any period of twelve months ended March 31 of that particular year, unless otherwise stated.
Issue	Issue of 221141 Zero Dividend Compulsorily And Fully Convertible Preference Shares (ZDCFCPS) of Rs. 100 each aggregating to Rs. 221.14 lacs to the existing Equity Shareholders on rights basis in the ratio of 1 Zero Dividend Compulsorily And Fully Convertible Preference Share for every 3 existing Equity Shares held by the existing shareholders on the record date, that is on [●]
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price (Rs.)	100 per Zero Dividend Compulsorily and Fully Convertible Preference Share
Investor(s)/Applicants	Equity Shareholders as on Record Date and/or Renounees applying in the Issue.
Lead Manager	D and A Financial Services (P) Limited



Letter of Offer	Means the letter of offer to be filed with the Stock Exchanges after incorporating SEBI comments on this Draft Letter of Offer
Listing Agreement	Our Company's equity listing agreements entered into with DSE
Memorandum/ Memorandum of Association	Memorandum of Association of our Company.
Promoters	Mr. Surinder Pal Kanwar and Mr. Sachit Kanwar
Record Date	The record date means [●] fixed for the determination of names of the Shareholders who are entitled for shares in the Issue.
Refund through electronic transfer of funds	Refunds through ECS, Direct Credit, RTGS or NEFT as applicable.
Registrar of Companies/ RoC	Registrar of Companies, Delhi & Haryana, IFCI Tower, 4th Floor, 61, Nehru Place, New Delhi 110 019
Renouncees	Any persons who have acquired Rights Entitlements from the Equity Shareholders.
Rights Entitlement	The Zero Dividend Compulsorily and Fully Convertible Preference Shares are being offered on rights basis to the Equity Shareholders in the ratio of 1 Zero Dividend Compulsorily and Fully Convertible Preference Share for every 3 Equity Shares held on the Record Date.
Registrar to the Issue	Link Intime India Pvt. Ltd.
Share Certificate	The certificate in respect of Zero Dividend Compulsorily and Fully Convertible Preference Shares allotted in the Right issue.
Stock Exchange(s)	DSE, where the Equity Shares are presently listed

### COMPANY/INDUSTRY RELATED TERMS

Term	Description
EPC	Engineering, Procurement and Construction.
NIT's	Notice Inviting Tenders
P&ID's	Process and Instrumentation Diagram
FQP's	Field Quality Plans
Q&A	Quality and Assurance

### ABBREVIATIONS

Term	Description
AGM	Annual General Meeting.
EPS	Earnings Per Share.
ECS	Electronic Clearing Services.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
CAF	Composite Application Form.
CDSL	Central Depository Services (India) Limited.
CEPS	Cash Earnings Per Share.
CY	Calendar Year.
DP	Depository Participant.
DSE	The Delhi Stock Exchange Limited
ESI	Employee State Insurance.



FEMA	Foreign Exchange Management Act, 1999 and rules and regulations thereunder and amendments thereto.
FDI	Foreign Direct Investment.
FII	Foreign Institutional Investors registered with SEBI under applicable laws.
SCSB	Self Certified Syndicate Banks.
GDP	Gross Domestic Product.
GOI	Government of India
ICAI	Institute of Chartered Accountants of India.
ITAT	Income Tax Appellate Tribunal.
MoU	Memorandum of Understanding.
NR	Non Resident.
NRI(s)	Non Resident Indian(s).
NSDL	National Securities Depository Limited.
OCB	Overseas Corporate Body.
PAN	Permanent Account Number.
RBI	Reserve Bank of India.
SAF(s)	Split Application Form.
SCB	Scheduled Commercial Banks.
SEBI	Securities and Exchange Board of India.
PBDT	Profit Before Depreciation and Tax.
ROI	Return on Investment.
CIN	Corporate Identification Number.
IEC	Importer Exporter Code.
RTGS	Real Time Gross Settlement.
STT	Securities Transaction Tax.
VAT	Value Added Tax.
WTD	Whole -Time Director.
SLM	Straight Line Method of Depreciation.
FIPB	Foreign Investment Promotion Board.



## SECTION II- RISK FACTORS

### FORWARD LOOKING STATEMENTS

We have included statements in this Draft Letter of Offer which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “may”, “shall” “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward- looking statements”.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the Company’s expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which the Company has its businesses or proposes to have its business, and the Company’s ability to respond to them, its ability to successfully implement its strategy, its growth and expansion, its exposure to market risks, competitive landscape, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated fluctuations in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the Company’s industries.

Important factors that could cause actual results to differ materially from the Company’s expectations include, among others:

- # General economic and business conditions;
- # Company’s ability to successfully implement its strategy, its growth and expansion plans, and technology initiatives;
- # Increase in labour cost, raw materials price, cost of plant & machinery and insurance premia;
- # Manufacturers’ defects or mechanical problems with Company’s plant & machineries or incidents caused by human error;
- # Ability to retain management team and skilled personnel;
- # Changes in the value of the Indian Rupee and other currencies;
- # Cyclical or seasonal fluctuations in the operating results;
- # Amount that the Company is able to realize from the clients;
- # Potential mergers, acquisitions or restructurings;
- # Changes in fiscal, economic or political conditions in India;
- # Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- # Changes in the foreign exchange control regulations, interest rates and tax laws in India.

For further discussion of factors that could cause the Company’s actual results to differ, please refer to the section titled “Risk Factors”, “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page nos. [●], [●] and [●] respectively, of this Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, its Directors and Officers, any Member of Issue Management Team 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, the Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.



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

### **Financial Data**

Unless stated otherwise, the financial data in this Draft Letter of Offer is derived from the restated financial statements as of and for the years ended March 31, 2005, 2006, 2007, 2008 and 2009 and the six months ended September 30, 2009 prepared in accordance with Indian GAAP, the Companies Act, 1956 and restated in accordance with SEBI Regulations, as stated in the report of the Statutory Auditors of the Company, M/s V.P. Jain & Associates, Chartered Accountants beginning from page no. [●] of this Draft Letter of Offer. The fiscal year commences on April 1 and ends on March 31.

In this Draft Letter of Offer, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lakh" or "Lac" means "one hundred thousand" and the word "million" means "ten lacs" and the word "Crore" means "ten million". In this Draft Letter of Offer, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Draft Letter of Offer, all figures have been expressed in Lacs, unless otherwise stated. All references to "India" contained in this Draft Letter of Offer are to the Republic of India. All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to US\$, USD, or US Dollars are to the United States Dollars, the legal currency of the United States of America.

For additional definitions used in this Draft Letter of Offer, see the section "Definitions and Abbreviations" beginning from on page no. [●] of this Draft Letter of Offer. In the section entitled "Main Provisions of the Articles of Association of the Company" on page no. [●] of this Draft Letter of Offer, defined terms have the meaning given to such terms in the Articles of Association of the Company. Market and Industry data used throughout this Draft Letter of Offer has been obtained from industry publications and other authenticated published data.

### **Market Data**

Unless stated otherwise, industry data used throughout this Draft Letter of Offer has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. The data used from these sources may have been reclassified for the purpose of presentation. Although the Company believes the industry data used in this Draft Letter of Offer to be reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the Company to be reliable, have not been verified by any independent sources.



## RISK FACTORS

### RISK FACTORS ENVISAGED BY MANAGEMENT

An investment in securities involves a high degree of risk. You should carefully consider all of the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the securities offered pursuant to the present issue. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the securities could decline, and all or part of the investment may be lost.

#### 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 impacts in future.

#### Internal Risk Factors and Risk Relating to Our Business

1. **We are dependent on a few number of Customers for our Business. The loss of any one or more of which would have a material adverse effect on the issuer.**

The Company is dependent on a few number of customers. There can be no assurance that customers will be receptive to our services in the future or that market acceptance will meet our expectations, in which case we may be able to realize the indented economic benefits of our investments and our result of operations may be adversely affected.

2. **The shares of our company are listed only on Delhi Stock Exchange Limited. There has been no trading in the shares of our company during the last 15 years. There can be no assurance that an active trading market for our shares will revive or be sustained and as such the exit options available to the shareholders may be limited.**

3. **The Company's success depends in large part upon its management team and skilled personnel and its ability to attract and retain such persons**

Company's future performance may be affected by the discontinuation of service of its management team and skilled personnel. The Company may face a challenge to recruit and retain a sufficient number of suitably skilled personnel. Retention of personnel leaves companies with rising wage bills. There is also significant competition for managerial and other skilled personnel in this industry, and it may be difficult to attract and retain the personnel that the Company needs in the future. The loss of key personnel may have an adverse effect on the business of the Company, results of operations, financial condition and its ability to grow.

4. **There are certain Loss making companies among our Group companies**

There are certain group companies which are incurring losses for last few years. The details of the same are as follows:

(Rs. In Lacs)				
S.No.	Name of Company	2008-09	2007-08	2006-07
1	Ultra Consultants Pvt. Ltd.	7.49	(2.23)	(0.24)
2	Future Consultants Private Ltd.	10.84	5.07	(1.02)
3	Samreet Investment & Management Consultancy Pvt. Ltd.	(0.27)	(0.59)	(0.92)
4	Gulab Merchandise Private Limited	(0.06)	(0.03)	(0.34)

All the above companies are Financial & Investment Consultancy companies. The losses are on account of the administrative and other associated expenses being more than the revenue which was generated by them from Financial & Investment Consultancy activities during the year(s) when they have incurred the losses.

5. **Rise in Input Costs may affect profitability**



The input costs of the Services of the Company may increase due to various reasons. In case the Company is not able to pass on such increase to its customers because of competition or otherwise, it may affect the profitability of the Company. The main input used in the providing our services are steel and manpower. The inputs cost accounts for more than 60% percent of the net sales of our Company. Prices of inputs may tend to remain very volatile. The prices of inputs we purchase from our suppliers may fluctuate due to changes in demand and supply conditions for these inputs in the markets. In the event of any significant increase in the prices of these inputs and if we are unable to pass on fully such increase in the prices to our customers, our profitability will be adversely affected. If we are unable to ensure adequate and timely supply of inputs our Project Execution plans would be adversely affected impacting our profitability adversely.

**6. The Company is highly dependant on steel products which may affect the profitability of the Company in the future**

While the Company maintains continuous supply of steel products, unavailability of such products could disrupt the operations of the Company. Fluctuations in the cost of the steel products have a direct impact on the cost of operations thereby reducing the profitability.

**7. There is a possibility of adverse impact on us in the event of the following litigations being decided against us**

There are certain litigations and disputes outstanding against us that may have an adverse impact if decided against us. Although no liability has been frozen in regard to the cases but in the event some liability does arise there is a possibility of an adverse financial impact on us.

A summary of these cases filed against us is as follows:

S.No	Type of case	No. of cases	Financial Implication (in Rs.)
1.	Civil cases	4	399255
2.	Excise cases	1	4526974
3.	Income Tax cases	3	153668
4.	Sales Tax cases	1	1391020

For further details of these litigations kindly refer to page no. [●] of this Draft Letter of Offer.

**8. The deployment of the issue proceeds expected to be received pursuant to the present issue is entirely at the discretion of the issuer and is not subject to any monitoring by any independent agency.**

**9. The Company has experienced negative cash flows in some of the previous years.**

The Company has experienced negative cash flows in some of the previous years.

The details of the last 5 years are as under:

PARTICULARS	2005	2006	2007	2008	2009
<b>Net increase in Cash and Cash equivalents</b>	<b>9,367,398.00</b>	<b>25,444,990.00</b>	<b>25,953,587.00</b>	<b>(4,702,842.00)</b>	<b>10,253,403.00</b>

**Reason for negative cash Flow:** The Negative cash flow is on account of Purchase of Fixed Assets and Investments made for a total sum of Rs. 21370260. For a detailed overview of the Cash Flow Statement you are requested to kindly refer page [●] of this Draft Letter of Offer.



10. **The Company does not own its registered and other offices from which it operates.**

The Company does not own the premises on which its registered and other offices are located. All of the Company's offices are located on leased premises. If the Company is unable to renew its lease agreement on favourable terms or at all, the Company may suffer a disruption in its operations or increased costs, or both, which may adversely affect its business and results of operations. Further, the lease agreements for its offices are not registered as per the requirements of Section 17 of the Registration Act, 1908. For more information see "Business – Property" on page [●] of this Draft Letter of Offer.

11. **We may be subject to restrictive covenants under working capital facilities provided to us by our lender(s).**

We have availed certain working capital facilities from our bankers. As per the agreements executed with the bankers, there are certain restrictions imposed on us. As per these restrictions; neither sale of any kind nor mortgage, charge, lien or encumbrance, other than the existing charges shall be made or allowed to be made over the currency of the facility without the banker's prior written consent during the currency of the said working capital facility.

12. We have certain disputed and contested tax demands and other government claims. The summary of the same are as under.

S.No	Type of case	No. of cases	Financial Implication (in Rs.)
1.	Excise cases	1	4526974
2.	Income Tax cases	3	153668
3.	Sales Tax cases	1	1391020

For further details of these cases kindly refer to page no. [●] of this Draft Letter of Offer.

13. **Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been independently appraised.**

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. Further, such estimates are based on market conditions and management expectations as of the date they were made. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently our funding requirements may also change.

14. **If we become subject to significant legal action, we may incur substantial costs related to litigation.**

A major part of our current revenues is derived from executing turnkey projects on an EPC basis. There are risks of limited liabilities on us in the form of liquidated damages to the maximum extent of 10% of the contract value in the event of us not being able to execute the project on time. Further, we are engaged in a labour intensive activity. In case of any mishaps at our sites we may have to pay compensation to our workers. All these events, if they happen, may lead to significant adverse impact on our business.

Our insurance coverage may not adequately protect us against certain operating hazards and this may have a material adverse effect on our business. Our insurance coverage is likely to cover all normal risks associated with our operations but there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected. For further details, see the paragraph titled "Insurance" under chapter "Our Business" on page [●] of this Draft Letter of Offer.



**15. Our agreements/work orders with customers expose us to certain risk, which may negatively impact our revenue and profitability.**

In the agreements / work orders with our customers, we are required to deliver the services to the customer within the scheduled time lines. Further, each order is customized to the customer's requirement. Termination of agreement/work order, inadequate performance and/or failure on our part or any third party to meet quality and/or scheduled timelines set by our customers could result in a loss of our business or result in noncompliance with our contractual obligations and could materially or adversely affect our business, profit and results of operation.

Additionally, most of our agreements with our customers are without any commitment to future work. Our business is dependent on the decisions and actions of our customers, and there are a number of factors relating to our customers that are outside our control that might result in the termination of a project or the loss of a customer. Any of these factors may adversely affect our revenues and profitability.

**16. We have high Working Capital requirements. In case there is insufficient cash flow to meet our requirement of working capital or pay our debts, there may be adverse effect on the results of our operations.**

Our business requires a substantial amount of working capital. We require working capital to finance the purchase of materials and execution of projects before full payment is received from clients. Most of our project orders provide for progressive payments from clients with reference to the value of work completed upon reaching certain milestones. Generally, in our projects, the payments are effected based on the progress certificates, certifying the work progress in the preceding contract stage. As a result, we are often required to commit resources to projects prior to receiving payment from clients in amounts sufficient to cover expenditures on the projects as they are incurred. Our working capital requirements may increase if, in certain agreements / work orders, payment terms include reduced or no advance payments or payment schedules that specify payment towards the end of a project or are less favorable to us. Moreover, if a client defaults in making its payments on a project to which we have devoted resources, it could also affect our profitability and liquidity and decrease the capital resources that are otherwise available for other uses. In addition, a portion of the project value, generally 5-10%, is usually withheld by the client as retention money and is generally released upon the testing of the site and completion of the Defect Liability Period which is usually 12 months after completion of the project. There can be no assurance that the progressive payments and the retention money will be remitted by our clients to us on a timely basis or that we will be able to efficiently manage the level of bad debt arising from such payment practice. In addition, it is customary in the industry in which we operate to provide, bank guarantees or performance bonds in favour of clients to secure obligations under contracts. If we are unable to provide bank guarantees our ability to get new business could be limited. Providing margins to obtain bank guarantees or performance bonds increases our working capital needs and limits our ability to provide bonds, guarantees and pay dividends.

Continued increases in working capital requirements and insufficient cash flows from our operations to meet any of the above requirements may have an adverse effect on our financial condition and results of operations. Moreover, we may need to incur additional indebtedness in the future to satisfy our working capital needs.

**17. We rely on government entities for a substantial portion of our revenues. Policy changes may result in projects being restructured, political or financial pressures could cause government entities to force us to renegotiate our agreements or delay their payment to us on time.**

Our business is dependent on Power and Infrastructure sectors and its related projects undertaken by government entities and funded by governments or international and multi-lateral development finance institutions. Contracts awarded by the Central and State government entities have historically accounted, and we expect in the short- to medium-term will continue to account, for a substantial part of the Company's revenues. There can be no assurance that the Central or State Governments will continue to place emphasis on the Power and Infrastructure sectors. If there is any change in the government, budgetary allocations by governments for this sector, or downturn in available work in a particular sector as a result of shifts in government policies or priorities, our financial results and business prospects may be adversely affected.

There may be delays associated with collection of receivables from government entities. Our business involves significant working capital requirements and delayed collection of receivables could adversely affect the Company's liquidity and financial results.



**18. We face margin pressure as a significant number of our power infrastructure-related contracts and projects are awarded by the GOI and state governments through competitive bidding processes. Growing competition may adversely affect our competitive position and our profitability.**

Most contracts in power generation projects and supply of material to such projects are awarded by governments' entities through competitive bidding processes and satisfaction of other prescribed pre-qualification criteria. Once prospective bidders clear the technical requirements of the tender, the contract is usually awarded to the most competitive financial bidder. We face competition from companies who may operate on a larger scale than us and so may be able to achieve better economies of scale than us. As a result, the Company's financial results and business prospects may be adversely affected.

In the case of Power and Infrastructure projects, our margins are susceptible to decline, as contracts in these sectors are increasingly being awarded by government entities to the lowest bidder, causing the Company to accept lower margins in order to be awarded the contract.

We face intense competition from domestic Companies and if we are unable to compete vigorously and effectively in the our business, or if we are unwilling or unable to commit additional resources in order to compete effectively, business and its results of operations could be adversely affected.

Significant additional competition in the markets where we sell products may see market share eroded and further reduction in prices will negatively affect our revenues and profitability.

**19. We depend on sub-contractors for the timely and successful completion of our EPC related contracts.**

Our Company increasingly sub-contracts different parts of a construction contract to sub-contractors. In those instances, the completion of the contract depends on the performance of such sub-contractors. We cannot assure you that suitable sub-contractors will continue to be available at reasonable rates, or at all. As a result, the Company may be required to make additional investments or provide additional services to ensure the adequate performance and delivery of contracted services.

The execution risks the Company faces using sub-contractors include:

- ➔ sub-contractors may not be able to complete the project construction on time, within budget or to the specifications and standards that have been set in the contracts with them which could result in increase in the financing costs associated with the construction and cause the Company's forecasted budget to be exceeded or result in delayed payment to the Company by the client, invoke liquidated damages or penalty clauses, or result in termination of the contract;
- ➔ sub-contractors may not be able to obtain adequate working capital or other financing on favourable terms as and when required to complete construction;
- ➔ sub-contractors may not be able to recover the amounts the Company has invested in construction contracts if the assumptions contained in the feasibility studies for these projects do not materialise;
- ➔ we may not be able to pass on certain risks to sub-contractors such as unforeseen site and geological conditions which may make the site unsuitable for the project; and
- ➔ As we expand geographically, the Company may have to use sub-contractors with whom it is not familiar, which could increase the risk of cost overruns, construction defects and failures to meet scheduled completion dates.



Even when the Company sub-contracts work, it remains responsible for the sub-contracted work which means clients still have recourse to the Company for actions, omissions and defects by sub-contractors. In the case of our business, the Company generally does not receive guarantees or indemnities from sub-contractors as to timely completion, cost overruns or additional liabilities which means that it assumes the risk of delayed or reduced payments, liquidated damages or penalty amounts, or contract termination by the client. The Company also assumes liability for defects in connection with any designs or engineering provided by sub-contractors. In contrast, EPC contractors in our business are generally subject to liquidated damages payments for failure to achieve timely completion or performance shortfalls and they may also give limited warranties in connection with design and engineering work as well as provide guarantees and indemnities as to cost overruns and additional liabilities. However, liquidated damages provisions, guarantees and indemnities may not address all losses, damages or risks or cover the full loss or damage suffered due to construction delays, performance shortfalls, or the entire amount of any cost overruns. Projects may also suffer losses due to risks not addressed as a co-insured under the insurance policies of EPC contractors. While the Company and our Projects maintain insurance policies to cover natural disaster risks, and other insurable risks that are not assigned to subcontractors or contractors, we cannot assure you that any cost overruns or additional liabilities on the Company's part or on the part of our Projects would be adequately covered by such insurance policies. It may also not be possible to obtain adequate insurance against some risks on commercially reasonable terms. Failure to effectively cover ourselves or the Projects to cover themselves against risks could expose the Company to substantial costs and potentially lead to material losses. The occurrence of any of these risks may also adversely affect the Company's reputation and business adversely.

**20. Our operations could be adversely affected by disputes with employees.**

As of November 01, 2009, the Company employed a work force of approximately 176 full-time employees. In addition, the Company may sub-contract construction work to third parties that hire contract or temporary labour. While we believe we maintain good relationships with employees, there can be no assurance that the Company will not experience future disruptions to its operations due to disputes or other problems with its work force or contract labour employed by independent contractors.

**21. If supply of raw material gets delayed or the material gets stolen it may bring penal consequences and liquidated damages.**

We may become dependent on suppliers for supply of material and if in any circumstances supply gets delayed or material lying at site gets stolen in spite of due care or we may not be able to get right of way in time it may result in delay in completion of project or the suspension or abandonment of the project which may bring liquidated damages and penal action against us. Delay in getting right of way may bring more hardship for us.

**22. If we are not able to implement our business strategy effectively, it may have an adverse impact on our business, financial condition and results of operations.**

The success of our business will depend greatly on our ability to effectively implement the business and growth strategy on time, failing which our business, financial condition and results of operations might be adversely affected.

**23. Contingent Liabilities as on 30 September, 2009:**

As per the Audited Financial Statements, the Company has certain contingent liabilities, which, if determined against it in future, may impact its financial position, adversely. Details of the contingent liabilities as on September 30, 2009 are given in the following table:

	<b>PARTICULARS</b>	<b>Amount (Rs. in Lacs)</b>
a)	Guarantees given by Banks which are counter guaranteed by the Company and secured against fixed and current assets	2761.82
b)	Corporate Guarantee given by the Company	50.00
c)	Others where Company had gone into appeals before appropriate authorities	
	- Sales Tax	13.91
	-Income tax	1.54

Besides the above there are no contingent liabilities that are not provided for by the Company.



24. **The Company is involved into labour intensive activity, non-availability of which, may adversely affect the business of the Company in long run.**  
The Company had a workforce turnover of 10% during the financial year 2008-09. There can be no assurance that the rate of labour turnover may not increase which might hamper the business of the Company adversely.
25. **Change in Technology and trends in the industry may affect Company's ability to compete. Any failure to keep abreast of the latest trends in the Engineering Contracting Industry may adversely affect the competitiveness and ability of the Company to compete with newer generation products.**
26. **The Preference Share Conversion Price, as may be fixed by the Board, may not be indicative of the future market price of Equity Shares of the Company.**

#### **EXTERNAL RISK FACTORS**

1. **Risk in relation to Engineering Contracting industry**  
The Engineering Contracting industry is to some extent a cyclical industry, as the operating results has historically been fluctuating in the past. The results may fluctuate in the future too depending on a number of variables such as international trends, fluctuation in rupee value, import tariff, domestic duties and taxes, changes in relationship between revenue and cost and consolidation in the Engineering Contracting industry, effect of seasonality, availability of Manpower, change of Government policies, addition of new machinery and other general economical and business factors. It is possible that in future, at any point in time, the company's operating results may vary from the expectations of shareholders, market analysis and public on account of any or all these factors.
2. **Engineering Contracting industry is Labour intensive**  
Being in a labour intensive industry, the Company may possibly face labour strikes, lockouts etc which may adversely impact profitability.
3. **Increased competition in the Engineering Contracting industry may adversely affect the business of the Company.**
4. **Increase in taxes and other levies imposed by the Central or State Governments on the acquisition of Capital goods/components may have an adverse effect on the profitability of the Company.**  
Custom duty on consumables and machinery and other levies affect the company. These taxes and levies affect the costs and sales price of its services and hence the demand for its services. Any increase in any of these taxes or levies or the imposition of new taxes or levies in the future may have an adverse impact on the Company's business and financial condition.
5. **A slowdown in economic growth in India could cause our business to suffer. Any slowdown in the Indian economy and the consequent impact on Infrastructure industry could adversely affect the demand for the Company's services and consequently affect the results of operations.**
6. **Any unfavorable Government policies in relation to Engineering Contracting industry may have adverse impact on the Company.**  
Engineering Contracting industry's healthy growth is dependent on the government policies. As the Engineering Contracting industry is also dependant on the inputs which are imported, any change in the policy with regard to import activities could affect the Industry's existence and growth.
7. **The Engineering Contracting industry is subject to numerous regulations.**  
The Company is subject to numerous laws and regulations in the jurisdiction in which it operates, including those relating to the labour laws, taxation laws and environmental clearances, health and safety laws. The success of the Company's strategy is contingent upon, among other things, receipt of all required licenses, permits and authorizations, environmental, health and safety permits, etc. Failure to obtain the licenses or permissions could lead to increased costs and delay in the smooth operation of the Company.



8. **Disruptions or lack of basic infrastructure could adversely affect our operations.**  
Being a service industry, the operations require continuous supply of power and any disruption in the supply of the same may affect the operations of the Company and hence could have an adverse effect on the business, results of operations and financial condition of the Company.
9. **The Company's operations could be affected by natural calamities at or in the vicinity of its Contract Sites.**  
The operations of the Company are dependent on the Company's ability to protect its Contract Sites from any natural calamity such as fire, earthquakes, floods, natural and similar events. The occurrence of a natural disaster or other unanticipated problems at its sites can cause interruptions in its operations. Any damage or failure that causes interruptions in its operations could have a negative impact on its profitability and financial condition.
10. **Drastic changes in political situation in India may affect Company's business**  
The Company's performance is linked to the stability of Government policies and the political situation in India. The Government of India, for more than a decade and a half, has relentlessly pursued pro-reform policies, thus encouraging privatization and public-private partnerships. Protests and anti-reform agitations could slow the pace of liberalization and deregulation. This could have a resultant impact on policies related to Engineering Contracting industry.

**Notes:**

1. The investors may contact D and A Financial Services (P) Limited or the Compliance Officer for any complaint/ clarification/information pertaining to the Issue.
2. Net worth of the Company as on March 31 2009, is Rs. 1236.31 Lacs and as on September 30, 2009 is Rs. 1408.82 Lacs.
3. Issue of 221141 Zero Dividend Compulsorily And Fully Convertible Preference Shares (ZDCFPS) of Rs. 100 each aggregating to Rs. 221.14 lacs to the existing Equity Shareholders on rights basis in the ratio of 1 Zero Dividend Compulsorily And Fully Convertible Preference Share for every 3 existing Equity Shares held by the existing shareholders on the record date, that is on [●]
4. The details of the group companies having business interests or other interests in the issuer.
5. Kindly refer to page no. [●] of this Draft Letter of Offer for details of Related Party Transactions.
6. In accordance with Accounting Standard 18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India, the Company has compiled the required information as per details provided on page no. [●] of this Draft Letter of Offer. The total value of the related party transaction during the year 2008-09 was Rs. 4426.93 Lacs.  
Kindly refer to page no. [●] of this Draft Letter of Offer for details of Related Party Transactions.
7. The name of Raunaq International Limited has not changed at any time during the last three years immediately preceding the date of filing Draft Letter of Offer with SEBI.
8. There have been no financing arrangements whereby the promoter group, the directors of the Raunaq International Limited and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing draft offer document with the Board.
9. There are no interests of promoters/directors/key management personnel other than reimbursement of expenses incurred or normal remuneration or benefits.
10. Investors are advised to refer to the paragraph on Basis for Issue Price on page no. [●] before making an investment in the issue.
11. Investors may note that in case of over subscription, the allotment shall be as per the procedure stated under the Para Basis of Allotment given on page no. [●].
12. The investors are advised to refer the Paragraph on promoter's background and past financial performance of the Company before making an investment in the proposed issue.



13. There are no relationships with statutory auditors to the Company other than auditing and certification of financial statements.
14. For the Contingent Liabilities not provided for as on March 31, 2009, please refer to page no. [●] of this Draft Letter of Offer.
15. All information shall be made available by the Lead Manager and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
16. There are no loans and advances made to any person(s) / companies in which directors are interested.



## **SECTION III- INTRODUCTION**

### **SUMMARY OF INDUSTRY OVERVIEW**

#### **Introduction to EPC**

An EPC project is a well-known project management term used internationally. It refers to performing a complete project on a lump sum turnkey basis which encompasses the engineering, procurement and construction of the whole project. The FEED (front end engineering design) forms the basis of detailed design of the complete project, which in turn generates the basic data for the procurement and civil, mechanical, electrical and instrumentation (CME&I) works of an EPC project. The project objective is to ensure safe, timely, and successful completion of the EPC project within allocated budget.

#### **EPC and EPCM Contracts**

EPC stands for Engineering, Procurement and Construction. It is a common form of contracting arrangement within the construction industry. Under an EPC contract, the contractor will design the installation, procure the necessary materials and construct it, either through own labour or by subcontracting part of the work. The contractor carries the project risk for schedule as well as budget in return for a fixed price, called lump sum or LSTK depending on the agreed scope of work.

When scope is restricted to engineering and procurement only, this is referred to as an EP or E+P contract. This is often done in situations where the construction risk is massive for the contractor or when the Owner prefers to do construction himself.

EPCM refers to Engineering, Procurement, Construction Management. It is a common form of contracting arrangement within the construction industry. In an EPCM arrangement, the contractor is not in fact the constructor. Rather the EPCM designs, procures and manages the construction process as an agent of the project Owner. While the C stands for construction, this is in the context of CM, Construction Management. Unlike an EPC contract, an EPCM contract is essentially a contract for professional services, based on a schedule of rates.

EPC and EPCM contracts are quite different in terms of risks and allocations. The advantage from the Owners' point of view of an EPC contract is that the contractor takes full responsibility in respect of the following:

1. cost of completion if it is a lump sum contract (subject to limited adjustments)
2. the time for completion (subject to extensions of time)
3. the quality of the design and work and achievement of performance guarantees (subject to any exclusion)

The potential for multiple disputes is avoided in EPC. However, the major disadvantage for the Owner of the EPC contract, when compared to the EPCM contract, is that the detailed design is the contractor's prerogative. Accordingly, in an EPC contract, great care needs to be taken that the Owner specifies and defines the design parameters and deliverables, including consumption of utilities and emissions.

**For further details, please see the section on "Industry Overview" beginning from page no. [•] of this Draft Letter of Offer.**



## SUMMARY OF BUSINESS OVERVIEW

During 1970s, the Company was operating as a recognized export house, and subsequently from the year 1978 onwards, it started venturing in civil, mechanical and electrical construction. The Company is engaged primarily in the service of core infrastructural and industrial sectors in India, namely Power, Chemical, Hydro-carbon, metal and automobile sectors. The Company undertakes Turnkey Contracts of Mechanical, Civil and associated Electrical & Instrumentation works for these sectors.

The services provided by the Company include:

1. Detailed Engineering
2. Procurement, Inspection and Supply
3. Quality Assurance
4. Construction & Installation
5. Testing & Commissioning
6. Project Management & Supervision

The Company has the following projects in progress

S.No	Address	Client	Brief Details of the Project
1.	Reliance Energy Centre, Western Express Highway, Santa Cruz, Mumbai-400055	Reliance Infrastructure Limited (Earlier known as Reliance Energy Limited), Hissar	LP Piping Package Including CW Piping, for 2x600 MW Hissar Thermal Power Project at Hissar (Haryana)
2.	UPRUVNL, PTPS Extn., Unit 5 & 6, 2x250 MW Parichha. Distt. Jhansi (UP)	Reliance Infrastructure Limited (Earlier known as Reliance Energy Limited), Parichha	CW & LP Piping Package
3.	UEE&PL C/O Rosa Power Supply Co. Ltd., 2x300 MW Rosa Thermal Power Plant, Milestone no.- 329, NH-24, Delhi Lucknow Highway, Chaudhera Village, Rosa, Distt.- Shahjehanpur (UP)-261001	Rosa Power Supply Co. Ltd., Rosa	CW & LP Piping Package
4.	Reliance Infrastructure Ltd., 2x600 MW Raghunathpur Thermal Power Project , Village – Dum Dumi, Ghutitora More, Post Office – Nildih, Raghunathpur District – Purulia, West Bengal – 723 133	Reliance Infrastructure Limited, Raghunathpur	LP Piping & CW Piping Package
5.	Hindustan Zinc Limited Dariba Smelter Complex, Rajpura, Dariba Mines, Distt.	Hindustan Zinc Limited	Yard Piping Package



	Rajsamand, Rajasthan.		
6.	Rihand STPP, Stage-III, Unit 5 & 6, 2x500 MW, P.O. Rihand Nagar – 231223 Distt. Sonebhadra (UP)	NTPC Limited, Rihand	Station Piping Package
7.	Jindal Steel and Power Limited, 4x135 MW Captive Power Plant, Raigarh Village: Dongamahua, Via – Tamnar, Post Dhaurabhata, Distt. Raigarh , Chhattishgarh	Jindal Steel and Power Limited, Raigarh	1. Make-up Water System Ph-I 2 Make-up Water System Ph-II For 4x135 MW Captive Power Plant ,Raigarh
8.	Bharat Aluminium Company Limited, 4x300MW Power Project, Balco Nagar, Korba (CG)-495684	Bharat Aluminium Company Limited, Korba	Supply, Mechanical Erection, Civil Construction of pump house for Plant water supply system.
9.	NALCO, Mines & Refinery Complex, Distt.- Kuraput, Damanjodi, Orissa-763008	National Aluminum Company Limited, Damanjodi	Red Mud Disposal Pipeline.
10.	Punj Lloyd Ltd. 2x250 MW, Chhabra, Thermal Power Project, Rajasthan Rajya Vidyut Utpadan Nigam Ltd. Vill: Motipura Chowki, Chhabra-326220, Distt. Baran, Rajasthan	Punj Lloyd Ltd.	Fuel Oil unloading & storage Tank System and Miscellaneous Storage Tanks.

### **Our Product Range**

We basically cater to the Power, Chemical, Hydro-carbon, metal and automobile sectors.

### **Product Portfolio**

The services provided by the Company include:

1. Detailed Engineering
2. Procurement, Inspection and Supply
3. Quality Assurance
4. Construction & Installation
5. Testing & Commissioning
6. Project Management & Supervision

**For further details, please see the section on “Business Overview” beginning from page no. [•] of this Draft Letter of Offer.**



## ISSUE DETAILS IN BRIEF

Pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on October 28, 2009 it has been decided to make the following offer to the Equity Shareholders of the Company.

Zero Dividend Compulsorily And Fully Convertible Preference Shares (ZDCFCPS) proposed to be issued by the Company	221141 Zero Dividend Compulsorily And Fully Convertible Preference Shares (ZDCFCPS) of Rs. 100 each
Rights Entitlement	1 Zero Dividend Compulsorily And Fully Convertible Preference Share for every 3 existing Equity Shares held by the existing shareholders on the Record Date, that is on [●]
Record Date	[●]
Issue Price per Zero Dividend Compulsorily And Fully Convertible Preference Shares	100
Face value per Zero Dividend Compulsorily And Fully Convertible Preference Shares	100
Zero Dividend Compulsorily And Fully Convertible Preference Shares Conversion price	Please refer to page [●]
Zero Dividend Compulsorily And Fully Convertible Preference Shares Conversion period	Please refer to page [●]
Equity Shares outstanding prior to the Issue	663424
Equity Shares outstanding after the Issue before conversion of Zero Dividend Compulsorily And Fully Convertible Preference Shares	663424
Equity Shares outstanding after the Issue after conversion of Zero Dividend Compulsorily And Fully Convertible Preference Shares*	1326847
Terms of the Issue	For more information, see "Terms of Issue" on page [●] of this Draft Letter of Offer.

\*On Conversion of all Zero Dividend Compulsorily and Fully Convertible Preference Shares issued under this issue.



## SUMMARY FINANCIAL AND OPERATING INFORMATION

The following summary financial and operating information is derived from our restated financial statements as of for the fiscal years ended March 31 2009, 2008, 2007, 2006 and 2005 and for the Six Months Period ending 30 September, 2009, as described in the Auditor's Report in the section titled "Financial Statements" beginning on page [•] of this Draft Letter of Offer. These Financial statements have been prepared in accordance with the Indian GAAP, the Companies Act, 1956 and have been restated as required under SEBI Regulations.

The summary financial and operating information presented below should be read in conjunction with the financial statements, the notes thereto included in the sections titled "Financial Statements" and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages [•] & [•], respectively, of this Draft Letter of Offer.

In accordance with the requirements of Clause B.1 of Part II of Schedule II to the Companies Act, 1956, we report that the profits of the Company for the above years are as set out below. These profits, expressed in lacs of rupees, have been arrived at after charging all expenses of manufacture, working and management including depreciation and after making such adjustments and regroupings as in our opinion are appropriate and are subject to the Accounting Policies being followed by the Company and notes given below:

### SUMMARY STATEMENT OF ASSETS & LIABILITIES (RESTATED)

							(Amount in Rs.)
Particulars	AS AT 31ST MARCH					AS AT 30th September, 2009	
	2005	2006	2007	2008	2009		
<b>1 Fixed Assets</b>							
Gross Block	4,651,586.00	6,753,396.00	13,603,263.00	19,344,307.00	23,898,892.00	30,331,552.00	
Less: Depreciation	3,077,042.00	2,679,431.00	3,653,633.00	6,063,738.00	9,123,140.00	10,760,523.00	
Net Block	1,574,544.00	4,073,965.00	9,949,630.00	13,280,569.00	14,775,752.00	19,571,029.00	
Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00	
Net Block after adjustment for Revaluation Reserve	1,574,544.00	4,073,965.00	9,949,630.00	13,280,569.00	14,775,752.00	19,571,029.00	
<b>Total Fixed Assets</b>	<b>1,574,544.00</b>	<b>4,073,965.00</b>	<b>9,949,630.00</b>	<b>13,280,569.00</b>	<b>14,775,752.00</b>	<b>19,571,029.00</b>	
<b>2 Investments</b>	<b>10,000.00</b>	<b>10,000.00</b>	<b>90,000.00</b>	<b>15,703,216.00</b>	<b>14,998,073.00</b>	<b>14,998,073.00</b>	
<b>3 Deferred Tax Assets (Net)</b>	<b>590,615.00</b>	<b>831,739.00</b>	<b>2,831,392.00</b>	<b>4,470,982.00</b>	<b>5,950,696.00</b>	<b>6,128,494.00</b>	
<b>4 Currents Assets, Loans and Advances</b>							
Inventories/Work-in-Progress(Contracts)	13,994,605.00	12,406,228.00	20,369,004.00	12,606,248.00	26,375,647.00	15,901,180.00	
Sundry Debtors	58,465,408.00	50,729,483.00	50,027,709.00	107,723,916.00	98,738,653.00	136,434,418.00	
Cash & Bank Balance	31,965,973.00	57,410,963.00	83,364,550.00	78,661,708.00	88,915,111.00	78,836,726.00	
Loans and Advances	9,649,454.00	9,796,988.00	12,854,452.00	18,859,138.00	17,901,083.00	18,528,180.00	
<b>Total Current Assets</b>	<b>114,075,440.00</b>	<b>130,343,662.00</b>	<b>166,615,715.00</b>	<b>217,851,010.00</b>	<b>231,930,494.00</b>	<b>249,700,504.00</b>	



5	<b>Total Assets (1+2+3+4)</b>	<b>116,250,599.00</b>	<b>135,259,366.00</b>	<b>179,486,737.00</b>	<b>251,305,777.00</b>	<b>267,655,015.00</b>	<b>290,398,100.00</b>
6	<b>Liabilities and Provisions</b>						
	Loan Funds:						
	Secured loans	3,578,907.00	2,252,623.00	4,299,524.00	5,032,340.00	2,300,652.00	9,602,043.00
	Unsecured Loans	0.00	0.00	0.00	0.00	0.00	0.00
		<b>3,578,907.00</b>	<b>2,252,623.00</b>	<b>4,299,524.00</b>	<b>5,032,340.00</b>	<b>2,300,652.00</b>	<b>9,602,043.00</b>
	<b>Current Liabilities &amp; Provisions</b>						
	Sundry Liabilities	63,718,482.00	75,523,017.00	102,303,283.00	153,135,144.00	140,015,462.00	139,914,573.00
	Provisions	0.00	0.00	620,938.00	1,707,581.00	1,707,581.00	0.00
		<b>63,718,482.00</b>	<b>75,523,017.00</b>	<b>102,924,221.00</b>	<b>154,842,725.00</b>	<b>141,723,043.00</b>	<b>139,914,573.00</b>
	<b>Total Liabilities and Provisions</b>	<b>67,297,389.00</b>	<b>77,775,640.00</b>	<b>107,223,745.00</b>	<b>159,875,065.00</b>	<b>144,023,695.00</b>	<b>149,516,616.00</b>
7	<b>Net Worth (5-6)</b>	<b>48,953,210.00</b>	<b>57,483,726.00</b>	<b>72,262,992.00</b>	<b>91,430,712.00</b>	<b>123,631,320.00</b>	<b>140,881,484.00</b>
8	Represented by Shareholders						
	Share Capital	6,701,660.00	6,701,660.00	6,701,660.00	6,701,660.00	6,701,660.00	6,701,660.00
	Reserve and Surplus	42,251,550.00	50,782,066.00	65,561,332.00	84,729,052.00	116,929,660.00	134,179,824.00
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Reserve and Surplus (Net)	42,251,550.00	50,782,066.00	65,561,332.00	84,729,052.00	116,929,660.00	134,179,824.00
	<b>Net Worth</b>	<b>48,953,210.00</b>	<b>57,483,726.00</b>	<b>72,262,992.00</b>	<b>91,430,712.00</b>	<b>123,631,320.00</b>	<b>140,881,484.00</b>

### SUMMARY STATEMENT OF PROFITS & LOSSES (RESTATED)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					(Amount in Rs.)
	2005	2006	2007	2008	2009	For the six months ended
						30th September, 2009
<b>Income</b>						
Sales:						
-Supply Contracts (Mechanical)	44,196,930.00	152,318,602.00	245,635,733.00	212,485,515.00	414,055,267.00	235,421,423.00
-Traded Goods	183,670.00	0.00	317,700.00	486,000.00	0.00	0.00
-Charged to completed contracts (Civil/Mechanical)	36,244,688.00	56,092,802.00	6,075,862.00	76,430,696.00	247,998,344.00	949,713.00
Increase/ (Decrease) in WIP-Contracts/Inventory	7,743,477.00	4,527,436.00	128,093,480.00	138,955,276.00	(62,396,785.00)	64,018,504.00
<b>Sub Total</b>	<b>88,368,765.00</b>	<b>212,938,840.00</b>	<b>380,122,775.00</b>	<b>428,357,487.00</b>	<b>599,656,826.00</b>	<b>300,389,640.00</b>
Other Income	1,435,209.00	2,824,094.00	2,634,058.00	5,006,297.00	5,399,847.00	4,238,850.00



<b>Total</b>	<b>89,803,974.00</b>	<b>215,762,934.00</b>	<b>382,756,833.00</b>	<b>433,363,784.00</b>	<b>605,056,673.00</b>	<b>304,628,490.00</b>
<b>Expenditure</b>						
Purchases- Traded Goods	160,332.00	0.00	258,402.00	391,367.00	0.00	0.00
Cost of Construction (Supply & Erection)	64,942,780.00	173,425,871.00	310,179,590.00	328,699,711.00	468,387,626.00	231,276,112.00
Staff Cost	15,149,533.00	15,751,494.00	30,812,874.00	51,324,764.00	60,652,482.00	34,774,045.00
Selling, Administrative and other expenses	5,334,475.00	5,644,364.00	8,437,656.00	8,581,137.00	11,019,655.00	5,807,124.00
Finance Charges	4,384,010.00	7,308,087.00	7,063,262.00	7,749,141.00	12,321,018.00	5,211,461.00
Depreciation	325,768.00	491,316.00	1,268,873.00	2,416,619.00	3,059,402.00	1,637,383.00
<b>Total Expenditure</b>	<b>90,296,898.00</b>	<b>202,621,132.00</b>	<b>358,020,657.00</b>	<b>399,162,739.00</b>	<b>555,440,183.00</b>	<b>278,706,125.00</b>
<b>Net Profit / (Loss) before tax &amp; Extraordinary items</b>	<b>(492,924.00)</b>	<b>13,141,802.00</b>	<b>24,736,176.00</b>	<b>34,201,045.00</b>	<b>49,616,490.00</b>	<b>25,922,365.00</b>
Less: Provision for taxes						
- Current tax	0.00	4,522,145.00	10,000,550.00	12,800,000.00	16,545,000.00	8,850,000.00
- Deferred tax liabilities/ (assets)	(206,165.00)	(241,124.00)	(1,999,653.00)	(1,639,590.00)	(1,479,714.00)	(177,798.00)
- Fringe Benefit Tax	0.00	330,265.00	365,000.00	628,992.00	643,015.00	0.00
<b>Net Profit / (Loss) after tax &amp; Extraordinary items before earlier years provision</b>	<b>(286,759.00)</b>	<b>8,530,516.00</b>	<b>16,370,279.00</b>	<b>22,411,643.00</b>	<b>33,908,189.00</b>	<b>17,250,163.00</b>
Less: Short Provision of Tax for earlier years	76,748.00	0.00	62,312.00	0.00	0.00	0.00
<b>Net Profit / (Loss) after tax &amp; Extraordinary items after earlier years provision</b>	<b>(363,507.00)</b>	<b>8,530,516.00</b>	<b>16,307,967.00</b>	<b>22,411,643.00</b>	<b>33,908,189.00</b>	<b>17,250,163.00</b>
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Profit after Tax &amp; Extraordinary Items</b>	<b>(363,507.00)</b>	<b>8,530,516.00</b>	<b>16,307,967.00</b>	<b>22,411,643.00</b>	<b>33,908,189.00</b>	<b>17,250,163.00</b>
Add : Surplus brought forward from previous year	8,709,805.00	8,346,298.00	16,876,814.00	19,656,080.00	27,860,142.00	47,560,750.00
<b>Profit Available For Appropriations</b>	<b>8,346,298.00</b>	<b>16,876,814.00</b>	<b>33,184,781.00</b>	<b>42,067,723.00</b>	<b>61,768,331.00</b>	<b>64,810,913.00</b>
<b>APPROPRIATIONS</b>						



Dividend						
-Interim	0.00	0.00	796,109.00	0.00	0.00	0.00
-Final (Proposed)	0.00	0.00	530,739.00	1,459,533.00	1,459,533.00	0.00
Dividend Tax	0.00	0.00	201,853.00	248,048.00	248,048.00	0.00
Transfer to General Reserve	0.00	0.00	12,000,000.00	12,500,000.00	12,500,000.00	0.00
<b>Balance Carried to Balance Sheet</b>	<b>8,346,298.00</b>	<b>16,876,814.00</b>	<b>19,656,080.00</b>	<b>27,860,142.00</b>	<b>47,560,750.00</b>	<b>64,810,913.00</b>



## GENERAL INFORMATION

### RAUNAQ INTERNATIONAL LIMITED

#### Incorporation

Our Company was originally incorporated as Raunaq International Private Limited on April 24, 1965, under the Companies Act, 1956, with the Registrar of Companies, Delhi. The Company was converted into a Public Limited Company and subsequently the name was changed to Raunaq International Limited w.e.f May 01, 1976.

**Company Registration No.:** 4382 of 1965-66.

**CIN:** L51909HR1965PLC034315

#### Registered Office

20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad - 121003

Tel: +91 0129 4288888

Fax: +91 0129 4288822, 4288823

#### Registrar of Companies:

Registrar of Companies, Delhi & Haryana, IFCI Tower, 4th Floor, 61, Nehru Place, New Delhi 110 019

#### Changes in the Registered Office since incorporation

At the time of incorporation the registered office of the Company was situated at 72, Janpath, New Delhi.

It was shifted to 14-15/F, Connaught Place, New Delhi-110001, w.e.f June 16, 1969.

Thereafter it was shifted to Allahabad Bank Building, 17, Parliament Street, New Delhi-110001, w.e.f November 01, 1973.

It was then shifted to Chiranjiv Tower, 43 Nehru Place, New Delhi - 110019, w.e.f January 25, 1988.

Presently, the Registered Office of the Company is situated at 20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad - 121003, India with effect from 16.08.1999.

Dear Shareholder(s),

Pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on October 28, 2009, it has been decided to make the following offer to the Equity Shareholders of the Company, with a right to renounce:

ISSUE OF 221141 ZERO DIVIDEND COMPULSORILY AND FULLY CONVERTIBLE PREFERENCE SHARES (ZDCFCPS) OF RS. 100 EACH AGGREGATING TO RS. 221.14 LACS TO THE EXISTING EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 1 ZERO DIVIDEND COMPULSORILY AND FULLY CONVERTIBLE PREFERENCE SHARE FOR EVERY 3 EXISTING EQUITY SHARES HELD BY THE EXISTING SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●]

#### Investors please note:

In the reasonable opinion of the Board, there are no circumstances that have arisen since the date of the last financial statement disclosed in this Draft Letter of Offer, that materially or adversely affect or are likely to affect the performance or profitability of the Company or value of its assets or its ability to pay its liabilities within the next twelve months.



### Important

1. This Issue is applicable only to those shareholders whose names appear as beneficial owners as per the list to be furnished by Depositories in respect of the Equity Shares held in the electronic form and on the register of members of the Company in respect of the Equity Shares held in physical form at close of business hours on [●], i.e. the Record Date.
2. Shareholders' attention is drawn to Risk Factors appearing on page no [●] to [●] of this Draft Letter of Offer.
3. Please ensure that the CAF is received with the abridged version of the Letter of Offer.
4. Please read this Draft Letter of Offer and the instructions contained therein and in the CAF carefully, before filling in the CAF. The instructions contained in the CAF are an integral part of this Draft Letter of Offer and must be carefully followed. The application is liable to be rejected if it is not in conformity with the terms of this Draft Letter of Offer and/or the CAF.
5. All enquiries in connection with this Draft Letter of Offer or CAF should be addressed to the Registrar to the Issue viz. Link Intime India Pvt. Ltd., quoting the registered folio number/DP ID/client ID number and the serial number of the CAF and his/her full name and address.
6. In case the original CAF is not received, lost or misplaced by the shareholder, the Registrars/Company will issue a duplicate CAF on the request of the shareholder who should furnish the registered folio number/DP ID/client ID number and his/her full name and address to the Registrars/Company. Please note that those applicants who are making the application in the duplicate CAF should not utilize the original CAF for any purpose including renunciation, even if it is received/found subsequently. In case the original and the duplicate CAFs are lodged for subscription, both the applications will be rejected.
7. The Issue will be kept open for a minimum period of 15 days. If extended, it will be kept open for a maximum period of 30 days.
8. The Lead Managers and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Draft Letter of Offer with SEBI/Stock Exchange.
9. The Lead Manager and the Company shall update the Draft Letter of Offer and keep the public informed of any material changes till the listing and trading commences.
10. All the legal requirements as applicable till the filing of the Draft Letter of Offer with the Designated Stock Exchange have been complied with.

### Board of Directors

Name, Fathers' Designation, Status, Experience, Occupation, Address	Age (In Years)	Qualifications	DIN	Date of expiration of current term of office	Details of directorships in other companies
<b>Mr. Surinder Pal Kanwar</b> (S/o: Late Dr. Raunaq Singh)  <b>Designation:</b> Chairman & Managing Director  <b>Status:</b> Promoter Director  <b>Experience:</b> 34 years  <b>Occupation:</b>	57 years	Commerce Graduate from Delhi University	00033524	30.09.2012	1. M/s Bharat Gears Limited 2. M/s Samreet Investment & Management Consultancy Pvt. Ltd. 3. M/s Raunaq ABM India Ltd. 4. M/s Ultra Consultants Pvt. Limited 5. M/s Clip-Lok Simpak (India)



<p>Businessman</p> <p><b>Address:</b> A-3, Greater Kailash-1, New Delhi-110048</p>					<p>) Private Limited</p> <p>6. M/s Vibrant Finance and Investment Private Limited</p> <p>7. M/s Future Consultants Pvt. Limited</p>
<p><b>Mr. Sachit Kanwar</b> (S/o: Mr. Surinder Pal Kanwar)</p> <p><b>Designation:</b> Executive Director</p> <p><b>Status:</b> Promoter Director</p> <p><b>Experience:</b> 5 years</p> <p><b>Occupation:</b> Businessman</p> <p><b>Address:</b> A-3, Greater Kailash-1, New Delhi-110048</p>	27 years	Bachelor's Degree in Administrative Studies from York University-Atkinson Faculty of Liberal & Professional Studies, Toronto, ON	02132124	31.03.2012	<p>1. M/s Samreet Investment &amp; Management Consultancy Pvt. Ltd.</p> <p>2. M/s Vibrant Finance and Investment Private Limited</p> <p>3. Gulab Merchandise Private Limited</p>
<p><b>Mr. Maharaj Kumar Vig</b> (S/o: Late Sh. Mulkhraj Vig)</p> <p><b>Designation:</b> Director</p> <p><b>Status:</b> Independent Director</p> <p><b>Experience:</b> 40 years</p> <p><b>Occupation:</b> Retired Chairman of Oriental Bank of Commerce</p> <p><b>Address:</b> 101/17, Silver Oaks Apartments, DLF Phase-I, Gurgaon-122001, Haryana, India</p>	86 years	Graduate and CAIIB	00101283	N.A.	Carrier Travels Pvt. Limited
<p><b>Mr. Pradeep Kumar Mittal</b> (S/O: Late Sh. Yogendra Kumar Mittal)</p> <p><b>Designation:</b> Director</p> <p><b>Status:</b> Non Executive and Non- Independent Director</p> <p><b>Experience:</b> 27 years</p>	56 years	B.Com, FCS, LL.B.	00165315	N.A.	<p>1. HB StockHoldings Limited</p> <p>2. Bajaj Hindustan Sugar Industries Ltd.</p>



<p><b>Occupation:</b> Advocate</p> <p><b>Address:</b> 171, Chitra Vihar, Delhi-110092</p>					
<p><b>Mr. Venkatraman Srinivasan</b> (S/o: Late Sh. Nagar Vaidyanathan Venkatraman)</p> <p><b>Designation:</b> Director</p> <p><b>Status:</b> Non-Independent Director</p> <p><b>Experience:</b> 40 years</p> <p><b>Occupation:</b> Retired</p> <p><b>Address:</b> B-904, Usha Nagar, Bhandup (W), Mumbai-400078, India</p>	65 Years	Bachelor's degree in Mechanical Engineering. MS in Industrial Engineering from University of Illinois and an MBA, from Graduate School of Business of the University of Pittsburgh in USA.	00879414	N.A.	N.A.
<p><b>Dr. Sanjeev Kumar</b> (S/o: Late Shri Bhagwati Prasad Awasthi)</p> <p><b>Designation:</b> Director</p> <p><b>Status:</b> Independent Director</p> <p><b>Experience:</b> 25 years</p> <p><b>Occupation:</b> Service</p> <p><b>Address:</b> 116, Samachar Apartments, Mayur Vihar, Phase-1, Delhi-110091</p>	50 years	M.Com, Ph.D., LL.B. PGDIPRL, FCWA, FCS,	00364416	N.A.	<ol style="list-style-type: none"> <li>1. Bajaj Hindustan Limited</li> <li>2. Bajaj Eco-Tech Products Limited</li> <li>3. Bajaj Aviations Private Limited</li> <li>4. BPA Estates Private Limited</li> </ol>
<p><b>Mr. Venkataraman Gokarnesan</b> (S/o: Dr. S. Gokarnesan)</p> <p><b>Designation:</b> Director</p> <p><b>Status:</b> Independent Director</p> <p><b>Experience:</b> 47 years</p> <p><b>Occupation:</b> Retired as Director, NTPC Limited</p> <p><b>Address:</b> G-102, Yamuna Apartments, Alaknanda, Kalkaji, New Delhi-110019</p>	60 years	B. Tech in Electrical Engineering, MBA-IIMA Ahmedabad, LLB, Fellow of Institution of Engineers (India).	00208605	N.A.	MPPGC Limited and Pipe Support India (P) Ltd



<b>Mr. Gautam Mukherjee</b> (S/o: Late Shri Ashim Nath Mukherjee) <b>Designation:</b> Director <b>Status:</b> Independent Director <b>Experience:</b> 26 years <b>Occupation:</b> President (Finance) of Jamna Auto Industries Ltd. <b>Address:</b> P-62, Sector-XI, Noida, Gautam Budh Nagar, U.P.-201301	52 years	Graduation from Punjab University, Chandigarh	02590120	N.A.	N.A.
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**Brief details of the Chairman, Managing Director, Whole Time Directors, etc.**

**MR. SURINDER PAL KANWAR:-**

Mr. Surinder Pal Kanwar, aged 57 years is a Commerce graduate from University of Delhi. He has in-depth knowledge of the core business of the company i.e. EPC contracting. He has wide exposure on all aspects of business of the Company and is engaged in supervision & conduct of business of the Company, along with a team of senior management personnel, who assist him in carrying out his activities, subject to the overall supervision & control of the Board. He has been affiliated with the Company as a member of the Board of Directors since the year 1990. He is also the Chairman of Automotive Components Manufacturers Association, Western Region.

**MR. SACHIT KANWAR:-**

Mr. Sachit Kanwar, aged 27 years is the youngest son of Mr. Surinder Pal Kanwar. He is a Canadian Citizen and has obtained the status of Overseas Citizenship of India, granted by the Ministry of Home Affairs, Government of India. He has a Bachelor's Degree in Administrative Studies from York University, Atkinson Faculty of Liberal & Professional Studies, Toronto, Ontario, Canada. After completing his graduation in the year 2004, he worked as Corporate Sales/Lease Portfolio Manager, Airport Kia, Toronto, Ontario, Canada for a period of four years, where he got the experience in the fields such as dealership sales, lease portfolio management, fleet management sales and service management etc. He joined the Company on 1<sup>st</sup> April, 2008.

For more details on the Board of Directors, please refer to the section titled "Our Management" beginning from page no. [●] of this Draft Letter of Offer.

**Company Secretary**

The Company has not employed a Company Secretary as it is not mandatory as per the provisions of Section 383A of Companies Act, 1956.

**Legal Advisor to the Issue**

M/s Zenith India Lawyers, Advocates & Solicitors  
M-7/17, 2<sup>nd</sup> Floor, DLF Phase II  
Gurgaon, 122002  
Tel: 0124 - 4296671  
Fax: 0124 - 4296671  
Email: rajranib@yahoo.com  
Contact Person: Mrs. Raj Rani Bhalla, Sr. Partner



## **Bankers to the Company**

### **Bank of Bahrain & Kuwait, B.S.C**

Jolly Maker Chamber-II,  
25, Nariman Point, Mumbai-400021, India  
Phone : +91 22 22823698/99  
Fax : +91 22 22044458/22841416  
Email : mumbai@bbkindia.com

### **ING Vysya Bank Ltd.**

Connaught Place Branch  
23, Barakhamba Road  
Narain Manzil, New Delhi  
Phone : +91 11 66119000/66119036  
Fax : +91 11 66119022  
Email : connaughtplacebr@ingvysyabank.com

### **State Bank Of India**

Commercial Branch (Advances)  
N.G.N Vaidya Marg, Bank Street, Horniman Circle  
Post Box 10141, Mumbai-400001  
Phone : +91 22 22662205  
Fax : +91 22 22626474  
Email : dgm06070@sbi.co.in

### **State Bank Of India**

12/6, Sarai Khwaja  
Mathura Road  
Faridabad-121003, (Haryana)  
Phone : +91 129 2255912/2275521  
Fax : +91 129 2255214  
Email : sbi03245@sbi.co.in

### **The Federal Bank**

32, Bombay Samachar Marg  
Fort, Mumbai-400001  
Phone : +91 22 22680000  
Fax : +91 22 22654464  
Email : bbya@federalbank.co.in

### **Canara Bank**

F-19, Connaught Circus  
New Delhi 110001  
Phone : +91 11 23316569  
Fax : +91 11 23312114  
Email : advdelhi0143@canbank.co.in

### **Compliance Officer**

Mr. Sachit Kanwar  
Raunaq International Limited  
20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad - 121003  
Tel: +91 0129 4288888  
Fax: +91 0129 4288822, 4288823  
E-mail: secretarial@rauanqintl.com

The Investors are requested to contact the Compliance Officer for any pre-issue/post-issue questions or information, including letter of allotment, refund orders, demat credits of allotted shares etc.



## **Issue Management Team**

### **Lead Managers To The Issue**

#### **D and A Financial Services Private Limited**

SEBI Regn. No. - INM000011484  
13, Community Centre  
East of Kailash  
New Delhi – 110065  
Tel: 011 26218274, 26419079  
Fax: 011 26219491  
Email: dafspl@gmail.com  
Contact Person: Mr. Heemadri Mukerjea

#### **Registrar to The Issue**

##### **Link Intime India Pvt. Ltd.**

SEBI Regn. No- INR000004058  
A-40, 2nd floor  
Naraina Industrial Area, Phase-II  
Near Batra Banquet Hall  
New Delhi 110028  
Email: ril.rights@linkintime.co.in  
Ph. no. 011-41410492, 93  
Fax no. : 011-41410491  
Contact Person: Bharat Bhushan

### **Bankers To The Issue**

[•]

### **Self Certified Syndicate Banks**

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

### **Auditors**

M/s V.P. Jain & Associates  
Ambika Bhawan, F – 1, First Floor, 4658-A/21, Ansari Road  
Darya Ganj, New Delhi-110002  
Tel.: +91 11 23276695  
Fax: Not available  
E-mail: vpjain\_ca@rediffmail.com  
Contact Person: Mr. V.P. Jain

### **Inter-se Allocation of Responsibilities**

Not applicable

### **Credit Rating**

Not Applicable

### **IPO Grading**

Not Applicable

### **Trustees**

Not Applicable

### **Monitoring Agency**

No agency has been appointed to monitor utilization of Funds. However, in case such an agency is appointed such agency shall file the monitoring report with the issuer company and not with SEBI, so as to enable the Company to place the report before its Audit committee.

### **Appraising Entity**

The project is only for the raising funds for working capital requirement of the Company based upon Management estimates and is not appraised.



### **Standby Underwriting Agreement**

This Issue has not been underwritten and our Company has not made any standby arrangements for the present Rights Issue.

If our Company does not receive the minimum subscription of 90% of the Issue on the date of closure of the Issue, the entire subscription shall be refunded to the applicants within 15 days from the date of closure of the Issue. If there is a delay in the refund of subscription by more than 8 days after our Company becomes liable to pay the subscription amount (i.e. 15 days after closure of the Issue), our Company shall pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of section 73 of the Companies Act 1956.

Under-subscription of the issue will be determined after considering the number of shares applied by the existing shareholders and their renounees as per the entitlement of the existing shareholders plus additional shares applied for by the existing shareholders, in the manner as mentioned in the chapter titled "Terms of the Issue" of the Draft Letter of Offer. In the event of under subscription, our Promoters intend to apply for additional Zero Dividend Compulsorily And Fully Convertible Preference Shares (ZDCFCPS), which would subsequently get converted into Equity Shares, which if allotted to the Promoters, shall be in terms of proviso to regulation 3(1) (b) (ii) of the Takeover Code and will be exempt from the applicability of Regulations 11 and 12 of Takeover Code. This disclosure is made in terms of the requirement of Regulation 3(1) (b) (ii) of the Takeover Code. Further this acquisition will not result in change of control of management of our Company.

### **Principal terms of loan and assets charged as security**

Kindly refer to page no. [●] of this Draft Letter of Offer.

### **Note:**

1. Investors are advised to contact the Registrar to the Issue/ Compliance Officer in case of any pre-issue/post issue related problems such as non-receipt of Letter of Offer/Abridged Draft Letter of Offer/ CAF/ Letter of Allotment/Securities Certificate(s)/ Refund Orders.
2. The funds received against this Issue will be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Act.
3. The Company has been filing periodic statements in regard to financial results and shareholding pattern with the Stock Exchange (and all documents that are to be filed with the Registrar of Companies). It has also been regularly paying the annual listing fees to the Stock Exchanges.



## CAPITAL STRUCTURE OF THE COMPANY

Share capital of our Company as at the date of filing of this Draft Letter of Offer with SEBI is set forth below:

*(Rs. in lacs, except share data)*

Particulars as on the date of this Draft Letter of Offer	Aggregate Value at Face Value	Aggregate Value at Issue Price
<b>(A) Authorized Share Capital</b>		
35000000 (Three Crores Fifty Lacs) equity shares of Rs.10 each	3500	
500000 (Five Lacs) Cumulative Redeemable Convertible or Non-Convertible Preference Shares of Rs. 100 (Rupees Hundred) each.	500	
<b>(B) Issued, Subscribed and Paid-Up Capital before the Issue</b>		
663424 Equity Shares of Rs.10 each fully paid up	66.34	
10450 Forfeited shares	0.67	
<b>(C) Present Issue in terms of the Draft Letter of Offer#</b>		
221141 Zero Dividend Compulsorily and Fully Convertible Preference Shares (ZDCFCPS) of Rs. 100 each	221.14	221.14
<b>(D) Paid up Capital after the Rights Issue prior to conversion of ZDCFCPS</b>		
663424 Equity Shares of Rs.10 each fully paid up	66.34	
10450 Forfeited shares	0.67	
221141 Zero Dividend Compulsorily and Fully Convertible Preference Shares (ZDCFCPS) of Rs. 100 each	221.14	221.14
<b>(E) Paid up Capital after the conversion of ZDCFCPS</b>		
1326847 Equity Shares of Rs.10 each fully paid up	132.68	287.48
10450 Forfeited shares	0.67	
<b>(E) Securities Premium Account</b>		
Before the Issue	Nil	
After the Issue but before conversion of the ZDCFCPS		Nil
After the Issue but before conversion of the ZDCFCPS		154.80

# The present Issue has been authorized by the Board of Directors in their meeting dated October 28, 2009.



The details of increase and change in authorized share capital of our Company after the date of incorporation till filling of the DLOO with SEBI is as follows:

(In Rs.)

Date of change	Nature of increase/change	Type of Share	Number of Shares	Face Value	Cumulative authorized Share Capital
April 24, 1965	Incorporation	Equity	2000	100	2,00,000
February 7, 1973	Increase	Equity	8000	100	10,00,000
May 1, 1976	Increase	Equity	1,50,000	10	25,00,000
June 18, 1979	Increase	Equity	7,50,000	10	1,00,00,000
September 4, 1992	Increase	Equity	90,00,000	10	10,00,00,000
August 10, 1994	Increase	Equity	50,00,000	10	20,00,00,000
		Preference	5,00,000	100	
November 22, 1994	Increase	Equity	2,00,00,000	10	40,00,00,000

#### Notes to Capital Structure:

##### 1. Share Capital History of our Company

Date of Allotment of the Equity Shares	Number of Equity Shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Nature of Issue & reason for allotment	Cumulative No. of Equity Shares	Cumulative paid up share capital (Rs.)	Cumulative share premium (Rs.)
Incorporation (April 26, 1965)	3	100	100	Cash	Subscribers to Memorandum	3	300	0.00
June 17, 1965 (Date of BM)	297	100	100	Cash	Further Issue	300	30,000	0.00
June 28, 1965 (Date of BM)	200	100	100	Cash	Further Issue	500	50,000	0.00
August 19, 1967 (Date of BM)	1500	100	100	Cash	Further Issue	2000	2,00,000	0.00
March 5, 1973 (Date of BM)	6000	100	100	Cash	Further Issue	8000	8,00,000	0.00
November 22, 1976	1,20,000	10	10	Cash	IPO	189550*	1895500	0.00
May 29, 1981	1,42,162	10	0	Capitalization of Reserves	Bonus Issue in the ratio of 3:4	331712	3317120	0.00
July 8, 1994	3,31,712	10	0	Capitalization of Reserves	Bonus Issue in the ratio of 1:1	663424	6634240	0.00

\*: The equity shares of Rs. 100 each were split into equity shares of Rs.10 each pursuant to the Special resolution passed at the Extra- Ordinary General Meeting of the Company held at May 1, 1976. Further, 10,450 shares were forfeited at the Board Meeting held on April 28, 1980. Paid-up value on forfeited shares i.e. Rs. 67420 is not included in the calculations above.



2. **Details of Equity shares allotted/acquired in the one year preceding the date of filing of the DLOO with SEBI**

Date of Allotment of the Equity Shares	Number of Equity Shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Nature of Issue & reason for allotment/ Transfer	Name of the Allottee	Whether part of the Promoters Group
December 15, 2009	174	10	10	Cash	Transfer	Surinder Pal Kanwar	Yes

3. There will be no further issue of Shares, whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Draft Letter of Offer with SEBI until the Securities have been listed.

4. At present we do not have any proposals or intentions, negotiations and considerations to alter the capital structure by way of split or consolidation of the denomination of the shares, or issue of specified securities on a preferential basis or issue of bonus or rights or further public issue of specified securities or qualified institutions placement, within a period of six months from the date of opening of the present issue.

5. **Details of Shareholding of the Promoters**

Date of Allotment/ Acquisition	Nature of Issue & reason for allotment/Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/ acquisition Price (Rs.)	Consideration	Date when the shares were made fully paid up	Percentage of Pre Issue capital	Percentage of Post Issue capital <sup>5</sup>	Lock in period, if any as per terms of issue	Number of Pledged shares	Percentage of Pledged shares to Total Pre issue Holding
<b>Mr. Surinder Pal Kanwar</b>											
December 12, 1993	Transfer	87	10	10	Cash	The shares were issued as fully paid up shares	0.01	0.01	Nil	Nil	Nil
April 11, 1994	Transfer	1250	10	10	Cash	The shares were issued as fully paid up shares	0.19	0.09	Nil	Nil	Nil
July 8, 1994	Bonus Issue	1337	10	0	Capitalization of Reserves	The shares were issued as fully paid up shares	0.20	0.10	Nil	Nil	Nil
July 1996	Transfer	500	10	10	Cash	The shares were issued as fully paid up shares	0.08	0.04	Nil	Nil	Nil
July 5, 2003	Transfer	102374	10	10	Cash	The shares were issued as fully paid up shares	15.43	7.72	Nil	Nil	Nil
August 5, 2003	Transfer	6054	10	10	Cash	The shares were issued as fully paid up shares	0.91	0.46	Nil	Nil	Nil



Date of Allotment/ Acquisition	Nature of Issue & reason for allotment/Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/ acquisition Price (Rs.)	Consideration	Date when the shares were made fully paid up	Percentage of Pre Issue capital	Percentage of Post Issue capital <sup>§</sup>	Lock in period, if any as per terms of issue	Number of Pledged shares	Percentage of Pledged shares to Total Pre issue Holding
July 15, 2005	Transfer	8700	10	10	Cash	The shares were issued as fully paid up shares	1.31	0.66	Nil	Nil	Nil
August 16, 2005	Transfer	2450	10	10	Cash	The shares were issued as fully paid up shares	0.37	0.18	Nil	Nil	Nil
Nov 16, 2005	Transfer	8100	10	10	Cash	The shares were issued as fully paid up shares	1.22	0.61	Nil	Nil	Nil
June 19, 2006	Transfer	63244	10	10	Cash	The shares were issued as fully paid up shares	9.53	4.77	Nil	Nil	Nil
Sept 19, 2006	Transfer	8750	10	10	Cash	The shares were issued as fully paid up shares	1.32	0.66	Nil	Nil	Nil
March 10, 2008	Transfer	3500	10	10	Cash	The shares were issued as fully paid up shares	0.53	0.26	Nil	Nil	Nil
December 15, 2009	Transfer	174	10	10	Cash	The shares were issued as fully paid up shares	0.03	0.01	Nil	Nil	Nil
<b>Sub-Total</b>		<b>205520*</b>					<b>30.98</b>	<b>15.49</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<p>§ The calculations for this column have been made considering the percentage of the present holding vis-a-vis the expanded capital base after the conversion of the Zero Dividend Compulsorily and Fully Convertible Preference Shares into Equity Shares. It in no way signifies/denotes that the Promoters will continue to hold the same number of Equity Shares after the issue. The Promoters have made a declaration for their right to subscribe to the issue. For details of the declaration kindly refer page no. [•] of this Draft Letter of Offer.</p> <p>*1,000 shares sold by Mr. Surinder Pal Kanwar in September, 1994. These have been reduced from the sub-total as mentioned above and the figure of 205520 shares is the figure net of the sale.</p>											
<b>Mr. Sachit Kanwar</b>											
Nil											
<b>Grand Total</b>		<b>205520</b>					<b>30.98</b>	<b>15.49</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

6. Details of the aggregate shareholding of the Promoter Group

Name	Shareholding in Raunaq International Limited (In Nos.)
Surinder Pal Kanwar	205520
Sachit Kanwar	Nil
Gurmeet Kaur	82300
Narinder Jeet Kanwar	8750
Late Dr. Raunaq Singh	7974
Sameer Kanwar	Nil
Bharat Gears Limited	Nil
Ultra Consultants Private Limited	Nil



Future Consultants Private Limited	Nil
Vibrant Finance and Investment Private Ltd.	Nil
Samreet Investment & Management Consultancy Private Ltd.	Nil
Raunaq ABM (India) Limited	Nil
Clip-Lok Simpak (India) Private Limited	Nil
Gulab Merchandise Private Limited	Nil
<b>Total</b>	<b>304544</b>

7. Details of the aggregate number of Equity Shares purchased or sold by the Promoter Group and/or by the Directors of the Company which is a Promoter of The Issuer and/or by the Directors of The Issuer and their immediate relatives within six months immediately preceding the date of filing draft offer document with the Board.

<b>Name</b>	<b>Date of Allotment</b>	<b>Nature of Issue &amp; reason for allotment/Transfer</b>	<b>No. of Equity Shares</b>	<b>Face Value (Rs.)</b>	<b>Issue/acquisition Price (Rs.)</b>	<b>Consideration</b>
Surinder Pal Kanwar	Dec 15, 2009	Transfer	174	10	60	10440

8. Details of the maximum and minimum price at which purchases and sales referred to above were made, along with the relevant dates.

The aforesaid transaction was made at a price of Rs. 60 per fully paid up Equity Share.

9. Details of all financing arrangements whereby the Promoter Group, the Directors of the Company which is a Promoter of The Issuer, the Directors of The Issuer and their relatives have financed the purchase by any other person of securities of The Issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing the Draft Letter of Offer with SEBI.

**Nil**

10. **Details of Lock-in of shares of Promoter and Promoter group**

Nil

11. **Buy-back and Standby arrangements**

The Promoters and Directors of the Company and Lead Manager of the Issue have not entered into any buy-back, standby or similar arrangements for any of the securities being issued through this Draft Letter of Offer.



The Promoters are the persons presently in control of the Company. They reserve the right to subscribe to their entitlement in the Issue and also apply for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares (ZDCFCPS) in the Issue, such that at least 90% of the Issue is subscribed. As a result of this subscription and consequent allotment, the Promoters may acquire Zero Dividend Compulsorily And Fully Convertible Preference Shares (ZDCFCPS) over and above their entitlement in the Issue, which would subsequently get converted into Equity Shares, which if allotted to the Promoters may result in an increase of their current shareholding. Such an allotment shall be in terms of proviso to regulation 3(1)(b)(ii) of the Takeover Code and will be exempt from the applicability of Regulations 11 and 12 of Takeover Code. This subscription and acquisition of additional Equity Shares by the Promoters, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code.

As such, other than meeting the requirements indicated in the section on Objects of the Issue on page [●] of this Draft Letter of Offer, there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of allotments to the Promoters, after conversion of the securities being offered in this Issue, the Promoters' shareholding in the Company exceeds their current shareholding.

The Promoters intend to subscribe to such unsubscribed portion as per the relevant provisions of the law. Allotment to the Promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.

12. All the securities offered through the issue shall be fully paid-up.

13. **Shareholding Pattern of our Company as on December 31, 2009**

Category Code	Category of Shareholder	Number of Shareholders *	Total number of Shares	Number of shares held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percent age of (A+B) (VI)	As a percent age of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX)= (VIII)/(IV) *100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>							
<b>(I)</b>	<b>Indian</b>							
(a)	Individuals / Hindu Undivided Family	5	304544	205346	45.90	45.90	0.00	0.00
(b)	Central Government / State Government(s)	0	0	0	0.00	0.00	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0.00	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0.00	0.00	0.00
	<b>Sub Total (A) (I)</b>	<b>5</b>	<b>304544</b>	<b>205346</b>	<b>45.90</b>	<b>45.90</b>	0.00	0.00
<b>(II)</b>	<b>Foreign</b>							
(a)	Individuals (Non Resident Individuals / Foreign Individuals)	0	0	0	0.00	0.00	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0.00	0.00



(c)	Institutions	0	0	0	0.00	0.00	0.00	0.00
(d)	Any Other (specify)	0	0	0	0.00	0.00	0.00	0.00
	<b>Sub Total (A) (II)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	0.00	0.00
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(I) + (A)(II)</b>	<b>5</b>	<b>304544</b>	<b>205346</b>	<b>45.90</b>	<b>45.90</b>	0.00	0.00
<b>(B)</b>	<b>Public Shareholding</b>						NA	NA
<b>(I)</b>	<b>Institutions</b>						NA	NA
(a)	Mutual Funds / UTI	0	0	0	0.00	0.00		
(b)	Financial Institutions / Banks	1	87	0	0.01	0.01		
(c)	Central Government / State Government(s)	0	0	0	0.00	0.00		
(d)	Venture Capital Funds	0	0	0	0.00	0.00		
(e)	Insurance Companies	0	0	0	0.00	0.00		
(f)	Foreign Institutional Investor			0	0.00	0.00		
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00		
(h)	Any Other (specify)	0	0	0	0.00	0.00		
	<b>Sub Total (B)(I)</b>	<b>1</b>	<b>87</b>	<b>0</b>	<b>0.01</b>	<b>0.01</b>		
<b>(II)</b>	<b>Non Institutions</b>						NA	NA
(a)	Bodies Corporate	11	27759	0	4.18	4.18		
(b)	Individuals -							
	I. Individual shareholders holding normal share capital upto Rs. 1 lac	735	282134	4348	42.53	42.53		
	II. Individual shareholders holding normal share capital in excess of Rs. 1 lac	4	48900	0	7.37	7.37		
(c)	Any Other(Specify)	0	0	0	0.00	0.00		
	<b>Sub Total (B)(II)</b>	<b>750</b>	<b>358793</b>	<b>4348</b>	<b>54.09</b>	<b>54.09</b>		
	<b>Total Public Shareholding (B) = (B)(I) + (B)(II)</b>	<b>751</b>	<b>358880</b>	<b>4348</b>	<b>54.10</b>	<b>54.10</b>	NA	NA
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	0	0	0	0.00	0.00	NA	NA
	<b>Grand Total (A)+(B)+(C)</b>	<b>756</b>	<b>663424</b>	<b>209694</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>

\* Number of Shareholders has been taken as the number of folios

14. **Details of Shareholders holding more than one percent of the share capital of Raunaq International Limited.**

Name of the Shareholder	Number of Shares	Percentage of Equity Share capital
Surinder Pal Kanwar	205520	30.98



Gurmeet Kaur	82300	12.4
RRB Securities Ltd.	17500	2.64
Niranjan G. Choksy	15000	2.26
Jagdish Kumar Gopal Das Mehra	11700	1.76
Nirmal Raj Kumar Mehra	11700	1.76
Jai Raj Kayani	10500	1.58
Narinder Jeet Kanwar	8750	1.32
Late Dr. Raunaq Singh	7974	1.2
Appavoo Johnson	7000	1.06
Chander Kumar Gopal Das Mehra	7000	1.06
<b>Total</b>	<b>384944</b>	<b>58.02</b>

15. **Pre and Post-Issue Shareholding of Promoter and Promoter Group of our Company:**

	Pre Issue		Post Issue	
	No. of Equity Shares	Percentage of Equity Share capital	No. of Equity Shares	Percentage of Equity Share capital
<b>Promoters</b>				
Mr. Surinder Pal Kanwar	205520	30.98%	[•]	[•]
Mr. Sachit Kanwar	Nil	0.00%	[•]	[•]
<b>Total Holding of Promoters</b>	<b>205520</b>	<b>30.98%</b>	<b>[•]</b>	<b>[•]</b>
<b>Promoters Group</b>				
Gurmeet Kaur	82300	12.4%	[•]	[•]
Narinder Jeet Kanwar	8750	1.32%	[•]	[•]
Late Dr. Raunaq Singh	7974	1.20%	[•]	[•]
Mr. Sameer Kanwar	Nil	Nil	[•]	[•]
Bharat Gears Limited	Nil	Nil	[•]	[•]
Ultra Consultants Private Limited	Nil	Nil	[•]	[•]
Future Consultants Private Limited	Nil	Nil	[•]	[•]
Vibrant Finance and Investment Private Ltd.	Nil	Nil	[•]	[•]
Samreet Investment & Management Consultancy Private Ltd.	Nil	Nil	[•]	[•]
Raunaq ABM (India) Limited	Nil	Nil	[•]	[•]
Clip-Lok Simpak (India) Private Limited	Nil	Nil	[•]	[•]
Gulab Merchandise Private Limited	Nil	Nil	[•]	[•]



<b>Total Holding of Promoters Group</b>	<b>Nil</b>	<b>Nil</b>	<b>[•]</b>	<b>[•]</b>
<b>Total Holding of Promoters and Promoters Group</b>	<b>304544</b>	<b>45.90%</b>	<b>[•]</b>	<b>[•]</b>

16. **A list of top ten shareholders of the Company and the number of Equity Shares held by them is as under**

a.) As on the date of the Draft Letter of Offer

<b>Name of Shareholders</b>	<b>Number of shares held</b>	<b>% of Total</b>	<b>Number of shares entitled to after conversion of Zero Dividend Compulsorily and Fully Convertible Preference Share</b>
Surinder Pal Kanwar	205520	30.98	205520
Gurmeet Kaur	82300	12.40	82300
RRB Securities Limited	17500	2.64	17500
Niranjan G. Choksy	15000	2.26	15000
Jagdish Kumar Gopal Das Mehra	11700	1.76	11700
Nirmal Raj Kumar Mehra	11700	1.76	11700
Jai Raj Kayani	10500	1.58	10500
Narinder Jeet Kanwar	8750	1.32	8750
Raunaq Singh	7974	1.20	7974
Appavoo Johnson	7000	1.06	7000
Chander Kumar Gopal Das Mehra	7000	1.06	7000
<b>Total</b>	<b>3,84,944</b>	<b>58.02</b>	<b>3,84,944</b>

b.) Two years prior to the date of this Draft Letter of Offer

<b>Name of Shareholders</b>	<b>Number of shares held</b>	<b>% of Total</b>	<b>Number of shares entitled to after conversion of Zero Dividend Compulsorily and Fully Convertible Preference Share</b>
Surinder Pal Kanwar	201846	30.42	201846
Gurmeet Kaur	82300	12.40	82300
RRB Securities Limited	17500	2.64	17500
Niranjan G. Choksy	15000	2.26	15000
Jagdish Kumar Gopal Das Mehra	11700	1.76	11700
Nirmal Raj Kumar Mehra	11700	1.76	11700
Jai Raj Kayani	10500	1.58	10500
Narinder Jeet Kanwar	8750	1.32	8750
Raunaq Singh	7974	1.20	7974
Appavoo Johnson	7000	1.06	7000
Chander Kumar Gopal Das	7000	1.06	7000



Mehra			
<b>Total</b>	<b>3,81,270</b>	<b>57.46</b>	<b>3,81,270</b>

c.) Ten days prior to the date of this Draft Letter of Offer

<b>Name of Shareholders</b>	<b>Number of shares held</b>	<b>% of Total</b>	<b>Number of shares entitled to after conversion of Zero Dividend Compulsorily and Fully Convertible Preference Share</b>
Surinder Pal Kanwar	205520	30.98	205520
Gurmeet Kaur	82300	12.40	82300
RRB Securities Limited	17500	2.64	17500
Niranjan G. Choksy	15000	2.26	15000
Jagdish Kumar Gopal Das Mehra	11700	1.76	11700
Nirmal Raj Kumar Mehra	11700	1.76	11700
Jai Raj Kayani	10500	1.58	10500
Narinder Jeet Kanwar	8750	1.32	8750
Raunaq Singh	7974	1.20	7974
Appavoo Johnson	7000	1.06	7000
Chander Kumar Gopal Das Mehra	7000	1.06	7000
<b>Total</b>	<b>3,84,944</b>	<b>58.02</b>	<b>3,84,944</b>

*Note: Shares held in different folios have been clubbed together.*

*In all the three tables given above some of the shareholders are holding equal number of shares. Therefore the top-ten list of shareholders actually has eleven names*

17. The details of shareholding, if any, of the Lead Manager and their associates in the Company.

Nil

18. There are no options granted or equity shares issued under any scheme of employee stock option or employee stock purchase of the Company.

19. The Company has not instituted any employee stock option scheme as on the date of this Draft Letter of Offer.

20. The Company has not availed of "bridge loans" to be repaid from the proceeds of the Issue for incurring expenditure on the Objects of the Issue.

21. As on the date of filing the DLOO with SEBI, there are no outstanding financial instruments or any other right, which would entitle the Promoters or shareholders or any other person any option to receive equity shares after the Issue. The Company does not have any shares to be allotted, which are outstanding under ESOPs.

22. We have not issued any Equity Shares out of revaluation reserve or reserves without accrual of cash resources.

23. At any given point of time there shall be only one denomination of Equity Shares of our Company, unless otherwise permitted by law. The Company shall comply with such disclosures and accounting norms specified by SEBI from time to time.

24. An applicant cannot make an application for more than the number of Securities offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each applicant.

25. Our Company has 756 shareholders as on the date of filing the DLOO with SEBI.



26. The Company, the Directors, the Promoter or the Promoter Group shall not make any, direct or indirect, payments, discounts, commissions or allowances under this Issue, except as disclosed in this Draft Letter of Offer.
27. The Equity Shares held by the Promoter are not subject to any pledge.
28. None of the Directors or key managerial personnel holds Equity Shares in the Company except as stated in the section titled "Management" on page [●] of this Draft Letter of Offer.
29. The present Issue being a Rights Issue, as per SEBI Regulations, the requirement of Promoters contribution and lock-in are not applicable.
30. As on the date of this Draft Letter of Offer, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.
31. There will be no partly paid up shares arising out of this issue.
32. As on date there are no partly paid up shares.
33. The terms of issue to Non-Resident Equity Shareholders/Applicants have been presented under the section "Terms of the Issue" on page [●] of this Draft Letter of Offer.
34. At any given time, there shall be only one denomination of the Equity Shares of the Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time. The Equity Shareholders of the Company do not hold any warrant, option or convertible loan or debenture, which would entitle them to acquire further shares in the Company.
35. The Issue will remain open for 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.
36. The post issue shareholding pattern as stated in this chapter must be read subject to the aforementioned point.



## OBJECTS OF THE ISSUE

### A) OBJECTS OF THE ISSUE

The objects of the present issue of Zero Dividend Compulsorily and Fully Convertible Preference Shares on rights basis are:

- To raise money for additional working capital;
- To meet the expenses of this Issue;

### B) FUND REQUIREMENT

The fund requirement and deployment are based upon Management estimates

Particulars	Amount (In Rs. Lacs)
Additional Working capital requirement	205.14
Meeting issue expenses	16.00
Total	221.14

The Objects Clause of the Memorandum and Articles of Association of the Company enables it to undertake the activities for which the funds are to be raised in the present Rights Issue. Further, it is confirmed that the activities, which the company has been carrying out until now is in accordance with the object clause of Memorandum and Articles of Association of the Company.

### 1) DETAILED FUND REQUIREMENT FOR ADDITIONAL WORKING CAPITAL

Particulars	Amount (In Rs. Lacs)	Amount (In Rs. Lacs)
Cash & Bank		800.00
Receivables		1500.00
Inventory :		
Raw Material	0.00	
W.I.P. (Contracts)	200.00	
Finished Stock	0.00	
Stores and Spares	0.00	
Coal & Fuel	0.00	200.00
Other Current Assets		180.00
		2680.00
Less : Current Liabilities		
Bank borrowing	210.00	
Sundry Creditors	1705.14	
Advance from Customer	850.00	
Other Liabilities	20.00	
Margin Money	300.00	3085.14
Deficit		405.14
To be financed by :		
Proposed Issue	205.14	
Internal Accruals	200.00	405.14

As per the current Balance sheet the Company has a Reserves and Surplus position of Rs. 1341.80 Lacs. The current internal accruals position is adequate to finance the part of the working capital requirement as described above.

### Calculation of Working Capital as on September 30, 2009

Current Assets, Loans and Advances			
<b>Inventories :</b>			
Stores & Spares	0.00		
Raw Materials	0.00		



Loose Tools	0.00		
Stocks	6.64		
WIP (Contracts)	152.37	159.01	
Sundry Debtors		1364.34	
Cash and Bank Balances		788.37	
Other Current Assets		0.00	
Loans and Advances		273.78	2585.50
<b>Current Liabilities and Provisions</b>			
Sundry Creditors		1234.69	
Advances from customers		158.86	
Unclaimed Dividend		5.59	
Matured Fixed Deposit and Interest thereon		0.00	
Other Liabilities		0.00	
Provision for tax		88.50	
Provision for Dividend (including Corporate Dividend Tax)		0.00	1487.64
<b>Working Capital (Current Assets - Current Liabilities)</b>			1097.86

#### Reasons for raising working capital

Working capital is being raised to partly fund the long term working requirement of the Company.

## 2) BREAK-UP OF ISSUE EXPENSES

The expenses for this Issue include management fees, selling commissions, printing and distribution expenses, legal fees, fees to various advisors, statutory advertisement expenses and listing fees payable to the Stock Exchanges, among others. The estimated Issue expenses are as under:

Activity	Amount (in Rs. Lacs)
Lead Management Fees	7.45
Registrar to the Issue	0.75
Advisors to the Issue	1.15
Advertisement and Marketing expenses	2.75
Printing and Stationery and Distribution	2.25
Fees payable to the Auditors	0.90
Others (Processing fees, listing fee, Corporate Action charges etc)	0.75
<b>Total</b>	<b>16.00</b>

#### Details of all material existing or anticipated transactions in relation to utilisation of the issue proceeds or project cost with promoters, directors, key management personnel, associates and group companies.

No part of the issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associates or group companies except in the normal course of business and as disclosed in the sections titled 'Interest of Promoters' & 'Interest of Directors' as mentioned on page nos. [●] and [●] of this Draft Letter of Offer.

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 through internal accruals and debt.



### C) FUNDING PLANS (MEANS OF FINANCE)

Particulars	Amount (In Rs. Lacs)
Gross proceeds from the issue	221.14
<b>Total</b>	<b>221.14</b>

In the present issue the Company does not require to comply with Part VII (C)(1) of Schedule VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as the only source of funding for the proposed use (raising funds for working capital) is being funded by means of this issue.

#### Balance portion of the means of finance for which no firm arrangement has been made.

Nil.

The Means of Finance consists only of proceeds from the Proposed Issue.

#### The details of funds tied up and the avenues for deployment of excess proceeds, if any.

No funds have been tied up and no excess proceeds are expected to be received. Oversubscriptions, if any, shall be duly refunded.

### (D) APPRAISAL

No appraisal of the working capital requirement has been done. It is based upon Management estimates.

### (E) SCHEDULE OF IMPLEMENTATION

There is no fixed schedule of Implementation of the project as the funds are intended to be used primarily for meeting the working capital requirements of the Company in the routine course of its business.

### (F) DEPLOYMENT OF FUNDS:

The Company has received the Sources and Deployment Funds Certificate dated January 02, 2010 from Chandra & Associates, Chartered Accountants. The certificate states that the Company has deployed amounts aggregating Rs. 3.26 Lacs till December 31, 2009. Details of the sources and deployment of funds as on December 31, 2009 as per the certificate are as follows:

Particulars	Amount (Rs. Lacs)
Right Issue Expenses	3.26
<b>Total</b>	<b>3.26</b>

### (G) SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED

Particulars	Amount (Rs. Lacs)
Internal Resources	3.26
<b>Total</b>	<b>3.26</b>

### (H) DEPLOYMENT OF BALANCE FUNDS

(in Rs. Lacs)

Deployment of Funds	Financial Year 2009-10 Already incurred 31.12.2009	To be incurred upto September 2010	Total
Working capital	0.00	205.14	205.14
Issue Expenses	3.26	12.74	16.00



**(I) INTERIM USE OF FUNDS**

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the net proceeds received by the company from the Issue. Pending utilization for the purposes described above, we intend to invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds and deposit with banks for necessary duration.



## BASIS FOR ISSUE PRICE

The face value of the Zero Dividend Compulsorily and Fully Convertible Preference Shares (ZDCFCPS) is Rs. 100 and the Issue Price of Rs. 100 is 1 times of the face value.

Investors should read the following summary along with the sections titled "Risk Factors" and "Financial Information" beginning on page nos. [●] and [●] respectively of this Draft Letter of Offer, and other details about the Company included in the section entitled "History of the Company and Other Corporate Matters" beginning on page no. [●] of this Draft Letter of Offer.

The trading price of the Equity Shares could decline due to these risks and you may lose all or part of your investments.

### QUALITATIVE FACTORS

1. Raunaq International Limited is a 44-year-old Company engaged in executing turnkey projects on an EPC basis for Oil and Power Companies.
2. Experienced and professional management team

### Quantitative Factors

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

1. Earning Per Share (EPS) of Equity Share (as adjusted for changes in capital).

Year	EPS (In Rs.)	Weight
2006-07	24.58	1
2007-08	33.78	2
2008-09	51.11	3
Six Months ended September 30, 2009 *	52.00	4
<b>Weighted Average</b>	45.35	

\* Annualized

Notes:

- ➔ The weighted average of adjusted EPS for these fiscal years have been computed by giving weights of 1, 2, 3 and 4 for the fiscal years ending March 31 2007, 2008 and 2009 and for the Six Months ending September 30, 2009 respectively.
- ➔ The figures disclosed above are based on the restated summary statements of the Company.
- ➔ Earnings per share calculations are done in accordance with Accounting Standard 20 'Earning 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 Unconsolidated Summary Statements as appearing in Restated Financial Information of our Company beginning on page [●] of thi Draft Letter of Offer.
- ➔ The face value of each equity share is Rs.10.

2. **Price Earning (P/E) Ratio in relation to the Issue Price of Rs. 100 per Zero Dividend Compulsorily and Fully Convertible Preference Share of Rs. 100 each.**

Each Zero Dividend Compulsorily and Fully Convertible Preference Share will be compulsorily converted into 3 Equity Shares of Rs. 10 each. Hence the following calculations have been done by considering the issue price of one Equity Share as Rs.10.

Particulars	P/E
a. Based on the year ended March 31, 2009, the Earnings per Share is Rs. 51.11:	0.20
b. Based on weighted average, the EPS is Rs. 45.35:	0.22



c) Industry P/E\*

- a. Highest: 56.40
- b. Lowest: 3.40
- c. Average: 20.90

\*Source: Capital Market Volume XXIV/21 dated Dec 14-27, 2009; Engineering

**3. Weighted Average Return on Net worth (RoNW)\***

Year	RONW	Weight
2006-07	22.57	1
2007-08	24.51	2
2008-09	27.43	3
Six Months ended September 30, 2009 **	24.48	4
<b>Weighted Average</b>	<b>25.18</b>	

\*Net worth has been computed by aggregating share capital, reserves and surplus and adjusting for revaluation reserves, as per the Company's restated audited financial statements.

\*\* Annualized

Note: The average return on net worth has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/ regroupings pertaining to earlier years.

**4. Minimum Return on Increased Net Worth to maintain pre-issue EPS of 51.11 is 46.53%.**

Note: The above figures have been calculated for the situation after conversion of 221141 Zero Dividend Compulsorily and Fully Convertible Preference Shares.

**5. Net Asset Value per Equity Share**

Net Asset Value per Equity Share represents shareholders' equity less miscellaneous expenses as dividend by weighted average number of equity shares.

Particulars	Amount (In Rs.)
Net Asset Value (pre-issue) (as on 31/3/2009)	186.35
Net Asset Value (post issue) (prior to conversion of Zero Dividend Compulsorily and Fully Convertible Preference Shares)	219.69
Net Asset Value (post issue) (after conversion of Zero Dividend Compulsorily and Fully Convertible Preference Shares)	109.84
Issue Price of the Zero Dividend Compulsorily and Fully Convertible Preference Shares	100

**6. Comparison of Accounting ratios with Industry peers**

We manufacture RF Telecom cables. Currently there is no listed peer group Company in the same line of business as ours. However, for the sake of Comparison we present below a table consisting of Companies manufacturing telephone cables.

S. No.	Name of the company	Face Value (Rs. Per Share)	EPS (Rs.)	P/E Ratio	RoNW (%)	Book value per share (Rs.)
1	<b>Raunaq International Limited</b>	10	51.11	20	27.43	186.35
<b>Peer group**</b>						
2	Stewarts & Lloyds of India Limited	10	5.50	56.40	7.7	77.40



<b>3</b>	U B Engineering Limited	<b>10</b>	<b>12.40</b>	<b>8.20</b>	<b>Not Available</b>	<b>48.80</b>
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*\* The Company's EPS, RoNW and Book value per share have been calculated from the Company's unconsolidated restated audited financial statements on diluted basis.*

*\*\* Source: Capital Market Volume XXIV/21 dated Dec 14-27, 2009; Engineering*

The Issue Price of Rs. 100 has been determined by the Company in consultation with the Lead Manager, on the basis of assessment of market demand for the securities of the Company and the same is justified on the basis of the above factors. The Lead Manager believes that the Issue Price of Rs. 100 is justified in view of the above qualitative and quantitative parameters.

For details of the conversion of Zero Dividend Compulsorily and Fully Convertible Preference Shares, investors are requested to refer to page no [●] of this Draft Letter of Offer.

The investors may want to peruse the risk factors and the financials of the Company including important profitability and return ratios, as set out in the Auditors' Report on page no. [●] of this Draft Letter of Offer to have a more informed view of the investment proposition.



## STATEMENT OF TAX BENEFITS

**The Board of Directors,  
Raunaq International Limited**  
20K.M, Mathura Road,  
P.O.Amar Nagar,  
Faridabad-121003 (Haryana)

Dear Sirs,

**Sub: Statement of Possible Tax Benefits available to the Company and its Shareholders**

**Re: Proposed Rights Issue of Zero Dividend Compulsory and Fully Convertible Preference Shares**

We hereby enclose Annexure 'A' stating the possible tax benefits available to Raunaq International Limited ('the Company') and its shareholders under the Income Tax Act, 1961 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 tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives that the Company faces in future, which the Company may or may not choose to fulfill.

The benefits discussed below 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:

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

The contents of this Annexure are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretations of current tax laws.

For **V. P. JAIN & ASSOCIATES**  
Chartered Accountants

Sd/-  
**(V.P.JAIN)**  
Partner  
M.No.81514

Place: New Delhi  
Date: January 02, 2010



## **ANNEXURE 'A'**

### **A) SPECIAL TAX BENEFITS FOR RAUNAQ INTERNATIONAL LIMITED AND ITS SHAREHOLDERS**

NIL

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

The following tax benefits shall be available to the Company and its shareholders under Direct Tax Laws:

#### **1. To the Company - Under the Income Tax Act, 1961 (the Act)**

There is no additional benefit arising to the Company under The Income Tax Act, 1961, by proposed Rights Issue to the Existing Shareholders.

#### **2. To the Members of the Company - Under the Income Tax Act**

##### **2.1 Resident Members**

1. As per Section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the equity shares of the Company received on conversion of Zero Dividend Compulsory And Fully Convertible Preference Shares is exempt from tax.
2. As per Section 10(38) of the Act, long term capital gains arising to the shareholder from transfer of a long term capital asset being an equity share in the company where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the shareholder.
3. As per Section 36(XV) of the Income Tax Act, an amount equal to the securities transaction tax paid by the assessee in respect of the taxable securities transaction entered into in the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits & Gains of Business or Profession".
4. As per Section 112 of the Act, if the shares of the Company are listed on a recognized stock exchange, taxable long term capital gains, if any, on sale of the shares of the Company (in cases not covered under Section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is less.
6. As per Section 54F of the Act, long term capital gains (in cases not covered under Section 10(38) of the Act) arising to an individual or Hindu Undivided Family(HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from such shares is used for purchase of a residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of a residential house property within a period of three years after the date of transfer.
7. As per Section 111 A of the Act, short term capital gains arising to the shareholder 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).

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

In addition to the above tax benefits available to the resident shareholders, the Non-Resident Indian shareholders enjoy the following benefits:



1. Under Section 115 I of the Act, the Non-Residential Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the Act viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:
  - a) As per Section 115E of the Act, where shares in the Company are acquired or subscribed to in convertible foreign exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered under Section 10(38) of the Act) be concessionaly taxed at the flat rate of 10% (plus applicable surcharge and education cess) (without indexation benefit but with protection against foreign exchange fluctuation.
  - b) As per Section 115F of the Act, long term-capital gains (in cases not covered under Section 10(38) of the Act arising to a Non-Resident Indian from the transfer of shares of the Company subscribed to in convertible foreign exchange shall be exempt from income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred, or converted into money within three years from the date of their acquisition.
  - c) As per Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
  - d) As per Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income, for the assessment year in which he is first assessable as a Resident, under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

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

### **2.3. Mutual Funds**

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

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

As per Section 10(23FB) of the Act, all venture capital companies/funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including income from sale of shares of the company. However, income received by a person out of investment made in a venture capital company or in a venture capital fund shall be chargeable to tax in the hands of such person.

## **3. Wealth Tax Act, 1957**

Shares in a company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act, 1957; hence, wealth tax is not leviable on shares held in a Company.

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 ordinary shares.



The statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of their holdings based on their residential status and the relevant double taxation conventions.

**Notes:**

1. All the above benefits are as per the current tax law and will be available only to the sole/first named holder in case the shares are held by joint holders.
2. In view of the individual nature of tax consequence. Each investor is advised to consult his/her own tax adviser with respect to specific tax consequences of his/ her participation in the scheme.
3. In respect of non residents , the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double taxation Avoidance Agreements, if any, between India and the country in which non resident has fiscal domicile.



## SECTION IV-ABOUT THE COMPANY

### INDUSTRY OVERVIEW

#### INDIAN ECONOMY OVERVIEW

India, the world's largest democracy in terms of population (1.16 billion people ) ha a GDP on purchasing power parity basis of approximately US \$ 3.267 billion in 2008. This makes India the fourth largest economy in the world after the United States of America. China and Japan in purchasing power parity terms. (Source CIA World Fact Book)

India is also amongst the fastest growing economies globally and has grown at an average growth rate of more than 7% in the decade since 1997, reducing poverty by about 10 percentage points. India achieved 9.7% GDP growth in FY 2007 and 9.0% in FY 2008. The economic growth decelerated to 6.7% in FY 2009.(Source Economic Survey FY 2009).

India has been one of the best performers in the world economy in recent years, but rapidly rising inflation and the complexities of running the world's biggest democracy are proving challenging.

India's economy has been one of the stars of global economics in recent years, growing 9.2% in 2007 and 9.6% in 2006. Growth had been supported by markets reforms, huge inflows of FDI, rising foreign exchange reserves, both an IT and real estate boom, and a flourishing capital market.

Like most of the world, however, India is facing testing economic times in 2008. The Reserve Bank of India had set an inflation target of 4%, but by the middle of the year it was running at 11%, the highest level seen for a decade. The rising costs of oil, food and the resources needed for India's Infra structure / construction boom are all playing a part.

The Indian government views investment in the creaking infrastructure of the country as being a key requirement, and has ear -marked 23.8 trillion rupees, approximately \$ 559 billion, for infrastructure upgrades during the 11<sup>th</sup> five year plan. It expects to fund 70% of project costs, with the other 30% being supplied by the private sector. Airports, Power Plants, roads and railways are all seen as vital for the Indian Economy and have been targeted for investment.

India's Economy has grown by more than 9% for three years running, and has seen a decade of 7%+ growth. This has reduced poverty by 10%, but with 60% of India's 1.1 billion population living off agriculture and with droughts and floods increasing, poverty alleviation is still a major challenge.

The structural transformation that been adopted by the national government in recent times has reduced growth constraints and contributed greatly to the overall growth and prosperity of the country.

During this period of stable growth, the performance of the Indian Service sector has been particularly significant. The growth rate of the service sector was 11.18% in 2007 and now contributes 53% of GDP. The industrial sector grew 10.63% in the same period and is now 29% of GDP.

(Source: <http://www.economywatch.com/indianeconomy/Indian-economy-overview.html>)

The following table sets forth the key indicators of the Indian economy for the fast five fiscal years.

	As at and for the year ended March 31				
<b>Particulars</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Real GDP Growth	7.5	9.5	9.7	9	6.7
Index of Industrial Production	8.4	8.2	11.5	8.5	2.6
Wholesale Price Index	6.5	4.4	5.4	4.7	8.3



Foreign Exchange Reserves in (US\$ billion)	135.6	1145.1	191.9	309.1	252
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(Annual Percentage change, except for foreign exchange reserves)

On completion of 11<sup>th</sup> plan our economy was in much more stronger position than few years ago. After slowing down the average growth rate 5.7% in the 9<sup>th</sup> plan period it has accelerated significantly and the average growth rate in 10<sup>th</sup> plan period was around 8% making the growth rate 7.2% for the entire 10<sup>th</sup> plan period which however was below the 10<sup>th</sup> plan target of 8%. This however, is the highest growth rate period achieved in any plan period.

The 11<sup>th</sup> plan (2007-2012) provides, inter-alia, to restructure government policies to achieve vision based, broad based inclusive growth. The 11<sup>th</sup> plan aim at putting up economy at a suitable growth targetory without tentative growth rate of 10% by the end of plan period.

(Source: towards faster and more inclusive growth 11<sup>th</sup> Five Year Plan)

It is generally recognized that lack of infrastructure is one of the major constraints on India's ability to achieve 9 to 10% growth in GDP, which is the rate required to make a significant difference to living conditions in the country and achieve inclusiveness over the next ten years.

The Eleventh Five Year Plan has set a target of increasing total investment in infrastructure from around 5% of GDP in the base year of the Plan 2006-07 to 9% by the terminal year 2011-2012. This plan spells out the specific assumptions underlying this projection which result in a total investment requirement of Rs. 2,056,150 crore (\$514 billion) for ten infrastructure sectors over the five year period.

The paper also indicates the expected distribution of the investment between the Centre and the States and between the public and the private sectors. Achieving this level of investment presents many distinct challenges. The ability to finance infrastructure through the budget is limited given the many other demands on budgetary resources and it is expected that only about 30% of the infrastructure needs can be met directly from the budget as this would be directed largely to rural infrastructure and other selected projects that require budgetary support. About 40% of the total requirements are expected to be met from internal generation and market borrowings of public sector entities, which is possible only if their projects are financially viable. **The remaining 30% have to come from private investment in infrastructure** and this depends critically upon the creation of a supportive investor friendly environment and the ability to roll out bankable projects of this magnitude in sectors which can attract private investment. Such private participation would not only provide the much needed capital, it would also help to lower costs and improve efficiencies in a competitive environment.

(source: Planning Commission FOREWORD)

## TRENDS

The Central Government evolves general policy framework in the field of energy and also supplement the efforts of the State sector in enhancing generation and transmission capabilities in the country. However, the distribution sector by and large remains the State function.

The Ministry of Power is responsible for the administration of the Electricity Act, 2003 and Energy Conservation Act, 2001.

The functions of Ministry of Power inter alia include the following:

General Policy in the electric power (except small/mini/micro hydel projects of and below 25 MW capacity) and thermal power and transmission and distribution system network.

Research, development and technical assistance relating to hydroelectric and thermal power & transmission system network.

## Power Sector Development in India

Power generation in India started in 1898 when the first hydro power unit was set up in Darjeeling.



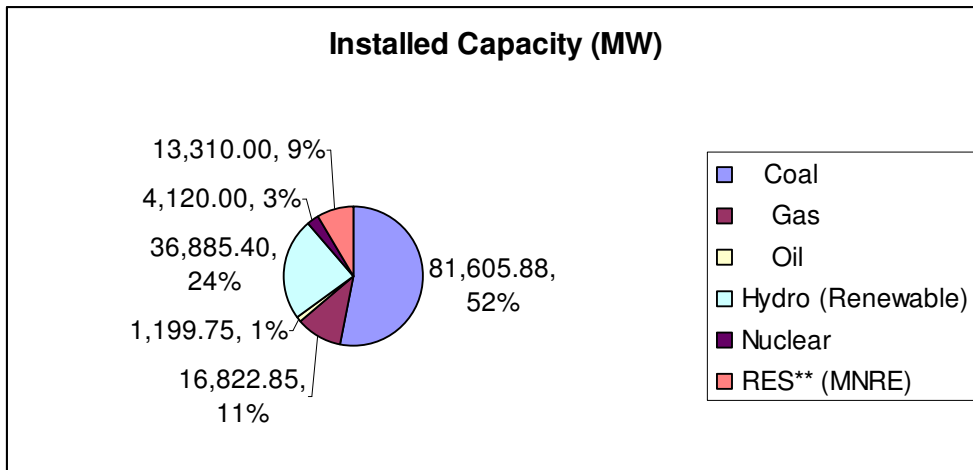
In 1947, the country had an installed capacity of 1,362 MW.

The present installed generating capacity is 1,53,694 MW

### Power Infrastructure in India as on 31.10.2009 (Utilities)

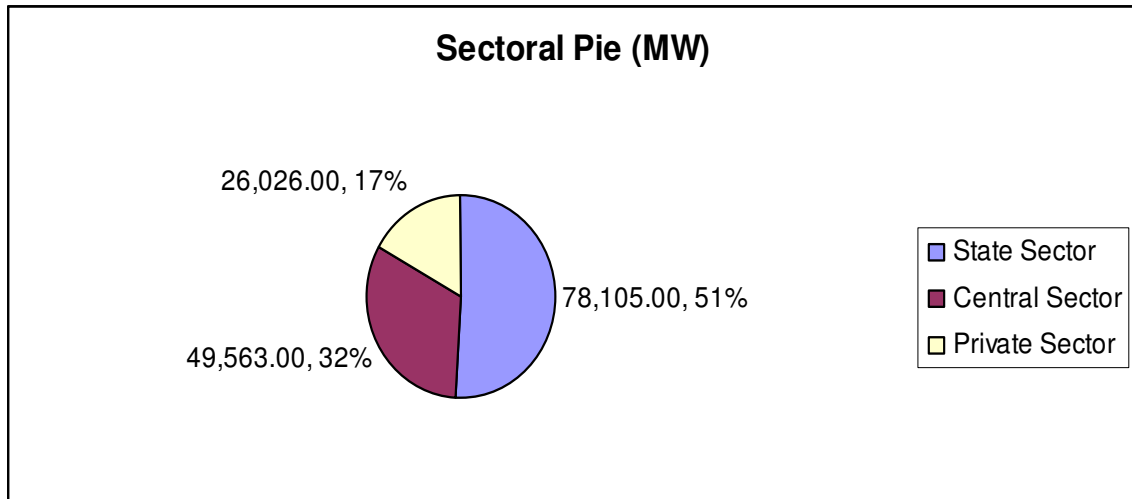
Installed Generating Capacity

Hydro	36885
Thermal	99379
Nuclear e	13310
<b>Total</b>	<b>153694</b>



### Sector wise installed Generating Capacity (MW)

Central Sector	49563
State Sector	78105
Private Sector	26026
<b>Total</b>	<b>153694</b>



(Source - Power Ministry Handouts)

Government of India has also taken an initiative to offer nine Mega Power Projects of 4000 MW each including 4 pit head and five coastal sites. Pit head projects are proposed as integrated project proposals with corresponding, captive coal mines, whereas for coastal projects, imported coal is to be used. These UMPPs are environment friendly as super critical technology is proposed to be adopted to derive maximum thermal efficiency resulting in saving on fuel and reduced emissions. Once the developer is selected, ownership of UMPP is to be transferred to the successful bidder.

Four UMPPs namely Sasan in MP, Mundra in Gujarat, Krishnapatnam in Andhra Pradesh and Tilaiya in Jharkhand have already been awarded to successful bidders. Two Units of 660 MW each of Sasan UMPP are expected to be commissioned in the 11<sup>th</sup> Plan.

### **Introduction to EPC**

An EPC project is a well-known project management term used internationally. It refers to performing a complete project on a lump sum turnkey basis which encompasses the engineering, procurement and construction of the whole project. The FEED (front end engineering design) forms the basis of detailed design of the complete project, which in turn generates the basic data for the procurement and civil, mechanical, electrical and instrumentation (CME&I) works of an EPC project. The project objective is to ensure safe, timely, and successful completion of the EPC project within allocated budget.

### **EPC and EPCM Contracts**

EPC stands for Engineering, Procurement and Construction. It is a common form of contracting arrangement within the construction industry. Under an EPC contract, the contractor will design the installation, procure the necessary materials and construct it, either through own labour or by subcontracting part of the work. The contractor carries the project risk for schedule as well as budget in return for a fixed price, called lump sum or LSTK depending on the agreed scope of work.

When scope is restricted to engineering and procurement only, this is referred to as an EP or E+P contract. This is often done in situations where the construction risk is massive for the contractor or when the Owner prefers to do construction himself.

EPCM refers to Engineering, Procurement, Construction Management. It is a common form of contracting arrangement within the construction industry. In an EPCM arrangement, the contractor is not in fact the constructor. Rather the EPCM designs, procures and manages the construction process as an agent of the project Owner. While the C stands for construction, this is in the context of CM, Construction Management. Unlike an EPC contract, an EPCM contract is essentially a contract for professional services, based on a schedule of rates.



EPC and EPCM contracts are quite different in terms of risks and allocations. The advantage from the Owners' point of view of an EPC contract is that the contractor takes full responsibility in respect of the following:

1. cost of completion if it is a lump sum contract (subject to limited adjustments)
2. the time for completion (subject to extensions of time)
3. the quality of the design and work and achievement of performance guarantees (subject to any exclusion)

The potential for multiple disputes is avoided in EPC. However, the major disadvantage for the Owner of the EPC contract, when compared to the EPCM contract, is that the detailed design is the contractor's prerogative. Accordingly, in an EPC contract, great care needs to be taken that the Owner specifies and defines the design parameters and deliverables, including consumption of utilities and emissions.



## BUSINESS OVERVIEW

### Overview

Our Company was originally incorporated as Raunaq International Private Limited on April 24, 1965, under the Companies Act, 1956, with the Registrar of Companies, Delhi. The Company was converted into a Public Limited Company and subsequently the name was changed to Raunaq International Limited w.e.f May 01, 1976.

During 1970s, the Company was operating as a recognized export house, and subsequently from the year 1978 onwards, it started venturing in civil, mechanical and electrical construction. The Company is engaged primarily in the service of core infrastructural and industrial sectors in India, namely Power, Chemical, Hydro-carbon, metal and automobile sectors. The Company undertakes Turnkey Contracts of Mechanical, Civil and associated Electrical & Instrumentation works for these sectors.

The services provided by the Company include:

1. Detailed Engineering
2. Procurement, Inspection and Supply
3. Quality Assurance
4. Construction & Installation
5. Testing & Commissioning
6. Project Management & Supervision

During first six month operation during the current period, the company posted turnover of Rs. 30.46 crores against turnover of Rs. 27.99 crores in corresponding half year in the previous period. Similarly, the profit after tax has also showed upward trend from Rs. 1.11 Crore to Rs. 1.71 Crore. In 2008-09, the company reported total turnover (including sales and other income) of Rs. 60.505 crores with profit after tax of Rs. 3.39crores during 2008-09 as compared to Rs. 43.33 crores and profit after tax of Rs. 2.24 crores respectively for FY 2007-2008.

### (1) Details of the business of the issuer

a. **Location of the project:** The Company has the following projects in progress

S.No	Address	Client	Brief Details of the Project
1.	Reliance Energy Centre, Western Express Highway, Santa Cruz, Mumbai-400055	Reliance Infrastructure Limited (Earlier known as Reliance Energy Limited), Hissar	LP Piping Package Including CW Piping, for 2x600 MW Hissar Thermal Power Project at Hissar (Haryana)
2.	UPRUVNL, PTPS Extn., Unit 5 & 6, 2x250 MW Parichha. Distt. Jhansi (UP)	Reliance Infrastructure Limited (Earlier known as Reliance Energy Limited), Parichha	CW & LP Piping Package
3.	UEE&PL C/O Rosa Power Supply Co. Ltd., 2x300 MW Rosa Thermal Power Plant, Milestone no.- 329, NH-24, Delhi Lucknow Highway, Chaudhera Village, Rosa, Distt.- Shahjehanpur (UP)-261001	Rosa Power Supply Co. Ltd., Rosa	CW & LP Piping Package



4.	Reliance Infrastructure Ltd., 2x600 MW Raghunathpur Thermal Power Project , Village – Dum Dum, Ghutitora More, Post Office – Nildih, Raghunathpur District – Purulia, West Bengal – 723 133	Reliance Infrastructure Limited, Raghunathpur	LP Piping & CW Piping Package
5.	Hindustan Zinc Limited Dariba Smelter Complex, Rajpura, Dariba Mines, Distt. Rajsamand, Rajasthan.	Hindustan Zinc Limited	Yard Piping Package
6.	Rihand STPP, Stage-III, Unit 5 & 6, 2x500 MW, P.O. Rihand Nagar – 231223 Distt. Sonebhadra (UP)	NTPC Limited, Rihand	Station Piping Package
7.	Jindal Steel and Power Limited, 4x135 MW Captive Power Plant, Raigarh Village: Dongamahua, Via – Tamnar, Post Dhourabhata, Distt. Raigarh , Chhattishgarh	Jindal Steel and Power Limited, Raigarh	1. Make-up Water System Ph-I 2 Make-up Water System Ph-II For 4x135 MW Captive Power Plant ,Raigarh
8.	Bharat Aluminium Company Limited, 4x300MW Power Project, Balco Nagar, Korba (CG)-495684	Bharat Aluminum Company Limited, Korba	Supply, Mechanical Erection, Civil Construction of pump house for Plant water supply system.
9.	NALCO, Mines & Refinery Complex, Distt.- Kuraput, Damanjodi, Orissa-763008	National Aluminum Company Limited, Damanjodi	Red Mud Disposal Pipeline.
10.	Punj Lloyd Ltd. 2x250 MW, Chhabra, Thermal Power Project, Rajasthan Rajya Vidyut Utpadan Nigam Ltd. Vill: Motipura Chowki, Chhabra- 326220, Distt. Baran, Rajasthan	Punj Lloyd Ltd.	Fuel Oil unloading & storage Tank System and Miscellaneous Storage Tanks.

**b. Plant, machinery, technology, process, etc.:**

No Plant, machinery etc. is proposed to be bought out of the proceeds of the present issue.

**c. Collaborations, any performance guarantee or assistance in marketing by the collaborators:**

NIL.



d. **Infrastructure facilities for raw materials and utilities like water, electricity, etc.**

**Raw Materials**

The basic raw materials required for providing our services are Pipes, Plates, valves and instruments etc. These raw materials are available from Steel Authority of India Limited, Surya Roshni Limited, Steel Strong Valves India Pvt. Limited and other various steel manufacturing companies.

**Raw material procurement policy**

We have an established supplier base with whom we have been dealing for years. We have stringent quality control checks before any consignment is accepted for dispatch to sites as the quality of raw materials has a direct bearing on the quality of finished products.

Some of our Major Raw Material Suppliers are as follows:-

- Surya Roshni Limited
- Steel Strong Valves India Pvt. Limited
- Steel Authority of India Limited
- Essar Limited
- Ratnamani Metals and Tubes Limited
- Welspun Gujarat Stahl Rohren Ltd

Our quality control department performs the inspection of materials before dispatch to sites as per the quality control policy. Only conforming materials are cleared for dispatch.

**Power**

Power is supplied by the clients at respective sites or we make our own arrangement by running DG sets at the sites.

**Water**

Water is usually provided by the clients. In case, water is not made available we use ground water to meet our water requirements.

e. **Products or services of Raunaq International Limited:**

**Our Product Range**

We basically cater to the Power, Chemical, Hydro-carbon, metal and automobile sectors.

**Product Portfolio**

The services provided by the Company include:

1. Detailed Engineering
2. Procurement, Inspection and Supply
3. Quality Assurance
4. Construction & Installation
5. Testing & Commissioning
6. Project Management & Supervision

**The top six clients of our Company as per Sales Turnover in FY 2009 are as under:**

S.No	Name
1.	Reliance Infrastructure Ltd. (Earlier known as Reliance Energy Ltd.)
2.	Utility Energy Tech and Engineers Pvt. Ltd.
3.	Hindustan Zinc Limited
4.	Jindal Steel and Power Limited
5.	Bharat Aluminum Company Limited
6.	National Thermal Power Corporation Limited

**EPC Process**

In brief the EPC process followed by us is as under:



1. Basic Engineering is carried out by the Company, in which the respective client gives basic details of their requirements, and the company determines basic design to meet with those requirements within the specified client parameters. The engineering analysis of various parameters forms part of basic engineering like stress analysis and water hammer analysis etc.
2. The respective clients provide input data like flow requirements, plot plan coordinates and seismic data etc.
3. The Company undertakes detailed engineering and develops a layout to actually put in prospective the requirements of the flow diagram or the P&ID's (Process & Instrumentation Diagram). Further, it also generates data sheets for procurement of various equipments and materials.
4. The project engineers do the indenting for procurement providing all details like data sheets etc. for such procurement.
5. The company establishes site keeping in mind the volume of work and manpower to be deployed at sites. It earmarks adequate place at sites and in line with company' standards suitable site office, stores and a workshop is constructed at site.
6. After evaluation of quotations by various vendors, orders are placed for procurement of various items, requisite inspection is carried out by the company and the customers' inspection agency to ensure that the specified equipments meet the QA (Quality Assurance) plans, follow up action is initiated to ensure dispatch of materials to site and these materials are stored at sites and given proper anti corrosive, inhibitors, to ensure minimum damage before erection.
7. The Company generates proper FQP's (Field Quality Plans) for check on workmanship quality during installation and such FQP's are approved by the customers/their inspection agency. Actual installation work is then taken up at its sites in accordance with the approved layout drawing and FQP's. The PG (Performance Guarantee) is carried out after complete installation to ensure that the installed system yields results in line with the first step of the input data/customer requirements.
8. After establishing the guaranteed parameters, the system is handed over to the customers.

(i) **Details of the market**

Various competitors, some of whom fail to appreciate the requirements of the projects make tactical mistakes by way of wrong estimation and at times intentional undercutting of cost etc. Such mistakes by the competitors present a real threat to companies like us. Further, the Company faces issues of constant material price fluctuation and shortage of skilled resources.

Further, the Company ventures only in the domestic market hence export prospect for the company is not determinable.

The impetus for infrastructural development at the moment is high and being a major power oriented Business Company, the outlook appears bright for the company in the near future

(ii) The approach to marketing and proposed marketing set up.

The company has mostly been dependent on the press advertisements for various tenders being floated by various project authorities. However, the company has competitive advantage because of its time bound execution of various contracts and therefore some of the major clients have been reposing their faith repeatedly in the Company. The other means of generation of enquiries are also resorted to by way of registration and follow up with various prospective customers who are likely to generate business in future. The company also has its branch offices in the eastern and western parts of the country, which helps in generating enquiries in their respective regions.



- (iii) The export possibilities and export obligations, if any (in case of a issuer providing any "service" particulars, as applicable).

Nil

(2) **Business strategy**

**a. OUR BUSINESS STRATEGY**

The Company quotes against various NITs, issued by public sector and requests for offers issued by the private sector companies. The Company emphasizes better performance and quality to ensure repeat orders from the existing clients.

**b. FUTURE PROSPECTS:**

The growth for the construction industry continues to be very good on account of the ongoing infrastructural development in various fields. Power sector in particular is leading the way for infrastructural development at the moment and being a major power oriented business company, the outlook appears bright for Raunaq International Limited in the near future. Over the past three decades the country has seen installation of power units of capacities from 100 MW each in the early 80's to as big as 660 MW now with even bigger units being under construction at present. More over, since most of the power plants under construction and slated for construction in the near future are fossil based power station, the same increases the business prospects for Raunaq International Limited since business in hydro based power station is very limited for our company.

(i) **Capacity and Capacity Utilisation:**

Since the Company has no manufacturing facility, it does not have any clearly definable capacity. The capacity to commission various projects is flexible and the Company hires labour on a contract basis to carry out execution of various projects.

(3) **Intellectual property rights**

Nil

(4) **Property**

The Company does not own any of the land on which its offices are situated, and has entered into lease and other agreements for the use of these properties. Details with respect to registered office and the principal facility of the Company are set forth below.

<b>1</b>	<b>Lease Deed:</b>	Executed between Bharat Gears Limited being the owner of three office premises situated at (i) Hoechst House, Nariman Point, Mumbai(ii) 512, Surya Kiran Building, K.G. Marg, New Delhi and (iii) Mukherjee House, Premises No. 17 Brabourne House, Kolkata and M/s Raunaq International Limited (Rent agreement)
	<b>Period:</b>	Five Years w.e.f. 01/11/2007.
	<b>Stamp Duty</b>	Nil
	<b>Monthly rent:</b>	Monthly lease rent in respect of let-out portion of office premises situated at Mumbai, Delhi & Kolkata is Rs. 2500, Rs. 1000 and Rs. 1000 only
	<b>Interest Free Security Deposit:</b>	Nil
	<b>Registration:</b>	The lease Compulsorily Registration under the Indian Registration Act, but has not been registered.
	<b>Liabilities, if any:</b>	Not any.
<b>2</b>	<b>Lease Deed:</b>	Renewal of Lease Agreement dated 29/09/1999 executed between M/s Bharat Gears Limited having its registered office at 20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad and M/s Raunaq International Limited
	<b>Period:</b>	For Further period of 3 years w.e.f. from 01/09/2007 at the same



	terms & Conditions
<b>Stamp Duty</b>	Nil
<b>Monthly rent:</b>	Rs. 10,000 Only.
<b>Interest Free Security Deposit:</b>	Nil
<b>Registration:</b>	The lease Compulsorily Registration under the Indian Registration Act, but has not been registered.
<b>Liabilities, if any:</b>	No liability

(5) **Purchase of property**

There is no property that has been purchased or acquired by the Company or is proposed to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by this Draft Letter of Offer or the purchase or acquisition of which has not been completed at the date of issue of the Draft Letter of Offer.

(6) **Land**

No land has been acquired/ proposed to be acquired alongwith by the Company from entities having any sort of relation with any Promoter or Director of the Company.

(7) **Insurance**

All of the Company's property, plant and equipment are insured under standard fire & special perils cover. The Company also carries marine insurance which covers all risks for transit of materials and storage and erection activity at project sites. The Company believes that its insurance coverage is adequate and consistent with industry standards. However, as the Company enters additional markets with its products, the Company intends to take necessary additional insurance coverage as may be appropriate. The Company has also taken out medical insurance policies, personal accident insurance policies and workmen's compensation policies for its employees.



## KEY INDUSTRY REGULATIONS

### **THE PAYMENT OF GRATUITY ACT, 1972**

The Payment of gratuity Act, 1972 was enacted to introduce a scheme for payment of gratuity for certain employees employed in Industrial and commercial establishment as a measure of social security. By the amendment of 1984 by act 26 of 1984 sub section (3A) was inserted in section 1 to the Payment of Gratuity Act 1972 to ensure that once the act has become applicable to such shop or establishment it shall continue to be so notwithstanding the fact that the number of persons employed therein at any time after it has become so applicable falls below ten. To ensure that an unscrupulous employer may not fabricate the records to avoid application of the Act or reduce the number of employees just to avoid payment of gratuity, various provisions, as to notice of opening, notice of change or closure of the shop or establishment, and appointment of inspectors have been made under the Act. Any violation thereof have been made offences punishable with imprisonment or fine or with both.

### **THE EMPLOYEES STATE INSURANCE ACT, 1948**

The object of the Employees State Insurance Act 1948 is to provide for certain benefits to employees in case of sickness, maternity and employment injury and to make provisions for certain other matters in relation thereto. Whenever any insured person falls ill, he/she not only get free medical aid but also receive sickness benefits. The woman employees also need no longer fear that they would be dismissed or removed from service in case they expect babies. Such female employees not only retain their jobs but they get maternity benefits for a period of twelve week before and after confinement. In case any insured person is injured in the course of his work and permanently or temporarily disabled, he will get what is called disablement benefit in the form of cash in installments. Even the dependents of an insured person are entitled to benefits in case of death of insured person. To qualify for all these benefits, the insurable employee has to pay very small amount @ 1.75% of the wages as his share of his contribution. Every factory or establishment to which this act applies is required to be registered alongwith the employees. For carrying into effect the provisions of the Act, the Central Government has also made the Employees State Insurance (General) Regulations, 1950 and they extend to the whole of the Union Territory of India. The employee's contribution will be 4.75% of the wages. The act and the Regulations made thereunder cast certain obligations on every employer to which they apply. Failure to fulfill those obligations exposes an employer to prosecution.

### **THE EMPLOYEES PROVIDENT FUND AND MISCELLANEOUS PROVISIONS ACT, 1952**

The Act provides for the institution of Provident Funds, Pension Fund and Deposit-Linked insurance fund for employees in Factories and other Establishments. The act applies to (a) every establishment which is a factory engaged in any industry specified in Schedule of the Act and in which 20 or more persons are employed and (b) any other establishment which the Central Government by Notification specify giving not less than two months' notice of its intention to do so in the Official Gazette.

### **THE CONTRACT LABOUR (REGULATION AND ABOLITION) ACT, 1970**

It applies to every establishment in which 20 or more workmen are employed or were employed on any day on the preceding 12 months as contract labour and to every contractor who employs or who employed on any day of the preceding 12 months 20 or more workmen. It does not apply to establishments where the work performed is of intermittent or casual nature. It aims to prevent any exploitation of the persons engaged as contract labour, who are generally neither borne on pay roll or muster roll nor is paid wages directly. It provides for registration requirements of the principal employer, who has the responsibility for inadequate wage payments by the contractor to the labour.

### **THE PAYMENT OF WAGES ACT, 1936**

It regulates payment of wages to certain classes of employed persons. It makes every employer responsible for the payment of wages to person employed by him. No deductions can be made from the wages nor can any fine be levied on wages earned by a person employed except as provided under this Act.

### **THE MINIMUM WAGES ACT, 1948**

It came into force with an objective to provide for the fixation of a minimum wage by the employer to the employee. Every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, and manual or clerical (including out-workers) in any employment listed in the schedule to this Act, in respect of which minimum rates of wages have been fixed or revised under the Act



#### **THE PAYMENT OF BONUS ACT, 1965**

It was enacted with the objective of providing of payment of bonus to employees on the basis of profit or on the basis of productivity. This Act ensures that a minimum annual bonus is payable to every employee regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Every employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year or Rs. 100, whichever is higher.

#### **THE WORKMEN'S COMPENSATION ACT, 1923**

It has been enacted with the objective to provide for the payment by certain classes of employers to their workmen or their survivors, compensation for industrial accidents and occupational diseases resulting in death or disablement. In case the employer fails to pay compensation due under the Act within one month from the date it falls due the Commissioner may direct the employer to pay the compensation amount along with interest and may also impose a penalty.



## HISTORY AND CERTAIN CORPORATE MATTERS

### HISTORY AND MAJOR EVENTS

Our Company was originally incorporated as Raunaq International Private Limited on April 24, 1965, under the Companies Act, 1956, with the Registrar of Companies, Delhi. The Company was converted into a Public Limited Company and subsequently the name was changed to Raunaq International Limited w.e.f May 01, 1976.

#### 1. Major Events

Date/Period	Activities
1965	Incorporated as Private Limited Company under the Companies Act, 1956
1970	The Company started its operations as a Recognized Export House.
1976	The Company was converted into a Public Limited Company.
1976	Initial Public Offer of 1,20,000 equity shares at par.
1978	The Company made its initial foray into Civil Construction, Mechanical and Electrical business line.
1990	The Company completely changed its line of business from export house to EPC business which is now the core business of the Company.
1998	Registered office of the Company was shifted from Delhi to Haryana

#### 2. Corporate profile of the Company

##### Description of activities and Services provided by the Company:

Our Company is engaged primarily in the service of core infrastructural and industrial sectors in India, namely Power, Chemical, Hydro-carbon, metal and automobile sectors. The Company undertakes Turnkey Contracts of Mechanical, Civil and associated Electrical & Instrumentation works for these sectors.

The services provided by the Company include:

1. Detailed Engineering
2. Procurement, Inspection and Supply
3. Quality Assurance
4. Construction & Installation
5. Testing & Commissioning
6. Project Management & Supervision

##### Description of the market of each segment

The company deals only in one segment i.e. EPC, as mentioned above.

##### Details of the growth of the Company

From the last five years the Company had been showing a constantly growth trend. In the year 2004-2005, the turnover of the Company (excluding other income) was only Rs. 898.04 lacs, which increased to Rs. 6050.57 lacs in the year 2008-2009. Similarly, in 2004-05, there was a net loss of Rs. 3.64 Lacs which increased to a Net Profit of Rs. 339.08 lacs in the year 2008-2009, Thus, the Company has showing upward growth trend in the last 5 years.

**Details of the standing of the Company with reference to the prominent competitors with reference to its products, management, major suppliers and customers, environmental issues, segment, i.e. geographical, etc.**



The major strength of the company lies in time bound execution of projects with due diligence on quality parameters. This brings the major advantage of working in the private sector projects since the company always had a competitive advantage in this area. The experience of the varied nature of the jobs successfully undertaken by the Company in the past through its experienced professionals adds to the strength to the company.

The major weakness of the company is its constraints in the financial sector like non-availability of collateral security etc. because of which it is not possible to participate in large sized infrastructural projects. Company's participation in projects is generally limited to a value range of Rs. 10 Crores to 50 Crores which creates the road block in its overall growth.

Various competitors, some of whom fail to appreciate the requirements of the projects make tactical mistakes by way of wrong estimation and at times intentional undercutting of cost etc. Such mistakes by the competitors present a real threat to companies like us. Further, the Company faces issues of constant material price fluctuation and shortage of skilled resources.

**3. Injunction or restraining orders:** Nil

**4. Technology, market, managerial competence and capacity built-up.**

Since we are a contracting company and fall in the ambit of service industry, no specific technology is applicable since contracts are carried out as per client specifications.

The company has mostly been dependent on the press advertisements for tenders being floated by various project authorities. The other means of generation of enquiries that are resorted to by us are registration and follow up with various prospective customers who are likely to generate business in future. Also, the company has a competitive advantage because of its time bound execution of various contracts which translates into repeat orders by some of our major clients.

Since the Company has no manufacturing facility, it does not have any clearly definable capacity. The capacity to commission various projects is flexible and the Company hires labour on a contract basis to carry out execution of various projects.

Senior professionals on the rolls of the company have seen through various developments in power sector in India, right from 50 mega watt generation set in the 1970s to as big as 660 Mega Watts at present. The managerial staff is exposed on regular basis to the latest developments in our field of work, by way of update training programmes, periodicals and journals etc.

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

**6. Our Company has 756 shareholders as on the date of filing the DLOO with SEBI.**

**7. Main Objects of the Company**

1. To do the business in India or abroad of importing, exporting, manufacturing, producing, exhibiting, working, distributing or dealing in buying and selling and otherwise dealing in all Sorts of merchandise, machineries, medicines and goods.
2. To carry on the business of General Commission Agents and of Importers, Exporters, Suppliers and Dealers, Commodities, Articles, Products, Merchandise, Plant Machinery and Machinery Parts, Tools and Implements, Hardware Electrical Goods, Tubes, Pipes and Pipe Fittings of all kinds, Valves and Cocks of all kinds, Sanitary Wares And Fittings of all kinds, machines and jigs, Water Meters and their component parts, Mill Stores, Plated - ware Steel and Stainless Steel Goods and Utensils, Rubber goods, Handicrafts, Engineering goods, Sports goods, Textile Leather products, Chemicals, Surgical instruments, Provisions and Plastic goods.
3. To engage in agricultural and allied activities including barter, buying, selling, importing, exporting, trading, cultivating, breeding, testing & processing of hybrid seeds of sunflower, maize, sorghum, mustard, Soya, capsicum, ladyfinger, tomatoes, cauliflower, chillies, & other vegetables, cereals, field and fodder crops.



4. To carry on the business of trading, producing, extracting, refining, storing, exporting, importing, and other dealings in all sorts of edible, non-edible and other oils or any products or by-products thereof, including oils cakes, deoiled cakes, animal feeds.
5. To carry on business of trading, importing, exporting and producing all types of fertilizers including animal, vegetables, mineral, chemical and bio-fertilizers whether or not mixed together or chemically treated.
6. To carry on business of trading, importing, exporting, producing, developing, breeding bio-control agents, fungicides, herbicides, antisprooting products, plant growth regulated Nitrogen fixants.
7. To engage in research, development, production and breeding activities for evolving new varieties of hybrid and high yielding varieties of seeds, bio-fertilizers, bio-control agents & micro-organisms for such purposes.
8. To acquire, take on lease, agricultural land for purposes of carrying on agricultural & allied activities & also enter into contracts, agreements, understandings with other parties for growing, cultivating, producing, testing company's products in their land, factories, laboratories.
9. To enter into agreements, understandings, contracts for procurement, hiring, leasing of technologies, Technical expertise, assistance with domestic and / or foreign bodies, associations, corporations, individuals.
10. To carry on the business of manufacturing, spinning, texturising, weaving, ginning, pressing, dyeing, combing, scouring, importers, exporters, buyers, sellers and dealers of all kinds of natural yarn and fabric including wool, cotton, jute, silk, rayon, hemp and man-made synthetic fibres and filament yarns like viscose, nylon, polyester, acrylic, polypropylene, polycrylenstrite, polyvinyl acetate, cashmelon, polymers, monomers, elastomers, PVC and other olefin materials including industrial and technical yarns, tyre yarns, tyre cords, tyre cords fabrics, and all other types of industrial and other fabrics, films and sheets, webs, staple fibres, Staple fibre yarn, acrylic and metallic yarn, glass fibres, cellulose, cotton, flex, jute, hemp, silk, artificial silk, rayon, linen, wool and any other man-made chemicals, synthetic and/or natural fibres and fibrous materials and the cultivation or production thereof and all other materials, equipment, stores used therein or in relation thereto and their raw material, intermediary products, other allied products, by- products or substances or substitutes for all or any of them, and the business of manufacturing, bleaching, printing, dyeing, combing and dealing in yarn cloth, linen, and other goods and fabrics whether textile, netted or looped and other goods of merchandise made therefrom and to transact all manufacturing or curing and preparing processes in connection therewith.
11. To carry on business as manufactures and dealers in polyester staple fibre, polyester filament, polypropylene staple fibre, polyacrylonitrile staple fibre, PVC staple fibre and or filaments, PVC sheets, plastics and coated fabrics.



12. To carry on in India or abroad and to do any thing in the matter of carrying on any business or businesses of importers, exporters, merchants, general order suppliers, commission agents, representatives, distributors, royalty owners, contractors, jobbers, auctioneers, guarantee brokers, indent agents, mercantile agents, passage agents, principals, factors, organisers, managing agents, managers concessionaries sale Agents. sub Agent. insurance agents, estate and land agents, enquiry agents, patent agents, advertisement agents, transport contractors, shipping agents, clearing and forwarding agents, trade mark agents, surveyors, valuers, treasurers, furnishers, decorators, general representatives, trustees, underwriters, agencies in all its branches and lines, stock brokers, share brokers, Company promoters, security brokers and any other business or businesses as manufacturing, assembling industrial or otherwise which may seem to the Company capable of being conveniently carried on in connection with and akin to or analogous to its objects or calculated directly or indirectly to enhance the value of or render profitable any of the Company's properties or rights or business or any terms and conditions that may be decided or agreed upon from time to time, on commission and/ or salary and/ or any other consideration and/or expected profit.
13. To take on hire, let on hire, buy, sell, import, export, stock service, repair, manufacture, assemble, alter, develop, and deal in (wholesale or retail) parts or components of or complete units of any machinery, plants, equipments, apparatus, appliances, attachments, implements, tools instruments, raw or finished or semi-finished materials that may be required in the matter of any object or objects (manufacturing or industrial or otherwise) of the Company.
14. To buy, sell, manufacture, repair, alter, improve, exchange, let out on hire, import, export, and deal in all factories, work plants, machineries, tools, utensils appliances, apparatus, products, merchandise, commodities, materials, substances, articles, and things capable of being used in any business which this Company is competent to carry on or required by any customers or persons having dealings with the company or commodity dealt in by persons engaged in any such business or which may seem capable of being profitably dealt with in connection therewith and to manufacture, experiment with, render marketable and deal in all products of residual and by-products incidental to or obtained in any of the business carried on by the Company.
15. To carry on, in all their respective branches, the business of general finance, investment trust, legal trust, housing finance and hire purchase business and the business of negotiating loans and lending or advancing money on movable property.
16. To promote or finance, or to assist in promoting or financing any business undertaking and industries of any kind whatsoever, either existing or new and to develop the same either singly or in conjunction with other persons, firms, companies, corporations and syndicates in an Indian State or elsewhere.
17. To carry on in India or elsewhere all or anyone or more of the following business namely, buying, selling, letting on hire, hire purchase, on easy payment system and dealing in household or office furniture and domestic or business appliances, installation fittings, machinery, motor-cars, taxi-cars, automobiles, tramcars, chars-a-bans, motor lorries and wagons, and motor-vehicles of all kinds and descriptions, cycles, bicycles, coaches carriages and all other Vehicles of all kinds whatsoever, whether moved, propelled or drawn by motor, steam, oil petrol, electricity or any mechanical or other power or device, agricultural implements and machinery of all sorts, airships, aeroplanes, balloons, and all other machines, vehicles or devices, now or hereafter and for travelling by air, and all motors, machinery, mechanical and other parts, tools, plant, implements, utensils, appliances, apparatus, requisites and accessories for all classes of the above contained vehicles or any parts thereof, piano, furniture, wireless and television receivers, telephone or other apparatus and all other things of whatsoever nature or description capable being used therewith or in the manufacture, maintenance and working thereof.
18. To establish agencies and branches and to open centres in any part of India and abroad for conducting the business of the company and to send out to foreign countries employees of the company or any other person calculated to promote the interest of the company.



19. To take agencies of any firm or firms, Company or Companies, within or outside India and to appoint agents, distributors, salesmen, travellers, canvassers, sales organizers for their own products likewise in India or abroad.
20. To apply for purchase or otherwise acquired any patents, brevets, invention, licences, concessions and the like conferring any exclusive or non-exclusive or limited rights to use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of Company, or the acquisition of which may seem directly or indirectly to benefit the Company, and to use, exercise and develop or grant licences in respect of or otherwise turn to account the property, rights or information so acquired.
21. To acquire, hold and otherwise deal with shares, stocks, debentures, debenture-stocks, bonds, obligations and securities issued or guaranteed by any company constituted or carrying on business in India or elsewhere and debentures, debenture-stock, bonds, obligations and securities issued or guaranteed by any government, sovereign, ruler, commission, public body, or authority, supreme, municipal local or otherwise, whether in India or elsewhere.
22. To enter into partnership or into any collaboration or arrangement for sharing profits, union of interests, co-operation, joint adventure, reciprocal concession, or otherwise, with any Foreign or Indian person, firm or company carrying on or engaged in, or about to carry on or engaged in, any business or transaction which this Company is authorised to carry on or engage in or any business or transaction capable of being conducted so as directly or indirectly to benefit this company and to give any special rights, licences and privileges in connection with and in particular the right to nominate one or more person or persons whether they may be shareholders or not to be Directors of the Company.
23. To enter into any arrangement with any government or authority, supreme, municipal, local or otherwise that may seem conducive to the Company's objects, or any of them and to obtain from such government or authority any rights, privileges and concessions which the Company may think it desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
24. To establish and support or aid in the establishment and support of associations, institutions, funds, trusts, and conveniences calculated to benefit the employees or ex-employees of the Company or its predecessors in business or the dependents or connections of such persons and to grant pensions and allowances, to make contributions towards provident funds of employees, payments towards insurance, and to subscribe or guarantee money for charitable or benevolent objects, or any exhibition, or for any public, general or useful objects and to make donations to such persons and in such cases as the Company may think conducive to the attainment of any of its objects or otherwise expedient.
25. To lease, let out on hire, mortgage, pledge, sell, otherwise dispose of the whole or any part of the undertaking of the Company or any lands, business property, rights or assets of any kind of the company or any share of interest therein respectively in such manner and for such consideration as the company may think fit and in particular for shares, debentures, or securities of any other corporations having objects altogether or in part similar to those of the company.
26. To invest and deal with the moneys of the Company not immediately required, in such manners as may from time to time be determined by the Directors.
27. To receive fixed or other deposits not withdrawable by the cheques, drafts, or orders, and to lend money to such persons or companies and on such terms as may seem expedient and in particular to customers and others having dealing with the Company, and to guarantee the performance of contracts by such persons or companies, subject to Section 5(1) (c) of the Banking Companies Act, 1949.
28. To draw, make, accept, endorse, discount, execute, issue, negotiate or deal in hundies, cheques, promissory notes, bills of lading, bills of exchange, warrants, debentures, Government notes and Securities and other negotiable instruments or securities.



29. To borrow or raise or secure the repayment of moneys in such manner as the Company shall think fit, and in particular by mortgage, legal or equitable, or by the issue of debentures, debenture-stock perpetual or otherwise, charged upon all or any of the Company's property, both present and future including its uncalled capital, and to issue at par or at a premium or discount debentures, stock or bonds or other obligations and to purchase, redeem, payoff or satisfy such securities.
30. To lend money to its own shareholders, customers, employees and others having dealings with the Company and to guarantee performance of contracts by any such persons.
31. To pay brokerage or commission to any person or persons in consideration of his or their subscribing or agreeing to subscribe, whether absolutely or conditionally for the same; such brokerage or commission may be paid either in cash or in debentures or shares of the company credited as fully paid up.
32. To payout of the Company's funds, the cost and expenses incurred in connection with all matters preliminary and incidental to the formation, promotion and incorporation of this Company and the cost and expenses incurred in connection with all matters, preliminary and incidental to the formation of this Company.
33. To contribute to charitable, political and other funds whether directly or indirectly relating to the business of the Company or not for the welfare of its employees and for any political purpose to any individual or body.
34. To promote any Company and to carry on all kinds of agency business and to take part in the management, supervision or control or the business or operations, of any other company, association, firm or person and to act as the Managing Agents, Agents, Secretaries, and Treasurers or other officers of such company association, firm or persons, and in connection therewith to appoint and remunerate any Directors, Accountants and other experts or agents.
35. To acquire the goodwill of any business, within the objects of the Company and any lands, building, privileges rights, contracts, property or effects held or used in connection therewith and upon any such purchase to undertake the liabilities of any Company, association, partnership or person.
36. To engage, employ, suspend, and dismiss agents, managers, superintendents, assistants, clerks, coolies and other servants and labourers and to remunerate any such person at such rate as shall be thought fit, to grant pensions or gratuities to any such person or his widow or children and generally to provide for the welfare of all employees.
37. To amalgamate with any other company having objects altogether or in any part similar to those of the company.
38. To pay for any properties, rights or privileges acquired by the Company either in shares of the company or partly in shares and partly in cash or otherwise.
39. To refer to arbitration, and to institute, defend, compromise withdrawal or abandon any legal or other proceedings and claims, by or against the Company, by its officers or otherwise concerning the affairs of the Company.
40. To indemnify members, officers, directors, managing agents, secretaries and servants of the Company against proceedings, cause damages, claims and demands in respect of anything done or ordered to be done by them for and in the interest of the Company or for any loss, damages or misfortune whatever, which shall happen in the execution of the duties of their office or in relation hereto.
41. To adopt such means for making known the products of the Company as may seem expedient and in particular by all kinds of advertisements.
42. To carry on any other business which may seem to the Company capable of being conveniently or advantageously carried on in connection with the objects of the company or calculated directly or indirectly to enhance the value or render profitable any of the Company's property rights.
43. To do all or any of the acts, matters and things hereby authorised in any part of the world as principals, agents, contractors, trustees or otherwise either alone or in conjunction with others .



44. Subject to Section 205 (3) of the Companies Act, 1956, distribute any of the Company's property among the members in species.

45. Generally to do all or any of the above things and all such other things as are incidental or may be thought conducive to attainment of the above objects or any of them in any part of the world and as principals, agents, contractors, trustees or otherwise and by or through trustees agents or otherwise and either alone or in conjunction with others and so that the word "COMPANY" in this Memorandum, when applied otherwise than to this Company, shall be deemed to include any authority partnership or other body of persons, whether incorporated or not incorporated.

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

S. NO	Date of Shareholder's Approval	Nature of Alteration
1	February 7, 1973	Clause V of Memorandum was altered whereby the Authorised Share Capital of the Company was increased from Rs. 2 Lacs to Rs. 10 Lacs by creation of additional 8000 equity shares of Rs. 100 each.
2	May 1, 1976	Clause V of Memorandum was altered whereby the Authorised Share Capital of the Company was increased from Rs. 10 Lacs to Rs. 25 Lacs by creation of additional 1,50,000 equity shares of Rs. 10 each.
3	June 18, 1979	Clause V of Memorandum was altered whereby the Authorised Share Capital of the Company was increased from Rs. 25 Lacs to Rs. 1 Crores divided into 10,00,000 equity shares of Rs. 10 each.
4	September 4, 1992	<p>1) Amendment in the Object Clause of the MOA:</p> <p>Following new clauses was inserted as Clause (3) to (11) and consequently the existing Clause (3) to (37) be numbered as Clause (12) to (46)</p> <p>3. To engage in agricultural and allied activities including barter, buying, selling, importing, exporting, trading, cultivating, breeding, testing &amp; processing of hybrid seeds of sunflower, maize, sorghum, mustard, Soya, capsicum, ladyfinger, tomatoes, cauliflower, chillies, &amp; other vegetables, cereals, field and fodder crops.</p> <p>4. To carry on the business of trading, producing, extracting, refining, storing, exporting, importing, and other dealings in all sorts of edible, non-edible and other oils or any products or by-products thereof, including oils cakes, deoiled cakes, animal feeds.</p> <p>5. To carry on business of trading, importing, exporting and producing all types of fertilizers including animal, vegetables, mineral, chemical and bio-fertilizers whether or not mixed together or chemically treated.</p> <p>6. To carry on business of trading, importing, exporting, producing, developing, breeding bio-control agents, fungicides, herbicides, antiproating products, plant growth regulated Nitrogen fixants.</p> <p>7. To engage in research, development, production and breeding activities for evolving new varieties of hybrid and high yielding varieties of seeds, bio-fertilizers, bio-control agents &amp; micro-organisms for such purposes.</p> <p>8. To acquire, take on lease, agricultural land for purposes of carrying on agricultural &amp; allied activities &amp; also enter into contracts, agreements, understandings with other parties for growing, cultivating, producing, testing company's products in their land, factories, laboratories.</p>



		<p>9. To enter into agreements, understandings, contracts for procurement, hiring, leasing of technologies, Technical expertise, assistance with domestic and / or foreign bodies, associations, corporations, individuals.</p> <p>10. To carry on the business of manufacturing, spinning, texturing, weaving, ginning, pressing, dyeing, combing, scouring, importers, exporters, buyers, sellers and dealers of all kinds of natural yarn and fabric including wool, cotton, jute, silk, rayon, hemp and man-made synthetic fibres and filament yarns like viscose, nylon, polyester, acrylic, polypropylene, polycrylenstrite, polyvinyl acetate, cashmelon, polymers, monomers, elastomers, PVC and other olefin materials including industrial and technical yarns, tyre yarns, tyre cords, tyre cords fabrics, and all other types of industrial and other fabrics, films and sheets, webs, staple fibres, Staple fibre yarn, acrylic and metallic yarn, glass fibres, cellulose, cotton, flex, jute, hemp, silk, artificial silk, rayon, linen, wool and any other man-made chemicals, synthetic and/or natural fibres and fibrous materials and the cultivation or production thereof and all other materials, equipment, stores used therein or in relation thereto and their raw material, intermediary products, other allied products, by-products or substances or substitutes for all or any of them, and the business of manufacturing, bleaching, printing, dyeing, combing and dealing in yarn cloth, linen, and other goods and fabrics whether textile, netted or looped and other goods of merchandise made therefrom and to transact all manufacturing or curing and preparing processes in connection therewith.</p> <p>11. To carryon business as manufactures and dealers in polyester staple fibre, polyester filament, polypropylene staple fibre, polyacrylonitirle staple fibre, PVC staple fibre and or filaments, PVC sheets, plastics and coated fabrics.</p> <p>2) Clause V of Memorandum was altered whereby the Authorised Share Capital of the Company was increased from Rs. 1 Crores to Rs. 10 Crores divided into 1,00,00,000 equity shares of Rs. 10 each.</p>
5	August 10, 1994	Clause V of Memorandum was altered whereby the Authorised Share Capital of the Company was increased from Rs. 10 Crores to Rs. 20 Crores divided into 1,50,00,000 equity shares of Rs. 10 each and 5,00,000 Cumulative Redeemable Preference Shares of Rs. 100 each.
6	November 22,1994	Clause V of Memorandum was altered whereby the Authorised Share Capital of the Company was increased from 20 Crores to Rs. 40 Crores divided into 3,50,00,000 equity shares of Rs. 10 each and 5,00,000 Cumulative Redeemable Preference shares of Rs. 100 each.
7	August 18, 1998	Clause II of the Memorandum was altered for change in registered office from Delhi to the state of Haryana.

#### **SHAREHOLDERS AGREEMENT**

There are no shareholder agreements as on date of Filing of the Draft Letter of Offer with SEBI.

#### **Other Agreements**

Except the Contracts / Agreements entered into in the ordinary course of the business carried on or intended to be carried on by the Company, the Company has not entered into any other Agreement / Contract.

#### **Strategic Partners**

There are no strategic partners of the Company.

#### **Financial Partners**

There are no financial partners of the Company.



## OUR MANAGEMENT

### BOARD OF DIRECTORS

Raunaq International Limited is a professionally managed organization. The Company functions under the control of a Board of Directors. The day to day matters are looked after by qualified key personnel, under the supervision of the Chairman and Managing Director.

Name, Fathers' name Designation, Status, Experience, Occupation, Address	Age (In Years)	Qualifications	DIN	Date of expiration of current term of office	Details of directorships in other companies
<p><b>Mr. Surinder Pal Kanwar</b> (S/o: Late Dr. Raunaq Singh)</p> <p><b>Designation:</b> Chairman &amp; Managing Director</p> <p><b>Status:</b> Promoter Director</p> <p><b>Experience:</b> 34 years</p> <p><b>Occupation:</b> Businessman</p> <p><b>Address:</b> A-3, Greater Kailash-1, New Delhi-110048</p>	57 years	Commerce Graduate from Delhi University	00033524	30.09.2012	<ol style="list-style-type: none"> <li>1. M/s Bharat Gears Limited</li> <li>2. M/s Samreet Investment &amp; Management Consultancy Pvt. Ltd.</li> <li>3. M/s Raunaq ABM India Ltd.</li> <li>4. M/s Ultra Consultants Pvt. Limited</li> <li>5. M/s Clip-Lok Simpak (India) Private Limited</li> <li>6. M/s Vibrant Finance and Investment Private Limited</li> <li>7. M/s Future Consultants Pvt. Limited</li> </ol>
<p><b>Mr. Sachit Kanwar</b> (S/o: Mr. Surinder Pal Kanwar)</p> <p><b>Designation:</b> Executive Director</p> <p><b>Status:</b> Promoter Director</p> <p><b>Experience:</b> 5 years</p> <p><b>Occupation:</b> Businessman</p> <p><b>Address:</b> A-3, Greater Kailash-1, New Delhi-110048</p>	27 years	Bachelor's Degree in Administrative Studies from York University-Atkinson Faculty of Liberal & Professional Studies, Toronto, ON	02132124	31.03.2012	<ol style="list-style-type: none"> <li>1. M/s Samreet Investment &amp; Management Consultancy Pvt. Ltd.</li> <li>2. M/s Vibrant Finance and Investment Private Limited</li> <li>3. Gulab Merchandise Private Limited</li> </ol>
<p><b>Mr. Maharaj Kumar Vig</b> (S/o: Late Sh. Mulkhraj Vig)</p> <p><b>Designation:</b> Director</p> <p><b>Status:</b> Independent Director</p> <p><b>Experience:</b> 40 years</p>	86 years	Graduate and CAIIB	00101283	N.A.	Carrier Travels Pvt. Limited



<p><b>Occupation:</b> Retired Chairman of Oriental Bank of Commerce</p> <p><b>Address:</b> 101/17, Silver Oaks Apartments, DLF Phase-I, Gurgaon-122001, Haryana, India</p>					
<p><b>Mr. Pradeep Kumar Mittal</b> (S/O: Late Sh. Yogendra Kumar Mittal)</p> <p><b>Designation:</b> Director</p> <p><b>Status:</b> Non Executive and Non- Independent Director</p> <p><b>Experience:</b> 27 years</p> <p><b>Occupation:</b> Advocate</p> <p><b>Address:</b> 171, Chitra Vihar, Delhi-110092</p>	56 years	B.Com, FCS, LL.B.	00165315	N.A.	<p>3. HB Stockholdings Limited</p> <p>4. Bajaj Hindustan Sugar Industries Ltd.</p>
<p><b>Mr. Venkatraman Srinivasan</b> (S/o: Late Sh. Nagar Vaidyanathan Venkatraman)</p> <p><b>Designation:</b> Director</p> <p><b>Status:</b> Non-Independent Director</p> <p><b>Experience:</b> 40 years</p> <p><b>Occupation:</b> Retired</p> <p><b>Address:</b> B-904, Usha Nagar, Bhandup (W), Mumbai-400078, India</p>	65 Years	Bachelor's degree in Mechanical Engineering. MS in Industrial Engineering from University of Illinois and an MBA, from Graduate School of Business of the University of Pittsburgh in USA.	00879414	N.A.	N.A.
<p><b>Dr. Sanjeev Kumar</b> (S/o: Late Shri Bhagwati Prasad Awasthi)</p> <p><b>Designation:</b> Director</p> <p><b>Status:</b> Independent Director</p> <p><b>Experience:</b> 25 years</p> <p><b>Occupation:</b> Service</p> <p><b>Address:</b> 116,</p>	50 years	M.Com, Ph.D., LL.B. PGDIPRL, FCWA, FCS,	00364416	N.A.	<p>1. Bajaj Hindustan Limited</p> <p>2. Bajaj Eco-Tech Products Limited</p> <p>3. Bajaj Aviations Private Limited</p> <p>4. BPA Estates Private Limited</p>



Samachar Apartments, Mayur Vihar, Phase-1, Delhi-110091					
<b>Mr. Venkataraman Gokarnesan</b> (S/o: Dr. S. Gokarnesan) <b>Designation:</b> Director <b>Status:</b> Independent Director <b>Experience:</b> 47 years <b>Occupation:</b> Retired as Director, NTPC Limited <b>Address:</b> G-102, Yamuna Apartments, Alaknanda, Kalkaji, New Delhi-110019	60 years	B. Tech in Electrical Engineering, MBA-IIMA Ahmedabad, LLB, Fellow of Institution of Engineers (India).	00208605	N.A.	MPPGC Limited and Pipe Support India (P) Ltd
<b>Mr. Gautam Mukherjee</b> (S/o: Late Shri Ashim Nath Mukherjee) <b>Designation:</b> Director <b>Status:</b> Independent Director <b>Experience:</b> 26 years <b>Occupation:</b> President (Finance) of Jamna Auto Industries Ltd. <b>Address:</b> P-62, Sector-XI, Noida, Gautam Budh Nagar, U.P.-201301	52 years	Graduation from Punjab University, Chandigarh	02590120	N.A.	N.A.

**Nature of any family relationship between any of the Directors:**

Mr. Surinder Pal Kanwar is the father of Mr. Sachit Kanwar.

**Details of arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which of the Directors was selected as a director or member of senior management.**

Nil

**THERE ARE NO SERVICE CONTRACTS ENTERED INTO BY THE DIRECTORS WITH THE COMPANY PROVIDING FOR BENEFITS UPON TERMINATION OF EMPLOYMENT.**



### Details of Borrowing Powers

In terms of the Articles of Association, the Board may, from time to time, at its discretion raise or borrow any sum or sums of money for the purposes of the Company and subject to the provisions of the Companies Act may secure payment or repayment of the same in such manner and terms as prescribed by the Board of Directors, in particular by issue of bonds, debentures or debenture-stock of the Company either secured or unsecured by a mortgage or charge over all or any of the property of the Company including its uncalled capital for the time being, and debenture-stock bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Vide a resolution passed at the Annual General Meeting of the Company held on November 22, 1994, consent of the members of the Company was accorded to the Board of Directors of the Company pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing from time to time any sums of money which together with money already borrowed by the company shall not exceed in the aggregate at any time Rs. 40 crores irrespective of the fact that such aggregate amount of borrowing outstanding at any one time may exceed the aggregate for the time being of paid up share capital of the company and its free reserves.

### COMPENSATION OF MANAGING DIRECTORS/ Whole Time Director.

The remuneration of the following executive Directors is as per the terms of appointment contained below:

#### Mr. Surinder Pal Kanwar

The remuneration payable to Mr. Surinder Pal Kanwar under the terms of the Shareholder resolution dated July 25, 2007 with effect from October 1, 2007 for a period of five (5) years is as follows:

Salary	Token Remuneration of Rs. 1 per month
Perquisites	NIL
Amount of compensation paid during the last financial year	Rs. 12
Benefits in kind granted on an individual basis during the last financial year	NIL

#### Mr. Sachit Kanwar

The remuneration payable to Mr. Sachit Kanwar under the terms of the Shareholder resolution dated July 30, 2009 with effect from April 1, 2009 for a period of three (3) years is as follows:

Salary	Rs. 2,00,000 per month
Perquisites	<p>i) In addition to the aforesaid basic salary, he shall be entitled for Leased Accommodation or House Rent Allowance and</p> <p>ii) Perquisites the total value of which, wherever applicable, shall be computed as per the provisions of Income Tax Act, 1961 read with the applicable Income Tax Rules, as amended from time to time, and for the time being in force. In case of absence of any such Rule(s), the value of the said perquisite shall be computed at the actual cost incurred.</p> <p>The total of above i.e. (i) &amp; (ii) shall not exceed 1/4<sup>th</sup> of his basic salary per month.</p>
Other Terms	<p>i. He shall be entitled to re-imbursment of actual out-of-pocket expenses incurred in connection with the business of the Company.</p> <p>ii. He shall be entitled to reimbursement of entertainment expenses incurred for the business of the Company.</p> <p>iii. As long as he functions as Executive Director</p>



	<p>he shall not be paid any sitting fees to attend any meeting of the board and/or committee thereof.</p> <p>iv. He shall be entitled to earned/privileged leave as per the rules of the Company.</p> <p>The Executive Director shall also be eligible to the following perquisites which shall not be included in the computation of ceiling on remuneration specified in the said Part II Section II of Schedule XIII of the Companies Act, 1956:</p> <p>a. Contribution to provident fund, Superannuation fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.</p> <p>b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.</p> <p>c. Encashment of the leave at the end of the tenure.</p>
Amount of compensation paid during the last financial year	Rs. 6 Lacs
Benefits in kind granted on an individual basis during the last financial year	NIL

*No portion of the compensation as mentioned above was paid pursuant to a bonus or profit-sharing plan.*

*For the purpose of calculating the ceiling perquisites shall be evaluated as per income tax rules wherever applicable and in absence of any such rule the same shall be evaluated at actual cost. The above said remuneration and perquisites shall be subject to the ceiling laid down in sections 198, 309 and other applicable provisions as may be amended from time to time.*

#### **Shareholding of the Directors**

<b>S. No.</b>	<b>Name</b>	<b>No. of Shares Held</b>
1.	Surinder Pal Kanwar	205520

#### **Qualification Shares required to be held by Directors**

Directors are not required to hold any qualification shares.

#### **Interest of directors**

All the Directors may be deemed to be interested to the extent of fees payable to them, if any, for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them, if any, under the Articles of Association, and to the extent of remuneration paid to them, if any for services rendered as an officer or employee of the Company.

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

The Directors have no interest in any property acquired by the Company within two years of the date of this Draft Letter of Offer.

Except as stated in the section titled "Related Party Transactions" on page [●] of this Draft Letter of Offer, the Directors do not have any other interest in the business of the Company.



The Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Letter of Offer in which the directors 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 than contracts in the normal course of business and being permitted as per the current rules and regulations governing the same.

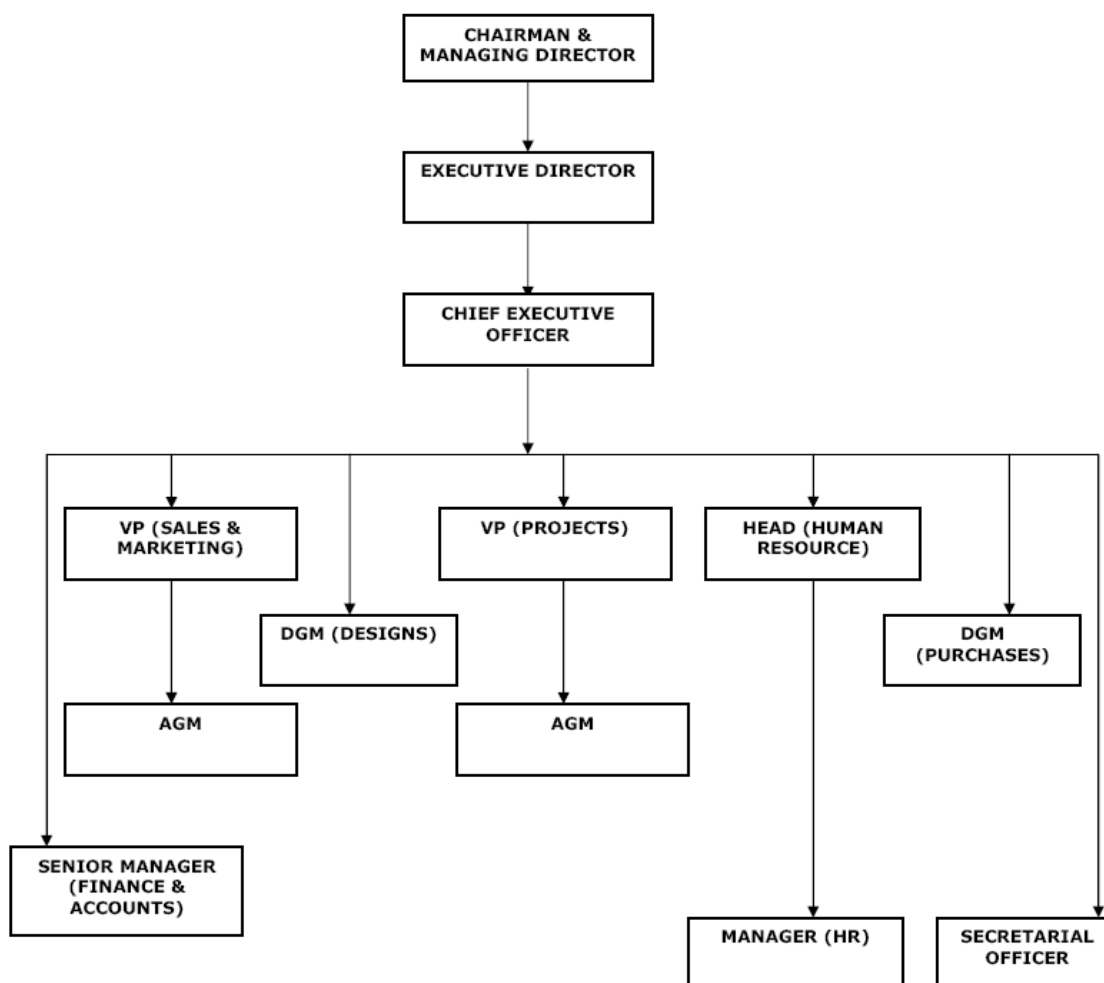
#### **Changes in the Board of Directors in the last 3 years**

The following are the changes in the Board of Directors in the last 3 years. To maintain brevity and to avoid any confusion, this table does not enumerate the instances where the Status or Designation of the Director has been changed or when the appointment of an Additional Director has been regularized.

<b>S. No</b>	<b>Name, Address &amp; DIN</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>	<b>Reason</b>
1.	Mr. N.V. Srinivasan  Address: B-904, Usha Nagar, Bhandup (W), Mumbai-400078, India  DIN: 00879414	30.10.2006	-	Appointed as additional Director. The Appointment was regularized on 25.07.2007.
2.	Mr. Sachit Kanwar  Address: A-3, Greater Kailash- 1, New Delhi-110048  DIN: 02132124	23.03.2009	-	Appointed as additional Director. The Appointment was regularized on 30.07.2009.
3.	Mr. G. Venkataraman  Address: G-102, Yamuna Apartments, Alaknanda, Kalkaji, New Delhi-110019  DIN: 00208605	23.03.2009	-	Appointed as additional Director. The Appointment was regularized on 30.07.2009.
4.	Mr. Gautam Mukherjee  Address: P-62, Sector-XI, Noida, Gautam Budh Nagar, U.P.- 201301  DIN: 02590120	23.03.2009	-	Appointed as additional Director. The Appointment was regularized on 30.07.2009.



## Management Organization Structure



## CORPORATE GOVERNANCE

Pursuant to **Circular No. SEBI/CFD/DIL/CG/1/2004/12/10** dated **October 29, 2004** Clause-49 of Listing Agreement i.e. Corporate Governance Code is not applicable to the Company.

### Composition of Board of Directors

Currently, the Board of Directors has eight Directors and the Chairman of the Board of Directors is an Executive Director. The Company has two executive Directors and six non-executive Directors, including four independent Directors, on its Board of Directors.

S.NO	NAME OF DIRECTOR	DESIGNATION	STATUS
1	<b>Mr. Surinder Pal Kanwar</b>	Chairman & Managing Director	Promoter; Executive & Non Independent Director
2	<b>Mr. Sachit Kanwar</b>	Executive Director	Promoter; Executive & Non Independent Director
3	<b>Mr. Maharaj Kumar Vig</b>	Director	Independent Director
4	<b>Mr. Pradeep Kumar Mittal</b>	Director	Non Executive and Non-Independent Director
5	<b>Mr. Nagar Venkatraman Srinivasan</b>	Director	Non Executive and Non-Independent Director
6	<b>Dr. Sanjeev Kumar</b>	Director	Independent Director



7	<b>Mr. Venkataraman Gokarnesan</b>	Director	Independent Director
8	<b>Mr. Gautam Mukherjee</b>	Director	Independent Director

### Committees of the Board

#### Audit Committee

In terms of section 292A of the Companies Act 1956, as the paid up capital of the Company is less than Rs. 5 crores, the Company is not required to constitute an Audit committee.

#### Remuneration Committee

The Remuneration Committee was constituted by a meeting of the Board of Directors held on March 23, 2009. The present members of the Remuneration Committee are:

S. No.	Name	Designation in the Committee	Designation in the Company	Nature of Directorship
1	Dr. Sanjeev Kumar	Chairman	Director	Independent Director
2	Mr. M.K. Vig	Member	Director	Independent Director
3	Mr. Gautam Mukherjee	Member	Director	Independent Director

The terms of reference of the Compensation Committee are as follows:

The Remuneration Committee is vested with all necessary powers and to deal with all elements of remuneration package to all whole time directors and the terms of reference of the Remuneration Committee be based on a policy for attracting the best available talent in the industry.

#### Investors' Grievance Committee

The Investors' grievance Committee was constituted on January 25, 2008. The present members of the Share Transfer and Investor Grievance Committee are;

S. No.	Name	Designation in the Committee	Designation in the Company	Nature of Directorship
1	Mr. P.K. Mittal	Chairman	Director	Non-Executive and Non-Independent Director
2	Mr. Sachit Kanwar	Member and Compliance Officer	Executive Director	Promoter; Executive & Non Independent Director
3	Mr. Surinder Pal Kanwar	Member	Chairman & Managing Director	Promoter; Executive & Non Independent Director

The role of the above committee includes issue of duplicate share certificate/ split/ consolidation of equity shares of the Company.

#### RIGHTS ISSUE COMMITTEE

The Rights Issue Committee was constituted on October 28, 2009.

This Committee consists of the following:

S. No.	Name	Designation in the Committee	Designation in the Company	Nature of Directorship
1	Dr. Sanjeev Kumar	Chairman	Director	Independent Director
2	Mr. Surinder Pal Kanwar	Member	Chairman & Managing Director	Promoter; Executive & Non Independent Director



<b>3</b>	Mr. P.K. Mittal	Member	Director	Non-Executive and Non-Independent Director
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The Committee is authorised to do the following:

1. To discuss, negotiate, finalize and appoint such market intermediaries as may be required for the proposed offer of Zero Dividend Compulsorily and Fully Convertible Preference shares viz. Merchant Banker to act as Lead Manager to the Issue, Bankers to the Issue, Registrars to the Issue, Advisors to the Issue and such other intermediaries as may be required in this connection;
2. To offer, discuss, negotiate, accept the offer, finalize the terms and conditions of their appointment and to finalize, fix, and pay such remuneration/fees and out of pocket expenses and other expenses spent on behalf of the Company as may be mutually agreed between the Company and the respective Intermediaries;
3. To enter into, to sign, to execute such Memorandum of Understanding/Agreement, Deeds, Undertakings, Affidavits setting out the mutual rights, duties and responsibilities in this regard and to sign, execute such other documents, papers, correspondences as may be required or deemed necessary for the purpose.
4. Subject to the approval of SEBI, MCA, RBI, ROC and other authorities as may be required in this connection, to decide the number of shares/additional shares to which the shareholders/members may be entitled to subscribe, the price at which the shares may be offered, to change/modify/alter/increase/decrease the proposed issue size, Price/Ratio in consultation with the Merchant Bankers and/or other authorities as may be required or deemed necessary.
5. To submit draft Letter of Offer, Share Application Form and other related documents to SEBI, Stock Exchanges, Registrar of Companies and other departments, authorities, etc. To accept and incorporate amendments/changes as may be suggested in the Letter of Offer, Forms, documents etc.
6. To make application(s) for Listing of fresh Issue of shares under offer, with the stock exchanges where the existing shares of the Company are listed/proposed to be listed.
7. To make declarations, issue advertisements, press releases and all other communications with the Securities and Exchange Board of India, Stock Exchanges, Ministry of Company Affairs, Registrar of companies, Shareholders of the Company and Public in General.
8. To do all such other acts, things, deeds and matters as may be incidental or required or deemed necessary for the purpose of making the aforesaid Offer of Zero Dividend Compulsorily and Fully Convertible Preference shares to the shareholders/members of the Company.
9. To delegate the above powers and to decide the announcement of book closure date, opening and closing of dates of rights issue and to take other relevant decisions for and on behalf of the Board of Directors of the Company as deemed necessary for Rights issue purposes.

#### **Compliance with Listing Agreement**

The Company in terms of this Draft Letter of Offer intends to list its shares on DSE and intends to comply with the requirements under the respective Listing Agreement of the above-mentioned stock exchanges.

#### **Key Management Personnel**

In addition to the Whole Time Directors, Mr Surinder Pal Kanwar and Mr. Sachit Kanwar, provided below are the key managerial employees of the Company.

<b>Name, Designation,</b>	<b>Date of Joining</b>	<b>Age (Years)</b>	<b>Term of office with</b>	<b>Details of service</b>	<b>Experience</b>	<b>Previous Employment</b>
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Qualification			date of expiration of term	contracts including termination/retirement benefits	(years)	
Mr. Rajan Malhotra CEO B.E. (Mechanical)	08.11.2005	51 years	On Retirement 28.02.2016	Company shall pay Superannuation pension, PF, Gratuity as per its policies	30 YEARS	Utility Powertech Limited
Mr. A.D. Jain VP (Construction) B. Tech (Civil)	09.07.1979	52 years	On Retirement 28.02.2015	Company shall pay Superannuation pension, PF, Gratuity as per its policies	33 YEARS	The Cementation Company Limited
Mr. Ashwani Chaswal VP (Sales & Marketing) B.E. (Mechanical)	01.06.1992	53 years	On Retirement 30.09.2014	Company shall pay Superannuation pension, PF, Gratuity as per its policies	33 YEARS	B S T Manufacturing Limited
Mr. Kamal Kishore Miglani Senior Manger (Finance & Accounts) CFA, CTM and PLAM	03.11.2006	37	On Retirement 02.11.2031	Company shall pay Superannuation pension, PF, Gratuity as per its policies	12 Years	JRK Auto Parts Pvt Limited

**Mr. Rajan Malhotra**, aged 51 years, is the Chief Executive Officer of the Company. He joined RIL on November 08, 2005. He holds a Bachelor of Engineering degree (Mechanical) from Thapar Institute of Engineering, Patiala. Prior to joining the Company, he worked with M/s Utility Powertech Limited (A joint Venture Company of NTPC Limited and Reliance Infrastructure Limited (Earlier known as Reliance Energy Limited)) as Chief Manager. He has worked in the areas of project execution, project planning, project marketing and O&M of power stations. During the Fiscal 2009, he was paid a gross compensation of Rs. 23.65 Lacs by the Company.

**Mr. A.D. Jain**, aged 52 years, is the Vice President (Construction). He joined RIL on July 09, 1979. He holds a Bachelors of Technology degree (Civil) from IIT, Mumbai. Prior to joining the Company, he worked with M/s Cementation Company Limited as Assistant Engineer. He has worked in the areas of project management and coordination, execution of civil, mechanical and piping work, tendering and marketing civil work, banking relationship and materials management. During the Fiscal 2009, he was paid a gross compensation of Rs. 20.47 Lacs by the Company.

**Mr. Ashwani Chaswal**, aged 53 years, is the Vice President (Sales and Marketing). He joined RIL on June 01, 1992. He holds a Bachelors of Engineering degree (Mechanical) from Thapar Institute of Engineering, Patiala. Prior to joining the Company, he worked with M/s BST Mfg. Limited as Manager Sales. He has worked in the areas of Sales and Marketing of Engineering Projects. During the Fiscal 2009, he was paid a gross compensation of Rs. 20.53 Lacs by the Company.



**Mr. Kamal Kishore Miglani**, aged 37 years, is Senior Manger (Finance & Accounts). He joined RIL on November 03, 2006. He holds various qualifications including is CFA, CTM and PLAM from IIM, Calcutta. Prior to joining the Company he worked with JRK Auto Parts Pvt Limited. His specialization is in the areas of finance, accounts and taxation etc. During the fiscal year 2009, he was paid a gross compensation of Rs. 10.32 lacs by the Company.

**Nature of any family relationship between any of the Key Managerial Personnel:**

None of the Key Managerial Personnel are related to each other except the relationship of father and son between Mr Surinder Pal Kanwar and Mr. Sachit Kanwar and mentioned in page [•] of this Draft Letter of Offer.

**Details of any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the key managerial personnel, was selected as a director or member of senior management**

Nil

**No compensation was paid to the Key Managerial Personnel in the last financial year pursuant to a bonus or profit-sharing plan**

**All the Key Managerial Personnel as stated above are Permanent employees of the Company.**

**Shareholding of Key Managerial Personnel**

None of the Key Managerial Personnel have any shareholding in the Company except as mentioned in the shareholding of the Directors on page [•] of this Draft Letter of Offer.

**Bonus or profit sharing plan of the Key Management Personnel**

The Company does not have any bonus or profit sharing plan of the Key Management Personnel.

**Interests of Key Management Personnel**

The key management personnel of the Company do not have any interest in the Company other than to the extent of the remuneration, employee stock options held, if any, Equity Shares allotted under employee stock purchase scheme 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.

None of the key management personnel have been paid any consideration of any nature from the Company, other than their remuneration.

**Changes in the Key Management Personnel**

The changes in the key management personnel in the last three years are as follows:

S. No.	Name	Date of		Reason
		Joining	Leaving	
1.	Mr. Sachit Kanwar, Executive Director	April 1, 2009		Joined

**Employees**

**Employee Stock Option Scheme and Employee Stock Purchase Scheme**

The Company does not have any Employee Stock Option Scheme and Employee Stock Purchase Scheme.

**Other Benefits to the Officers of the Issuer Company**

Except the payment of salaries and perquisites, no amount or benefit has been paid or given within the two preceding years or intended to be paid or given to any employee and there is no consideration for payment of giving of the benefit.



## PROMOTERS

### Promoters

The following are the Promoters of the Company:

1. Mr. Surinder Pal Kanwar; and
2. Mr. Sachit Kanwar; and

### Group Companies Of Promoters

The following companies have been promoted by the Promoters of the Company and are referred to in this Draft Letter of Offer as the "Group Companies of Promoters". The Group Companies of Promoters are companies, firms and ventures in which the Promoters (i) exercise control; or (ii) have been named as promoters by such entity in any filing with the stock exchanges in India.

We define "control" as the:

- a. ownership, directly or indirectly through subsidiaries, of 50% or more of the equity share capital or voting interest of the entity; or
- b. power to appoint the majority of the directors or similar governing body of such entity; or
- c. power to control the management or policy decisions of the entity, directly or indirectly, including through the exercise of shareholding or management or similar rights or voting arrangements or in any other manner.

In addition, if two or more Promoters together exercise control over an entity, such entity has been included as a Group Company of Promoters.

Based on the above, the Group Companies of Promoters are as follows:

### Group Companies of Mr. Surinder Pal Kanwar

- a) Bharat Gears Limited
- b) Ultra Consultants Private Limited
- c) Future Consultants Private Limited
- d) Vibrant Finance and Investment Private Limited
- e) Samreet Investment & Management Consultancy Private Ltd.
- f) Raunaq ABM (India) Limited
- g) Clip-Lok Simpak (India) Private Limited
- h) Gulab Merchandise Private Limited

### Group Companies of Mr. Sachit Kanwar

1. Ultra Consultants Private Limited
2. Vibrant Finance and Investment Private Limited
3. Samreet Investment & Management Consultancy Private Ltd.
4. Gulab Merchandise Private Limited

### Promoter Group

The following natural persons, HUFs, companies and partnerships constitute our promoter group under the ICDR Regulations (the "Promoter Group"):

The natural persons who are part of the Promoter Group, other than the Promoters named above, are as follows:

Name	Shareholding in Raunaq International Limited
Late Dr. Raunaq Singh	7974
Mrs. Gurmeet Kaur	82300
Mr. Narinder Jeet Kanwar	8750
Mr. Sameer Kanwar	Nil

The HUF that is a part of the Promoter Group is the following:

**Nil.**

The companies that are part of the Promoter Group are as follows:



Name	Shareholding in Raunaq International Limited
Bharat Gears Limited	Nil
Ultra Consultants Private Limited	Nil
Future Consultants Private Limited	Nil
Vibrant Finance and Investment Private Ltd.	Nil
Samreet Investment & Management Consultancy Private Ltd.	Nil
Raunaq ABM (India) Limited	Nil
Clip-Lok Simpak (India) Private Limited	Nil
Gulab Merchandise Private Limited	Nil

The details of the Promoters are as follows:

## INDIVIDUALS

### Mr. Surinder Pal Kanwar



Age	57 Years
Personal Address	A-3, Greater Kailash-1, New Delhi-110048
Designation	Chairman and Managing Director
Educational qualifications and professional Experience	See the section "Our Management" beginning on page [●] of this Draft Letter of Offer
Directorship held	See the section "Our Management" beginning on page [●] of this Draft Letter of Offer
Other ventures	See under "Group Companies of Surinder Pal Kanwar" above
Business	Industrialist
Voter ID No.	Mr. Surinder Pal Kanwar does not hold a Voter ID card
Driving License Number	DL- 0319880094812
Permanent Account Number	AAFPK8732L
Passport Number	G1825423
Bank Account No.	003501503236 With ICICI Bank, Thane Branch
DIN	00033524

**Profile:** Mr. Surinder Pal Kanwar, aged 57 years is a Commerce graduate from University of Delhi. He has in-depth knowledge of the core business of the company i.e. EPC contracting. He has wide exposure on all aspects of business of the Company and is engaged in supervision & conduct of business of the Company, along with a team of senior management personnel, who assist him in carrying out his activities, subject to the overall supervision & control of the Board. He has been affiliated with the Company as a member of the Board of Directors since the year 1990. He is also the Chairman of Automotive Components Manufacturers Association, Western Region.

Mr. Surinder Pal Kanwar owns 205520 Equity Shares, representing 30.98% of the pre-Issue share capital and [●] % of the post-Issue share capital of the Company.

There are no defaults in meeting any statutory/bank/institutional dues and no proceedings have been initiated for economic offences. There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against Mr. Surinder Pal Kanwar other than as mentioned in this Draft Letter of Offer.



**Declaration:** It is confirmed that Permanent Account Number, Bank Account details and Passport Number of Surinder Pal Kanwar is being submitted to the Stock Exchanges on which Shares are proposed to be listed, at the time of filing of Draft Letter of Offer with them.

**Mr. Sachit Kanwar**



Age	27 years
Personal Address	A-3, Greater Kailash-1, New Delhi-110048
Designation	Executive Director
Educational qualifications and professional Experience	See the section "Our Management" beginning on page [•] of this Draft Letter of Offer
Directorship held	See the section "Our Management" beginning on page [•] of this Draft Letter of Offer
Other ventures	See under "Group Companies of Sachit Kanwar" above
Business	Industrialist
Voter ID No.	NEC0096636
Driving License Number	P03052008576682
Permanent Account Number	AIHPK0510E
Passport Number	A226814
Bank Account No.	008301047844 With ICICI bank Faridabad Sector-16 Branch
DIN	02132124

**Profile:** Mr. Sachit Kanwar, aged 27 years is the youngest son of Mr. Surinder Pal Kanwar, Chairman & Managing Director of the Company. He is a Canadian Citizen and has obtained the status of Overseas Citizenship of India, granted by the Ministry of Home Affairs, Government of India. He has a Bachelor's Degree in Administrative Studies from York University, Atkinson Faculty of Liberal & Professional Studies, Toronto, Ontario, Canada. After completing his graduation in the year 2004, he worked as Corporate Sales/Lease Portfolio Manager, Airport Kia, Toronto, Ontario, Canada for a period of four years, where he got the experience in the fields such as dealership sales, lease portfolio management, fleet management sales and service management etc.

Mr. Sachit Kanwar owns Nil Equity Shares, representing zero percent of the pre-Issue share capital and zero percent of the post-Issue share capital of the Company.

There are no defaults in meeting any statutory/bank/institutional dues and no proceedings have been initiated for economic offences. There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against Sachit Kanwar other than as mentioned in this Draft Letter of Offer.

**Declaration:** It is confirmed that Permanent Account Number, Bank Account details and Passport Number of Sachit Kanwar is being submitted to the Stock Exchanges on which Shares are proposed to be listed, at the time of filing of Draft Letter of Offer with them.

**Information in respect of all the group companies including companies forming part of the Promoter Group**

**1) M/s Bharat Gears Limited**

**Type of Organisation:**



The Company was incorporated as a Public limited Company on the 23<sup>rd</sup> day of December, 1971. Its Company Identification No. is L29130HR1971PLc034365.

**Brief Description of Business:**

The Company is in the manufacturing of Automotive Gears. The factories of the Company are located at the below mentioned addresses:

- 20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad, Haryana, PIN-121003
- Kausa Shil, Mumbra, Dist. Thane, Maharashtra, PIN-400612

**Nature and extent of interest of the promoters**

Name	Number of Shares held in Bharat Gears Limited	Percentage
Surinder Pal Kanwar	24,61,432	31.48%
Sachit Kanwar	Nil	Nil

The Promoters of the Raunaq International Limited are interested to the extent of the shareholding in Bharat Gears Limited.

**Financial Performance**

(Amount in Rs. Lacs)

Particulars	31.03.2009	31.03.2008	31.03.2007
<b>Authorised Equity Capital</b>	1000	1000	1000
<b>Paid up Equity Capital</b>	781.78	781.78	781.78
<b>Reserves &amp; Surplus (excluding revaluation reserves)</b>	3079.63	2791.20	2234.81
<b>Sales/Total Income</b>	24545.64	24135.71	20397.75
<b>Profit/(Loss) after Tax (PAT)</b>	404.29	1008.48	878.53
<b>Earning per Share (In Rs.)</b>	4.86	12.59	11.43
<b>Diluted Earning per Share (In Rs.)</b>	4.86	12.59	11.43
<b>NAV (In Rs.)</b>	51.67	47.45	39.77

Source: Audited Financial Statements

**2) M/s Ultra Consultants Private Limited**

**Type of Organisation:**

The Company was incorporated as a Private Limited Company on the 5<sup>th</sup> day of September, 1990. Its Company Identification No. is U74899DL1990PTC041386

**Brief Description of Business:**

The Company is in the business of financial management and Investment consultancy services, and other consultancy services. The Registered office of the Company is situated at A-3, Greater Kailash-1, New Delhi-110048

**Nature and extent of interest of the promoters**

Name	Number of Shares held in Ultra Consultants Private	Percentage
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	<b>Limited</b>	
Surinder Pal Kanwar	29,522	30.81%
Sachit Kanwar	9,840	10.27%

The Promoters of the Raunaq International Limited are interested to the extent of the shareholding in Ultra Consultants Private Limited.

### Financial Performance

(Amount in Rs. Lacs)

<b>Particulars</b>	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2007</b>
<b>Authorised Equity Capital</b>	300.00	300.00	300.00
<b>Paid up Equity Capital</b>	95.82	95.82	95.82
<b>Reserves &amp; Surplus (excluding revaluation reserves)</b>	146.64	145.61	145.61
<b>Sales/Total Income</b>	8.05	0.05	0.61
<b>Profit/(Loss) after Tax (PAT)</b>	7.49	(2.23)	(0.24)
<b>Earning per Share (In Rs.)</b>	7.81	(2.32)	(0.25)
<b>Diluted Earning per Share (In Rs.)</b>	7.81	(2.32)	(0.25)
<b>NAV (In Rs.)</b>	253.03	245.22	247.54

Source: Audited Financial Statements

### 3) M/s Future Consultants Private Limited

#### Type of Organisation:

The Company was incorporated as a Private Limited Company on the 28<sup>th</sup> day of December, 1988. Its Company Identification No. is U74140DL1988PTC034430.

#### Brief Description of Business:

The Company is in the business of Consultancy and advisory Services. The Registered office of the Company is situated at A-3, Greater Kailash-1, New Delhi-110048

#### Nature and extent of interest of the promoters

<b>Name</b>	<b>Number of Shares held in Future Consultants Private Limited</b>	<b>Percentage</b>
Surinder Pal Kanwar	16,84,000	60.52%
Sachit Kanwar	Nil	Nil

The Promoters of the Raunaq International Limited are interested to the extent of the shareholding in Future Consultants Private Limited.

### Financial Performance

(Amount in Rs. Lacs)

<b>Particulars</b>	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2007</b>
<b>Authorised Equity Capital</b>	505.00	505.00	505.00
<b>Paid up Equity Capital</b>	278.25	278.25	278.25
<b>Reserves &amp; Surplus</b>	93.31	82.47	77.40



(excluding revaluation reserves)			
<b>Sales/Total Income</b>	14.69	9.87	13.06
<b>Profit/(Loss) after Tax (PAT)</b>	10.84	5.07	(1.02)
<b>Earning per Share (In Rs.)</b>	0.39	0.18	(0.04)
<b>Diluted Earning per Share (In Rs.)</b>	0.39	0.18	(0.04)
<b>NAV (In Rs.)</b>	13.35	12.96	12.78

Source: Audited Financial Statements

#### 4) M/s Vibrant Finance and Investment Private Limited

##### Type of Organisation:

The Company was incorporated as a Private Limited Company on the 22<sup>nd</sup> day of October, 1981. Its Company Identification No. is U65920DL1981PTC012523.

##### Brief Description of Business:

The Company is in the business of Financial & Investment Consultancy and advisory Services. The Registered office of the Company is situated at A-3, Greater Kailash-1, New Delhi-110048

##### Nature and extent of interest of the promoters

Name	Number of Shares held in Vibrant Finance and Investment Private Limited	Percentage
Surinder Pal Kanwar	37,700	58.54%
Sachit Kanwar	12,500	19.41%

The Promoters of the Raunaq International Limited are interested to the extent of the shareholding in Vibrant Finance and Investment Private Limited.

##### Financial Performance

(Amount in Rs. Lacs)

Particulars	31.03.2009	31.03.2008	31.03.2007
<b>Authorised Equity Capital</b>	19.90	19.90	19.90
<b>Paid up Equity Capital</b>	6.44	6.44	6.44
<b>Reserves &amp; Surplus (excluding revaluation reserves)</b>	52.70	46.91	41.94
<b>Sales/Total Income</b>	13.60	12.00	11.48
<b>Profit/(Loss) after Tax (PAT)</b>	5.79	4.98	4.38
<b>Earning per Share (In Rs.)</b>	8.99	7.72	6.80
<b>Diluted Earning per Share (In Rs.)</b>	8.99	7.72	6.80
<b>NAV (In Rs.)</b>	91.83	82.84	75.11

Source: Audited Financial Statements

#### 5) M/s Samreet Investment & Management Consultancy Private Limited

**Type of Organisation:**

The Company was incorporated as a Private Limited Company on the 24<sup>th</sup> day of January, 2004. Its Company Identification No. is U74140DL2004PTC124065.

**Brief Description of Business:**

The Company is in the business of Investment & Management Consultancy services. The Registered office of the Company is situated at A-3, Greater Kailash-1, New Delhi-110048.

**Nature and extent of interest of the promoters**

Name	Number of Shares held in Samreet Investment & Management Consultancy Private Limited	Percentage
Surinder Pal Kanwar	5,000	33.33%
Sachit Kanwar	5,000	33.33%

The Promoters of the Raunaq International Limited are interested to the extent of the shareholding in Samreet Investment & Management Consultancy Private Limited.

**Financial Performance**

(Amount in Rs. Lacs)

Particulars	31.03.2009	31.03.2008	31.03.2007
Authorised Equity Capital	5.00	5.00	5.00
Paid up Equity Capital	1.50	1.00	1.00
Reserves & Surplus (excluding revaluation reserves)	0.00	0.00	0.48
Sales/Total Income	0.00	0.00	0.05
Profit/(Loss) after Tax (PAT)	(0.27)	(0.59)	(0.92)
Earning per Share (In Rs.)	(2.68)	(5.93)	(9.19)
Diluted Earning per Share (In Rs.)	(2.68)	(5.93)	(9.19)
NAV (In Rs.)	7.45	8.48	14.01

Source: Audited Financial Statements

**6) M/s Raunaq ABM (India) Limited****Type of Organisation:**

The Company was incorporated as a Public Limited Company on the 25<sup>th</sup> day of October, 1995. Its Company Identification No. is U74899DL1995PLC073414.

**Brief Description of Business:**

There is no business activity in the Company. The Company has not yet commenced its commercial activities but the main objects of the Company are construction of Buildings with modern techniques and to carry on business as Franchisers, builders in India and abroad. The Registered office of the Company is situated at A-3, Greater Kailash-1, New Delhi-110048.

**Nature and extent of interest of the promoters**



Name	Number of Shares held in Raunaq ABM (India) Limited	Percentage
Surinder Pal Kanwar	20	0.04
Sachit Kanwar	Nil	Nil

The Promoters of the Raunaq International Limited are interested to the extent of the shareholding in Raunaq ABM (India) Limited.

#### Financial Performance

(Amount in Rs. Lacs)

Particulars	31.03.2009	31.03.2008	31.03.2007
Authorised Equity Capital	200.00	200.00	200.00
Paid up Equity Capital	5.01	5.01	5.01
Reserves & Surplus (excluding revaluation reserves)	0.00	0.00	0.00
Sales/Total Income	0.00	0.00	0.00
Profit/(Loss) after Tax (PAT)	0.00	0.00	0.00
Earning per Share (In Rs.)	0.00	0.00	0.00
Diluted Earning per Share (In Rs.)	0.00	0.00	0.00
NAV (In Rs.)	7.28	7.48	7.59

Source: Audited Financial Statements

#### 7) M/s Clip-Lok Simpak (India) Private Limited

##### Type of Organisation:

The Company was incorporated as a Private Limited Company on the 17<sup>th</sup> day of April, 1997. Its Company Identification No. is U20211DL1997PTC086746.

##### Brief Description of Business:

The Company is in assembly and trading of collapsible clip-lok boxes. The Registered office of the Company is situated at 512, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi-110001.

##### Nature and extent of interest of the promoters

Name	Number of Shares held in Clip-Lok Simpak (India) Private Limited	Percentage
Surinder Pal Kanwar	10,020	28.60%
Sachit Kanwar	Nil	Nil

The Promoters of the Raunaq International Limited are interested to the extent of the shareholding in Clip-Lok Simpak (India) Private Limited .

#### Financial Performance

(Amount in Rs. Lacs)

Particulars	31.03.2009	31.03.2008	31.03.2007
Authorised Equity Capital	5.00	5.00	5.00
Paid up Equity	3.50	3.50	3.50



<b>Capital</b>			
<b>Reserves &amp; Surplus (excluding revaluation reserves)</b>	21.27	16.33	3.88
<b>Sales/Total Income</b>	26.15	56.69	14.71
<b>Profit/(Loss) after Tax (PAT)</b>	5.02	12.45	1.88
<b>Earning per Share (In Rs.)</b>	14.33	35.55	5.37
<b>Diluted Earning per Share (In Rs.)</b>	14.33	35.55	5.37
<b>NAV (In Rs.)</b>	70.72	56.62	21.07

Source: Audited Financial Statements

### 8) M/s Gulab Merchandise Private Limited

#### Type of Organisation:

The Company was incorporated as a Private limited Company on the June 28, 2005. Its Corporate Identification No. is U51909WB2005PTC103933.

#### Brief Description of Business:

The Company is in the trading business of fabrics. The Registered Office of the Company is situated at 9/12, Lalbazar Street, Block-B, 3<sup>rd</sup> Floor, R.No-10, Kolkata, West Bengal-700001

#### Nature and extent of interest of the promoters

Name	Number of Shares held in Gulab Merchandise Private Limited	Percentage
Surinder Pal Kanwar	23,000	7.72
Sachit Kanwar	2,75,000	92.28

The Promoters of the Raunaq International Limited are interested to the extent of the shareholding in Gulab Merchandise Private Limited.

#### Financial Performance

(Amount in Rs. Lacs)

Particulars	31.03.2009	31.03.2008	31.03.2007
<b>Authorised Equity Capital</b>	30.00	30.00	30.00
<b>Paid up Equity Capital</b>	29.80	29.80	29.80
<b>Reserves &amp; Surplus (excluding revaluation reserves)</b>	259.20	259.20	259.20
<b>Sales/Total Income</b>	0.88	0.75	1.00
<b>Profit/(Loss) after Tax (PAT)</b>	(0.06)	(0.03)	(0.34)
<b>Earning per Share (In Rs.)</b>	0.00	0.00	0.00
<b>Diluted Earning per Share (In Rs.)</b>	0.00	0.00	0.00
<b>NAV (In Rs.)</b>	96.70	96.67	96.64

Source: Audited Financial Statements



## **OTHER INFORMATION ABOUT THE PROMOTERS**

**The present promoters are not the original promoters of Raunaq International Limited but the control of the issuer was acquired before five years immediately preceding the date of filing draft offer document with the SEBI.**

### **Common Pursuits**

As on date, there are no common pursuits that may lead to conflict of interest in the business of the Company and other firms/companies promoted by the Promoters.

### **Interest of the Promoters**

The Promoters of the Company are interested to the extent of its shareholding in the Company. Except as stated otherwise in this Draft Letter of Offer, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Letter of Offer in which the Promoter is directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by the Company other than in the normal course of business.

There are companies/firms that have been promoted by one or more of the promoters, and to that extent they may be considered in such company/firm.

**For further details on the above, please refer to page no. [●] of this Draft Letter of Offer.**

### **Payment of benefits to the Promoter**

Except as stated in the section titled "Related Party Transactions" on page [●] of this Draft Letter of Offer, there has been no payment of benefits to the Promoter during the two years prior to the filing of this Draft Letter of Offer.

### **Related Party Transaction**

For details of related party transactions please refer to page no. [●] of the Draft Letter of Offer.

### **Confirmations**

Further, the Promoters have not been declared as a wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by the Promoter in the past or are pending against them except as disclosed in section titled "Outstanding Litigation and Material Developments" beginning on page [●] of this Draft Letter of Offer.



## **CURRENCY OF PRESENTATION**

In the Draft Letter of Offer, all references to "Rupees" and "Rs." and "Indian Rupees" are to the legal currency of the Republic of India. Through out the sections on 'Financial Information' and 'Summary of Financial Information' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' in the DLOO figures have been expressed in lacs. The term 'lacs' means 'One Hundred Thousand'.

Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and elsewhere in the DLOO, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Indian GAAP. In the DLOO, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.



## **DIVIDEND POLICY**

Dividends, other than interim dividends, will be declared at the annual general meeting of the shareholders based on the recommendation of the Board of Directors. The Board may, at its discretion, recommend dividend to be paid to the members of the Company. The factors that may be considered by the Board before making any recommendations for the dividend, include but are not limited to profits earned during the financial year, liquidity of the Company, obligations towards repayment of debt including maintaining debt service reserves, future expansion plans and capital requirements, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time.

The Board may also, from time to time, pay to the members, interim dividend, as appears to the Board to be justified by the profits of the Company.

The details of the dividends paid by our Company in the last 5 years is mentioned on page [•] of this Draft Letter of Offer.



## SECTION V- FINANCIAL INFORMATION

### FINANCIAL INFORMATION OF OUR COMPANY

#### AUDITORS REPORT

**To**

**The Board of Directors,  
Raunaq International Limited**  
20 K.M, Mathura Road,  
P.O.Amar Nagar,  
Faridabad-121003 (Haryana)

**Dear Sirs,**

- 1) We have examined the attached financial information of Raunaq International Limited ("the Company"), as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B, Part-II of Schedule II of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date ("the SEBI ICDR Regulations"), and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 28th October, 2009 in connection with the proposed Rights Issue of its Zero Dividend Compulsorily and Fully Convertible Preference Shares of the Company.
- 2) This information have been extracted by the Management from the financial statements for the year ended March 31, 2005, March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 and Six Months ended September, 30, 2009. These financial statements as at and for the years ended March 31, 2005, March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 and Six Months ended September, 30, 2009 have been adopted by the Board of Directors / Members of the company and audited by us.
- 3) Further to our report under paragraphs (1) and (2) above, in accordance with the requirements of paragraph B, Part-II of Schedule-II of the Act, the SEBI ICDR Regulations and in terms of our engagement, we report that:
  - a. The Restated Summary Statement of Assets and Liabilities of the Company as at March, 31, 2005, March, 31, 2006, March, 31, 2007, March, 31, 2008, March, 31, 2009 and September, 30, 2009 as set out in Annexure I to this report are after making adjustments and regrouping as in our opinion were appropriate.
  - b. The Restated Summary Statement of Profit and Loss of the Company for the years ended March, 31, 2005, March, 31, 2006, March, 31, 2007, March, 31, 2008, March, 31, 2009 and Six Months ended September, 30, 2009 as set out in Annexure II to this report are after making adjustments and regrouping as in our opinion were appropriate.
  - c. The Restated Summary Statement of Cash Flows of the Company for the years ended March, 31, 2005, March, 31, 2006, March, 31, 2007, March, 31, 2008, March, 31, 2009 and Six Months ended September, 30, 2009 as set out in Annexure III to this report are after making adjustments and regrouping as in our opinion were appropriate.
  - d. The "Restated Summary Statements" have to be read in conjunction with the notes given in Annexure IV to this report.
- 4) Based on the above, we are of the opinion that the Restated Financial information have been made in accordance with the provisions of sub-clause (B) of clause (IX) of Part A of Schedule VIII of the SEBI ICDR Regulations, and after incorporating:
  - a. Adjustments suggested in paragraph 9 of sub-clause (B) of clause (IX) of Part A of Schedule VIII of the SEBI ICDR Regulations,
  - b. There are no prior period items which are required to be adjusted,



- c. Adjustments for the adoptions of accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per the adopted accounting policies for all the reporting periods, and
  - d. There are no extra-ordinary items that need to be disclosed separately in the accounts.
- 5) We have also examined the following other financial information as restated related to the Company set out in Annexures prepared by the Management and approved by the Board of Directors relating to the Company for the years ended March, 31, 2005, March, 31, 2006, March, 31, 2007, March, 31, 2008, March, 31, 2009 and the six months ended September, 30, 2009:
- i. Statement of Secured Loans (Annexure -V)
  - ii. Statement of Sundry Debtors (Annexure - VI)
  - iii. Statement of Investments (Annexure - VII)
  - iv. Statement of Contingent Liabilities (Annexure - VIII)
  - v. Statement of Other Income (Annexure - IX)
  - vi. Statement of Related Party Transactions (Annexure - X)
  - vii. Statement of Accounting and Other Ratios (Annexure - XI)
  - viii. Statement of Capitalization of the Company (Annexure-XII)
  - ix. Statement of Unsecured Loans (Annexure-XIII)
  - x. Statement of Tax shelters (Annexure -XIV)
  - xi. Statement of Rates of Dividend paid (Annexure - XV)
  - xii. Statement of Loans and Advances (Annexure -XVI)
  - xiii. Statement of Current Liabilities and Provisions (Annexure - XVII)
- 6) This report is intended solely for your information and for inclusion in the Offer Document of the Company in connection with the proposed Rights Issue of its Zero Dividend Compulsorily and Fully Convertible Preference Shares and is not be used, referred to or circulated for any other purpose without our prior written consent.

For **V. P. JAIN & ASSOCIATES**  
Chartered Accountants

Sd/-  
**(V.P.JAIN)**  
Partner  
M.No.81514

Place: New Delhi

Date: January 02, 2010



**SUMMARY STATEMENT OF ASSETS & LIABILITIES (RESTATED)**

		AS AT 31ST MARCH					(Amount in Rs.)
	Particulars	2005	2006	2007	2008	2009	AS AT 30th September, 2009
1	<b>Fixed Assets</b>						
	Gross Block	4,651,586.00	6,753,396.00	13,603,263.00	19,344,307.00	23,898,892.00	30,331,552.00
	Less: Depreciation	3,077,042.00	2,679,431.00	3,653,633.00	6,063,738.00	9,123,140.00	10,760,523.00
	Net Block	1,574,544.00	4,073,965.00	9,949,630.00	13,280,569.00	14,775,752.00	19,571,029.00
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Block after adjustment for Revaluation Reserve	1,574,544.00	4,073,965.00	9,949,630.00	13,280,569.00	14,775,752.00	19,571,029.00
	<b>Total Fixed Assets</b>	<b>1,574,544.00</b>	<b>4,073,965.00</b>	<b>9,949,630.00</b>	<b>13,280,569.00</b>	<b>14,775,752.00</b>	<b>19,571,029.00</b>
2	<b>Investments</b>	<b>10,000.00</b>	<b>10,000.00</b>	<b>90,000.00</b>	<b>15,703,216.00</b>	<b>14,998,073.00</b>	<b>14,998,073.00</b>
3	<b>Deferred Tax Assets (Net)</b>	<b>590,615.00</b>	<b>831,739.00</b>	<b>2,831,392.00</b>	<b>4,470,982.00</b>	<b>5,950,696.00</b>	<b>6,128,494.00</b>
4	<b>Currents Assets, Loans and Advances</b>						
	Inventories/Work-in-Progress(Contracts)	13,994,605.00	12,406,228.00	20,369,004.00	12,606,248.00	26,375,647.00	15,901,180.00
	Sundry Debtors	58,465,408.00	50,729,483.00	50,027,709.00	107,723,916.00	98,738,653.00	136,434,418.00
	Cash & Bank Balance	31,965,973.00	57,410,963.00	83,364,550.00	78,661,708.00	88,915,111.00	78,836,726.00
	Loans and Advances	9,649,454.00	9,796,988.00	12,854,452.00	18,859,138.00	17,901,083.00	18,528,180.00
	<b>Total Current Assets</b>	<b>114,075,440.00</b>	<b>130,343,662.00</b>	<b>166,615,715.00</b>	<b>217,851,010.00</b>	<b>231,930,494.00</b>	<b>249,700,504.00</b>
5	<b>Total Assets (1+2+3+4)</b>	<b>116,250,599.00</b>	<b>135,259,366.00</b>	<b>179,486,737.00</b>	<b>251,305,777.00</b>	<b>267,655,015.00</b>	<b>290,398,100.00</b>
6	<b>Liabilities and Provisions</b>						
	Loan Funds:						
	Secured loans	3,578,907.00	2,252,623.00	4,299,524.00	5,032,340.00	2,300,652.00	9,602,043.00
	Unsecured Loans	0.00	0.00	0.00	0.00	0.00	0.00
		<b>3,578,907.00</b>	<b>2,252,623.00</b>	<b>4,299,524.00</b>	<b>5,032,340.00</b>	<b>2,300,652.00</b>	<b>9,602,043.00</b>
	<b>Current Liabilities &amp; Provisions</b>						
	Sundry Liabilities	63,718,482.00	75,523,017.00	102,303,283.00	153,135,144.00	140,015,462.00	139,914,573.00
	Provisions	0.00	0.00	620,938.00	1,707,581.00	1,707,581.00	0.00
		<b>63,718,482.00</b>	<b>75,523,017.00</b>	<b>102,924,221.00</b>	<b>154,842,725.00</b>	<b>141,723,043.00</b>	<b>139,914,573.00</b>
	<b>Total Liabilities and Provisions</b>	<b>67,297,389.00</b>	<b>77,775,640.00</b>	<b>107,223,745.00</b>	<b>159,875,065.00</b>	<b>144,023,695.00</b>	<b>149,516,616.00</b>



7	<b>Net Worth ( 5-6)</b>	<b>48,953,210.00</b>	<b>57,483,726.00</b>	<b>72,262,992.00</b>	<b>91,430,712.00</b>	<b>123,631,320.00</b>	<b>140,881,484.00</b>
8	Represented by Shareholders						
	Share Capital	6,701,660.00	6,701,660.00	6,701,660.00	6,701,660.00	6,701,660.00	6,701,660.00
	Reserve and Surplus	42,251,550.00	50,782,066.00	65,561,332.00	84,729,052.00	116,929,660.00	134,179,824.00
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Reserve and Surplus(Net)	42,251,550.00	50,782,066.00	65,561,332.00	84,729,052.00	116,929,660.00	134,179,824.00
	<b>Net Worth</b>	<b>48,953,210.00</b>	<b>57,483,726.00</b>	<b>72,262,992.00</b>	<b>91,430,712.00</b>	<b>123,631,320.00</b>	<b>140,881,484.00</b>



Annexure-II

**SUMMARY STATEMENT OF PROFITS & LOSSES (RESTATED)**

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					(Amount in Rs.)
						For the six months ended
	2005	2006	2007	2008	2009	30th September, 2009
<b>Income</b>						
Sales:						
-Supply Contracts (Mechanical)	44,196,930.00	152,318,602.00	245,635,733.00	212,485,515.00	414,055,267.00	235,421,423.00
-Traded Goods	183,670.00	0.00	317,700.00	486,000.00	0.00	0.00
-Charged to completed contracts (Civil/Mechanical)	36,244,688.00	56,092,802.00	6,075,862.00	76,430,696.00	247,998,344.00	949,713.00
Increase/ ( Decrease ) in WIP- Contracts/Inventory	7,743,477.00	4,527,436.00	128,093,480.00	138,955,276.00	(62,396,785.00)	64,018,504.00
<b>Sub Total</b>	<b>88,368,765.00</b>	<b>212,938,840.00</b>	<b>380,122,775.00</b>	<b>428,357,487.00</b>	<b>599,656,826.00</b>	<b>300,389,640.00</b>
Other Income	1,435,209.00	2,824,094.00	2,634,058.00	5,006,297.00	5,399,847.00	4,238,850.00
<b>Total</b>	<b>89,803,974.00</b>	<b>215,762,934.00</b>	<b>382,756,833.00</b>	<b>433,363,784.00</b>	<b>605,056,673.00</b>	<b>304,628,490.00</b>
<b>Expenditure</b>						
Purchases- Traded Goods	160,332.00	0.00	258,402.00	391,367.00	0.00	0.00
Cost of Construction (Supply & Erection)	64,942,780.00	173,425,871.00	310,179,590.00	328,699,711.00	468,387,626.00	231,276,112.00
Staff Cost	15,149,533.00	15,751,494.00	30,812,874.00	51,324,764.00	60,652,482.00	34,774,045.00
Selling, Administrative and other expenses	5,334,475.00	5,644,364.00	8,437,656.00	8,581,137.00	11,019,655.00	5,807,124.00
Finance Charges	4,384,010.00	7,308,087.00	7,063,262.00	7,749,141.00	12,321,018.00	5,211,461.00
Depreciation	325,768.00	491,316.00	1,268,873.00	2,416,619.00	3,059,402.00	1,637,383.00
<b>Total Expenditure</b>	<b>90,296,898.00</b>	<b>202,621,132.00</b>	<b>358,020,657.00</b>	<b>399,162,739.00</b>	<b>555,440,183.00</b>	<b>278,706,125.00</b>
<b>Net Profit / (Loss) before tax &amp; Extraordinary items</b>	<b>(492,924.00)</b>	<b>13,141,802.00</b>	<b>24,736,176.00</b>	<b>34,201,045.00</b>	<b>49,616,490.00</b>	<b>25,922,365.00</b>
Less: Provision for taxes						
- Current tax	0.00	4,522,145.00	10,000,550.00	12,800,000.00	16,545,000.00	8,850,000.00



- Deferred tax liabilities/ (assets)	(206,165.00)	(241,124.00)	(1,999,653.00)	(1,639,590.00)	(1,479,714.00)	(177,798.00)
- Fringe Benefit Tax	0.00	330,265.00	365,000.00	628,992.00	643,015.00	0.00
<b>Net Profit / (Loss) after tax &amp; Extraordinary items before earlier years provision</b>	<b>(286,759.00)</b>	<b>8,530,516.00</b>	<b>16,370,279.00</b>	<b>22,411,643.00</b>	<b>33,908,189.00</b>	<b>17,250,163.00</b>
Less: Short Provision of Tax for earlier years	76,748.00	0.00	62,312.00	0.00	0.00	0.00
<b>Net Profit / (Loss) after tax &amp; Extraordinary items after earlier years provision</b>	<b>(363,507.00)</b>	<b>8,530,516.00</b>	<b>16,307,967.00</b>	<b>22,411,643.00</b>	<b>33,908,189.00</b>	<b>17,250,163.00</b>
Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Profit after Tax &amp; Extraordinary Items</b>	<b>(363,507.00)</b>	<b>8,530,516.00</b>	<b>16,307,967.00</b>	<b>22,411,643.00</b>	<b>33,908,189.00</b>	<b>17,250,163.00</b>
Add : Surplus brought forward from previous year	8,709,805.00	8,346,298.00	16,876,814.00	19,656,080.00	27,860,142.00	47,560,750.00
<b>Profit Available For Appropriations</b>	<b>8,346,298.00</b>	<b>16,876,814.00</b>	<b>33,184,781.00</b>	<b>42,067,723.00</b>	<b>61,768,331.00</b>	<b>64,810,913.00</b>
<b>APPROPRIATIONS :</b>						
Dividend						
-Interim	0.00	0.00	796,109.00	0.00	0.00	0.00
-Final (Proposed)	0.00	0.00	530,739.00	1,459,533.00	1,459,533.00	0.00
Dividend Tax	0.00	0.00	201,853.00	248,048.00	248,048.00	0.00
Transfer to General Reserve	0.00	0.00	12,000,000.00	12,500,000.00	12,500,000.00	0.00
<b>Balance Carried to Balance Sheet</b>	<b>8,346,298.00</b>	<b>16,876,814.00</b>	<b>19,656,080.00</b>	<b>27,860,142.00</b>	<b>47,560,750.00</b>	<b>64,810,913.00</b>



STATEMENT OF CASH FLOW (RESTATED)

							(Amount in Rs.)
Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the Six Months ended 30th September, 2009	
	2005	2006	2007	2008	2009		
<b>A</b>	<b>Cash Flow from Operating Activities:</b>						
	Net profit / (loss) before tax & extraordinary items	(492,924.00)	13,141,802.00	24,736,176.00	34,201,044.00	49,616,490.00	25,922,366.00
	<b>Adjustments for:</b>						
	Add: Deprecation & Misc Exp. Written Off	325,768.00	491,316.00	1,268,873.00	2,416,619.00	3,059,402.00	1,637,383.00
	Loss on investment written-off	2,000.00	0.00	0.00	0.00	0.00	0.00
	Loss on sale of investment	0.00	0.00	0.00	0.00	277,230.00	0.00
	Interest and Other Charges	4,384,010.00	7,308,087.00	7,063,262.00	7,749,141.00	12,321,018.00	5,211,461.00
	<b>Operating profit before Working Capital Changes</b>	<b>4,218,854.00</b>	<b>20,941,205.00</b>	<b>33,068,311.00</b>	<b>44,366,804.00</b>	<b>65,274,140.00</b>	<b>32,771,210.00</b>
	<b>Adjustments for:</b>						
	Trade and Other Receivables	(1,560,797.00)	7,588,391.00	(2,355,690.00)	(63,700,892.00)	9,943,318.00	(38,322,863.00)
	Inventories	(3,310,083.00)	1,588,377.00	(7,962,777.00)	7,762,756.00	(13,769,399.00)	10,474,468.00
	Trade and Other Payables	15,315,050.00	11,804,535.00	27,401,204.00	49,257,806.00	(13,319,003.00)	(292,003.00)
	Cash generated from Operations	14,663,024.00	41,922,508.00	50,151,048.00	37,686,474.00	48,129,056.00	4,630,812.00
	Interest and Other Charges paid	(4,384,010.00)	(7,308,087.00)	(7,063,262.00)	(7,749,141.00)	(12,321,018.00)	(5,211,461.00)
	Direct tax paid(Net)	(76,748.00)	(4,852,410.00)	(10,427,862.00)	(13,428,992.00)	(17,188,015.00)	(8,850,000.00)
	<b>Cash flow before extraordinary items</b>	<b>10,202,266.00</b>	<b>29,762,011.00</b>	<b>32,659,924.00</b>	<b>16,508,341.00</b>	<b>18,620,023.00</b>	<b>(9,430,649.00)</b>
	Extraordinary items	0.00	0.00	0.00	0.00	0.00	0.00
	<b>Net Cash From Operating Activities</b>	<b>10,202,266.00</b>	<b>29,762,011.00</b>	<b>32,659,924.00</b>	<b>16,508,341.00</b>	<b>18,620,023.00</b>	<b>(9,430,649.00)</b>
<b>B</b>	<b>Cash Flow From Investing</b>						



	<b>Activities:</b>						
	Purchase of Fixed Assets	(132,223.00)	(3,165,762.00)	(7,937,883.00)	(5,757,044.00)	(4,554,585.00)	(6,432,660.00)
	Sale of Fixed Assets(Net of Depreciation)	317,469.00	175,025.00	793,346.00	9,486.00	0.00	0.00
	Purchase of investment	0.00	0.00	(80,000.00)	(15,613,216.00)	(294,857.00)	0.00
	Sale of Investment	0.00	0.00	0.00	0.00	722,770.00	0.00
	<b>Net Cash from/(Used ) in investing activities:</b>	<b>185,246.00</b>	<b>(2,990,737.00)</b>	<b>(7,224,537.00)</b>	<b>(21,360,774.00)</b>	<b>(4,126,672.00)</b>	<b>(6,432,660.00)</b>
<b>C</b>	<b>Cash Flow From Financing Activities:</b>						
	Proceeds from Long / Short Term Borrowings	(1,020,114.00)	(1,326,284.00)	2,046,901.00	732,816.00	(2,731,688.00)	7,301,391.00
	Dividend including additional Income Tax	0.00	0.00	(1,528,701.00)	(583,225.00)	(1,508,260.00)	(1,516,467.00)
	<b>Net Cash from/(Used ) in financing activities:</b>	<b>(1,020,114.00)</b>	<b>(1,326,284.00)</b>	<b>518,200.00</b>	<b>149,591.00</b>	<b>(4,239,948.00)</b>	<b>5,784,924.00</b>
	<b>Net Increase/( Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>9,367,398.00</b>	<b>25,444,990.00</b>	<b>25,953,587.00</b>	<b>(4,702,842.00)</b>	<b>10,253,403.00</b>	<b>(10,078,385.00)</b>
<b>D</b>	<b>Cash and Cash Equivalents</b>						
	Opening Balance	22,598,575.00	31,965,973.00	57,410,963.00	83,364,550.00	78,661,708.00	88,915,111.00
	Closing Balance	31,965,973.00	57,410,963.00	83,364,550.00	78,661,708.00	88,915,111.00	78,836,726.00

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 'Cash Flow Statement'.
2. Previous year's figures have been regrouped / rearranged /recasted wherever necessary to make them comparable with those of current year.



## Annexure-IV

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### A SIGNIFICANT ACCOUNTING POLICIES:

1. The financial statements have been prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accruals basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 & the relevant provisions of the Companies Act, 1956.
2. The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known /materialized.
3. Fixed Assets are valued at cost net of CENVAT. Borrowing cost that is directly attributable to the acquisition or construction of a qualifying asset is considered as part of the cost of that asset. Other borrowing costs are recognized as an expense in the year in which they are incurred.
4. The depreciation is charged on the written down value method at the rate and in the manner specified under Schedule XIV of the Companies Act, 1956. Assets costing Upto Rs.5, 000 are fully depreciated in the year of purchase.
5. The contracts Work-in-Progress as at the end of the year is valued on percentage of completion method as detailed hereunder:
  - (i) Where the value of Running Account Bill(s) is less than the cost, the Work-in-Progress is valued at lower of the two.
  - (ii) Where current estimates of cost and selling price of a contract as at the end of year indicate loss, such foreseeable loss is accounted for during the year.
  - (iii)
    - (a) In case the value of Running Account Bill(s) is less than 33% of the contract value, the job is valued at actual cost incurred as at the end of year.
    - (b) In case the value of Running Account Bill(s) is more than 33% but less than 50% of the contract value, the job is valued at actual cost incurred plus one third of the contribution available as at the end of year.
    - (c) In case the value of Running Account Bill(s) is 50% and above, the job is valued at actual cost incurred plus two third of the contribution available as at the end of year.

For the purpose of valuation, cost means the direct cost on a particular job excluding depreciation and finance charges, which are directly charged to Profit and Loss Account.

6. Accumulated value of Amount Billed to client is carried forward on memorandum basis till the project is charged to completed contracts. On closure of a project the accumulated value of work in progress in accordance with Accounting Policy '5' discussed above and difference between Accumulated Amount of WIP and total Amount Billed to client is accounted in the value of amount "charged to completed contracts".
7. Works Contracts are charged to completed contracts on obtaining completion certificates from concerned clients.
8.
  - (a) Dividend income is recognized when the right to receive the dividend is established.
  - (b) Interest income is recognized on time proportion basis.
9. The following items are accounted for based on certainty of realization/ payments:



- (a) Extra items claim.
  - (b) Insurance claims.
  - (c) Any receipts/additional liability on account of pending income tax, sales tax and excise duty assessments.
  - (d) Penalties or interests, if any, on delayed payment of statutory dues.
10. Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Current Assets and Current Liabilities are translated at the year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Current Assets and Current Liabilities at the end of the year is recognized as income or expense, as the case may be, for the year.
11.
  - (a) Investments are either classified as current investments or long- term investments. The cost of investments includes acquisition charges such as brokerage, fees and duties. Current investments are carried at lower of cost and fair value.
  - (b) Long- term investments are carried at cost and provisions are recorded to recognize any decline, other than temporary, in the carrying value of each investment.
12.
  - (a) Short Term Employee Benefits:  
Short term Employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which related services are rendered.
  - (b) Defined Contribution Plans:  
Company's contributions and other amount, if any, payable during the year towards Provident Fund, Pension Fund and Employee State Insurance are recognized in the profit and loss account of the year.
  - (c) Defined Benefit Plans:  
Company's liability towards gratuity in accordance with Payment of Gratuity Act, 1972 and other long term benefits are determined and accounted in accordance with AS-15 (Revised) based on the Actuarial Valuation as on the balance sheet date. So far as the gratuity is concerned the company contributes the ascertained liability to the Life Insurance Corporation of India which administers the contributions and makes the payment at retirement, death or incapacitation of employment to employee.
13. The Company provides current tax based on the provisions of the Income Tax Act applicable to it. Timing differences between book profit and taxable profit is accounted as deferred tax. Deferred Tax Asset, if any, is recognized considering prudence.
14. Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.
15. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged for when an asset is identified as impaired.
16. Provisions are recognized in terms of Accounting Standard 29 – 'Provisions, Contingent Liabilities and Contingent Assets' (AS-29), notified by the Companies (Accounting Standards) Rules, 2006, when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where there reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. Contingent Assets are not recognized in the financial statements.



## B. Notes on adjustments for restated summary statements

The reconciliation of Profit after tax as per audited results and the Profit after tax as per Restated Accounts is presented below in table-1. This summarizes the results of restatements made in the audited accounts for the respective years/ period and its impact on the profit & losses of the company.

**Table-1**

(Amount in Rs.)

Particulars	For the year ended 31 <sup>st</sup> March					For the six months ended 30th Sept.2009
	2005	2006	2007	2008	2009	
Profit after tax as per Audited accounts	395786	8683776	16550157	23028543	33345121	17250164
Adjustments For:						
Advances Written off	(858068)	0.00	0.00	0.00	858068	0.00
Provision for Gratuity	(519158)	(394058)	(697628)	0.00	0.00	0.00
Provision for Sick Leave	(53661)	(74913)	(43462)	0.00	0.00	0.00
Provision for Tax	462000	157855	249450	0.00	(295000)	0.00
Provision for Deferred Tax	209594	157856	249450	(616900)	0.00	0.00
Profit after Tax as per Restated Accounts	(363507)	8530516	16307967	22411643	33908189	17250164

The Explanatory notes for these adjustments are discussed below:

### a) Advances written off

Loans and Advances includes Rs. 858068 considered good by the management though due for more than three years and recovery proceeding of which are pending in the court / arbitration in the year ending March 31, 2005.

The Statutory Auditor's have qualified their opinion in the financial statements. Therefore, adjustment has been made in the Restated Financial Statement for the year ended March 31, 2005 and consequent effect on provision for tax has been accounted. Further, during the year 2009 this amount has been written-off by the company in the financial statements. Accordingly this amount has reversed in the Restated Financial Statements and consequent effect has been accounted.

### b) Provision for Gratuity and Sick Leave (including compensated absence)

The Company adopted Accounting Standard-15 (AS-15) - Employee Benefits, as issued and required by the Institute of Chartered Accountants of India for the first time in preparing the financial statements for the year ended March 31st 2008. In accordance with the said Accounting Standard the transitional provision for the liability for earlier years was adjusted against the General Reserve as on 1st April 2007. The liability for the succeeding years was determined and accounted as per the AS-15 (Revised).

Now, provision for Gratuity and Sick Leave have been computed on Actuarial Valuation basis for each preceding year i.e. year ended 31st March 2005, 31st March 2006 and 31st March 2007. Consequently, the adjustments have been made in the respective financial year in the respective account head i.e. Expenses, Provision for Tax, Deferred Tax and General Reserve.

### c) Material Regrouping

Appropriate adjustments, wherever material, have been made in Restated Summary Statements of Assets & Liabilities, Profit & Loss, wherever required, by a reclassification of the corresponding items of income, expenses, assets and liabilities in order to bring them in line with the requirements of the Regulations issued by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended up-to-date.

## C. NOTES ON ACCOUNTS:

1. Details of Contingent Liabilities have been given in Annexure VIII.



2. Work-in-Progress includes stocks as at the end of the half year of Raw Materials and Stores & Spares.

		<b>Opening Stock</b>	<b>Purchase</b>	<b>Consumption</b>	<b>Closing Stock</b>
		<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
i)	Raw materials	50,72,831.00	15,98,48,455.00	16,42,57,494.00	6,63,792.00
ii)	Stores, Spares & Tools & Tackles	0.00	55,71,091.00	55,71,091.00	0.00

- 3.

		<u>30-09-09</u>	<u>2008-09</u>
		<b>Rs</b>	<b>Rs</b>
(a)	C.I.F.VALUE OF IMPORTS:		
	Raw Materials	0.00	0.00
	Finished Goods	0.00	0.00
(b)	EXPENDITURE IN FOREIGN CURRENCY	0.00	0.00

- (c) Value of imported and indigenous materials consumed and percentage thereof:

	<b>Materials Consumed</b>		<b>Stores, Spares &amp; Tools &amp; Tackles</b>	
	<b>%</b>	<b>Value (Rs)</b>	<b>%</b>	<b>Value (Rs)</b>
Imported	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Indigenous	100.00 (100.00)	16,42,57,494.00 (32,93,62,457.30)	100.00 (100.00)	55,71,091.00 (83,01,672.00)
Total	100.00 (100.00)	16,42,57,494.00 (32,93,62,457.30)	100.00 (100.00)	55,71,091.00 (83,01,672.00)

4. Quantity details in respect of Goods Traded: NIL

5. Remuneration paid to Managerial personnel

	<u>30-09-09</u>	<u>2008-09</u>
	<b>Rs.</b>	<b>Rs.</b>
- Salary and HRA etc.	6.00*	12.00*

\*Token remuneration paid to Chairman & Managing Director.

6. Employee Benefits:

- (a) Defined Contribution Plan:

The Company's contributions to the Provident Fund and Superannuation Fund are charged to the Profit and Loss Account.

- (b) Defined Benefit Plan / Long Term Compensated Absences:

The Company's liability towards gratuity (Funded), terminal Ex-gratia (Unfunded) and compensated absences is determined on the basis of the year end actuarial valuation done by an independent actuary. The actuarial gains and losses determined by the actuary are recognized immediately in the Profit and Loss Account as an income or expense.

- (c) Details of Employees Benefits as required by the Accounting Standards-15 "Employee Benefits" are as follows: -

Defined Contribution Plans

	<b>Rs. in lacs</b>	
	<b>Six Months ended</b>	<b>Year ended 2008-09</b>
	<b>30-09-09</b>	
During the year, the Company has recognised the following amounts in the Profit and Loss Account:		
- Contribution to Provident Fund and Family Pension Fund	13.81	22.65
- Contribution to Superannuation Fund	7.20	9.11



### Defined Benefit Plans

a) A general description of the Employees Benefit Plans:

#### Gratuity (Funded)

The Company has an obligation towards gratuity, a funded defined benefits retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment, of an amount calculated in accordance with the provisions of the Payment of Gratuity Act, 1972.

b) Details of defined benefit plans - As per Actuarial Valuation as on 30<sup>th</sup> September 2009

(Rs. in lacs)

I	Particulars	Gratuity -Funded			Leave Encashment			Sick Leave		
		Six Months ended 30-09-09	Year ended 08-09	Year ended 07-08	Six Months ended 30-09-09	Year ended 08-09	Year ended 07-08	Six Months ended 30-09-09	Year ended 08-09	Year ended 07-08
1	Current service cost	3.21	6.79	4.53	2.36	5.35	4.04	0.47	1.27	0.78
2	Interest Cost	1.90	2.90	2.42	1.26	1.92	1.43	0.22	0.28	0.23
3	Expected return on Plan Assets	0.00	(2.65)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Curtailment Cost/ (Credit)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Settlement Cost/ (Credit)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Past Service Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Actuarial Losses/(Gains)	1.46	5.45	4.30	(1.68)	4.42	4.04	(1.01)	0.74	0.18
8	Effect of the limits in Para 59 (b) of AS 15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Total expenses recognised in the Profit & Loss Account	6.57	12.49	11.25	1.94	11.69	9.51	(0.32)	2.30	1.19

II	Actual Contribution and Benefits Payment	Gratuity -Funded			Leave Encashment			Sick Leave		
		Six Months ended 30-09-09	Year ended 08-09	Year ended 07-08	Six Months ended 30-09-09	Year ended 08-09	Year ended 07-08	Six Months ended 30-09-09	Year ended 08-09	Year ended 07-08
1	Actual Benefits Payments	(5.05)	(2.69)	(0.61)	(0.62)	(3.12)	0.00	0.00	0.00	0.00
2	Actual Contributions	15.29	35.88	2.57	0.00	0.00	0.00	0.00	0.00	0.00

III	Net asset/	Gratuity -Funded	Leave Encashment	Sick Leave
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	(liability) recognised in the Balance Sheet	Six Months ended 30-09-09	Year ended 08-09	Year ended 07-08	Six Months ended 30-09-09	Year ended 08-09	Year ended 07-08	Six Months ended 30-09-09	Year ended 08-09	Year ended 07-08
1	Present Value of Defined Benefits Obligation	55.54	54.02	41.57	37.34	36.02	27.44	6.04	6.36	4.06
2	Fair value of Plan Assets	48.10	37.86	2.02	0.00	0.00	0.00	0.00	0.00	0.00
3	Funded Status [Surplus/(Deficit)]	(7.44)	(16.16)	(39.55)	(37.34)	(36.02)	(27.44)	(6.04)	(6.36)	(4.06)
4	Unrecognized Past Service Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Net asset/(liability) recognised in the Balance Sheet	(7.44)	(16.16)	(39.55)	(37.34)	(36.02)	27.44	(6.04)	(6.36)	4.06

IV	Change in Defined Benefit Obligation	Gratuity -Funded			Leave Encashment			Sick Leave		
		Six Months ended 30-09-09	Year ended 08-09	Year ended 07-08	Six Months ended 30-09-09	Year ended 08-09	Year ended 07-08	Six Months ended 30-09-09	Year ended 08-09	Year ended 07-08
1	Present value of Defined Benefit Obligation as at the beginning of the year	54.02	41.57	30.32	36.02	27.44	17.93	6.36	4.06	2.87
2	Current Service Cost	3.21	6.79	4.53	2.36	5.35	4.04	0.47	1.27	0.78
3	Interest Cost	1.90	2.90	2.42	1.26	1.92	1.43	0.22	0.28	0.23
4	Curtailment Cost/(Credit)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Settlement Cost/(Credit)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Plan amendments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Acquisitions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	Actuarial Losses/(Gains)	1.46	5.45	4.30	(1.68)	4.42	4.04	(1.01)	0.74	0.18
9	Benefits paid	(5.05)	(2.69)	0.00	(0.62)	(3.12)	0.00	0.00	0.00	0.00
10	Present value of Defined Benefits	55.54	54.02	41.57	37.34	36.02	27.44	6.04	6.36	4.06



Obligation as at the end of the period / year									
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V	Change in Fair Value of the Plan Assets	Gratuity -Funded			Leave Encashment			Sick Leave		
		Six Months ended 30-09-09	Year ended 08-09	Year ended 07-08	Six Months ended 30-09-09	Year ended 08-09	Year ended 07-08	Six Months ended 30-09-09	Year ended 08-09	Year ended 07-08
1	Plan Asset as at the beginning of the year	37.86	2.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Acquisition Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Expected return on Plan Assets	0.00	2.65	0.06	0.00	0.00	0.00	0.00	0.00	0.00
4	Actuarial Gains /(Losses)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.18
5	Actual Company Contributions	15.29	35.88	2.57	0.00	0.00	0.00	0.00	0.00	0.00
6	Benefits Paid	(5.05)	(2.69)	(0.61)	(0.62)	(3.12)	0.00	0.00	0.00	0.00
7	Plan Assets as at the end of the period / year	48.10	37.86	2.02	0.00	0.00	0.00	0.00	0.00	0.00

		Gratuity -Funded/ Leave Encashment/ Sick Leave		
VI	Actuarial Assumptions	30-09-09	2008-09	2007-08
1	Mortality Table (LIC)	1994- 96 Ultimate	1994-96 Ultimate	1994-96 Ultimate
2	Discount Rate	7.00%	7.00%	8.00%
3	Expected return on plan assets	8.00%	8.00%	9.00%
4	Salary escalation Rate	5.00%	5.00%	5.00%
5	Retirement Age	58 years	58 years	58 years
6	Withdrawal Rate (18 to 60 Years)	2.00%	2.00%	2.00%

<b>VII</b>	The expected rate of return on the plan asset (Gratuity-Funded) is based on the average long term rate of return expected on investments of funds during estimated term of obligation. Actual return on Plan Assets is Rs. 0.06 lacs.
<b>VIII</b>	The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion & other relevant factors.

IX	The major categories of plan assets as a percentage of the total plan assets.	Gratuity -Funded		
		As on Six Months ended 30-09-09	As on Year ended 08-09	As on Year ended 07-08
	Insurer Managed funds	100%	100%	100%

(Rs. in lacs)

<b>X</b>	<b>Experience</b>	<b>Gratuity -Funded</b>	<b>Leave Encashment</b>	<b>Sick Leave</b>
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	<b>Adjustments</b>	<b>Six Months ended 30-09-09</b>	<b>Year ended 08-09</b>	<b>Year ended 07-08</b>	<b>Six Months ended 30-09-09</b>	<b>Year ended 08-09</b>	<b>Year ended 07-08</b>	<b>Six Months ended 30-09-09</b>	<b>Year ended 08-09</b>	<b>Year ended 07-08</b>
1	Present value of Defined Benefit Obligation as at the end of the year	55.54	54.02	41.57	37.34	36.02	27.44	6.04	6.36	4.06
2	Fair value of plan asset as at the end of the year	48.10	37.86	2.02	0.00	0.00	0.00	0.00	0.00	0.00
3	Funded Status [Surplus/(Deficit)]	(7.44)	(16.16)	(39.55)	(37.34)	(36.02)	(27.44)	(6.04)	(6.36)	(4.06)
4	Experience adjustment on Plan Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Experience adjustment on Plan Asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Note: Above disclosure in respect of Revised Accounting Standard- 15 'Employee Benefits' has been made from the year of its applicability to the company.

7. Segment Reporting:

Based on the guiding principles given in Accounting Standard on "Segment Reporting" (AS-17) issued by the Institute of Chartered Accountants of India, this Accounting Standard is not applicable to the company.

8. Related Party Disclosures:

(i) Related Parties are as under

a) Enterprises over which key management Personnel is able to exercise significant influence :

- Bharat Gears Limited (BGL)
- Vibrant Finance and Investment Pvt. Ltd. (VFIPL)
- Ultra Consultants Pvt. Ltd. (UCPL)
- Future Consultants Pvt. Ltd. (FCPL)
- Clip-Lok Simpak (India) Pvt. Ltd. (CSPL)
- Raunaq ABM India Ltd. (RAIL)
- Samreet Investment & Management Consultants Pvt. Ltd. (SIMCPL)
- Gulab Merchandise Pvt. Ltd.(GMPL)

b) Key Management Personnel:

- Mr. Surinder Pal Kanwar (SPK) – CMD

c) Relative of Key Managerial Personnel:

- Mr. Sachit Kanwar (SK) – son of CMD

Note: Related parties are as identified by the company and relied upon by the Auditors.

(ii) Details of transactions with the related parties and their relatives during the Six Months ended 30<sup>th</sup> September, 2009 have been given as a part of Annexure-X.

9. Disclosure as per Accounting Standard 20 - Earning per share – The numerator & denominator used to calculate basic & diluted Earning Per Share :



<b>Profit Attributable to Equity Share Holders</b>	<u>Six Months ended</u> <u>30-09-09</u> Rs.	<u>Year ended 2008-09</u> Rs.
Profit after tax & Before Extra Ordinary Items (A)	1,72,50,163.68	3,33,45,121.00
Less : Excess provision for the tax for earlier year being Extra Ordinary Item	0.00	0.00
Add: Short provision for the tax for earlier year Being Extra Ordinary Item	0.00	0.00
Profit after Tax & after Extra Ordinary Items (B)	1,72,50,163.68	3,33,45,121.00
Weighted average number of Equity Shares outstanding during the period / year (C)	663,424	663,424
Basic and Diluted EPS with Extra Ordinary Income (A)/(C)	26.00	50.26
Basic and Diluted EPS without Extra Ordinary Income (B)/(C)	26.00	50.26

10. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act 2006) claiming their status as micro, small or medium enterprises. Consequently the amount paid/payable to these parties during the year is not ascertainable.
11. Figures of previous year have been regrouped /reclassified wherever considered necessary.
12. (a) Figures in brackets are in respect of previous year.  
(b) Figures for current period are for Six Months ended on 30th September, 2009 and hence not comparable with previous year.



**STATEMENT OF SECURED LOANS**

		(Amount in Rs.)							
Particulars	Secured Against	AS AT 31ST MARCH					AS AT	Interest Rate	Repayment schedule
		2005	2006	2007	2008	2009	30th September, 2009		
<b>-CASH CREDIT</b>									
Federal Bank, Mumbai (cash credit)	Against Hypothecation of Stocks & Book debts	3,450,700.00	0.00	0.00	0.00	0.00	0.00	14.50%	Not applicable since it is working capital facilities
SBI (CC) A/c Mumbai	Against Hypothecation of Stocks & Book debts	0.00	0.00	0.00	0.00	0.00	5,028,544.00	14.75%	Not applicable since it is working capital facilities
<b>TERM LOANS*</b>									
Citicorp Finance (India) Ltd	Against Hypothecation of Crane	128,207.00	0.00	0.00	0.00	0.00	0.00	15.64%	Equal Monthly Installments
HDFC Bank Ltd( Formally from Centurion Bank of Punjab Ltd)	Against Hypothecation of Hydra Mobile Cranes	0.00	1,660,000.00	3,420,872.00	4,329,600.00	1,791,433.00	645,528.00	10.92% (Average Reducing)	Equal Monthly Installments
ICICI Bank Ltd	Against Hypothecation of Car	0.00	592,623.00	878,652.00	702,740.00	509,219.00	405,311.00	9.58% (Reducing)	Equal Monthly Installments
HDFC Bank Ltd	Against Hypothecation of AUDI Car	0.00	0.00	0.00	0.00	0.00	3,522,660.00	3.75% (Reducing)	Equal Monthly Installments
<b>TOTAL</b>		<b>3,578,907.00</b>	<b>2,252,623.00</b>	<b>4,299,524.00</b>	<b>5,032,340.00</b>	<b>2,300,652.00</b>	<b>9,602,043.00</b>		

\*Principal terms of Term loans are:

- 1) All Term loans are secured by specific assets which are financed by bank.
- 2) Principal and interest are payable on Equal Monthly Installment basis.
- 3) Rate of interest of Term loans are given above.



## STATEMENT OF SUNDRY DEBTORS

Age Wise Break-up	AS AT 31ST MARCH					(Amount in Rs.)
	2005	2006	2007	2008	2009	As at 30th September, 2009
<b>Less than six months</b>						
Bharat Gears Limited*	1,066,673.00	194,699.00	598,519.00	3,280,080.00	2,177,340.00	1,427,053.00
Clip-Lok Simpak (India) Pvt Ltd*	151,772.00	0.00	112,625.00	0.00	0.00	0.00
Others	49,928,038.00	44,438,568.00	49,117,884.00	104,361,220.00	96,478,697.00	130,543,179.00
	51,146,483.00	44,633,267.00	49,829,028.00	107,641,300.00	98,656,037.00	131,970,232.00
<b>More than six months</b>						
Good	7,318,925.00	6,096,216.00	198,681.00	82,616.00	82,616.00	4,464,186.00
Total	58,465,408.00	50,729,483.00	50,027,709.00	107,723,916.00	98,738,653.00	136,434,418.00

\*Companies over which the Promoter (Mr. Surinder Pal Kanwar) is able to exercise significant influence.



**STATEMENT OF INVESTMENTS**

Sr. No.	Particulars	ASAT 31ST MARCH										ASAT	
		2005		2006		2007		2008		2009		30th September 2009	
		No. of Shares	Aggregate Book Value	No. of Shares	Aggregate Book Value	No. of Shares	Aggregate Book Value	No. of Shares / Mutual fund	Aggregate Book Value	No. of Shares / Mutual fund	Aggregate Book Value	No. of Shares / Mutual fund	Aggregate Book Value
<b>1</b>	<b>SHARES - QUOTED</b>												
	Long Term												
	Equity Shares of Rs. 10 each of Bharat Gears Ltd. fully paid up	0	0	0	0	2000	80000	285000	14393216	293300	14688073	293300	14688073
	Sub-Total (1)	0	0	0	0	2000	80000	285000	14393216	293300	14688073	293300	14688073
<b>2</b>	<b>SHARES - UNQUOTED</b>												
	Long Term												
	Equity Shares of Rs. 10 each of BST Mfg Ltd.* fully paid up	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000
	Sub-Total (2)	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000
<b>3</b>	<b>MUTUAL FUNDS - QUOTED</b>												
	Units of Rs. 10 each of UTI Infrastructure Advantage Fund - Series 1 - Growth	0	0	0	0	0	0	30000	300000	30000	300000	30000	300000
	Sub-Total (3)	0	0	0	0	0	0	30000	300000	30000	300000	30000	300000
<b>4</b>	<b>MUTUAL FUNDS - UNQUOTED</b>												



Units of Rs.10 each of Optimx Equity Multi Manager	0	0	0	0	0	0	100000	1000000	0	0	0	0
FoF Scheme - Series 2 - Growth												
Sub-Total (4)	0	0	0	0	0	0	100000	1000000	0	0	0	0
Total (1+2+3+4)	10000	10000	10000	10000	12000	90000	425000	15703216	333300	14998073	333300	14998073
<b>Aggregate Market Value</b>												
Quoted Investment	0	0	0	0	2000	124100	315000	12842815	333300	4926360	323300	10743510
	0	0	0	0	2000	124100	315000	12842815	333300	4926360	323300	10743510

\* Cost Rs.125000 less Provision for diminution in value of investment Rs.115000



## STATEMENT OF CONTINGENT LIABILITIES

Particulars	AS AT 31ST MARCH					(Rs in Lacs)
	2005	2006	2007	2008	2009	AS AT 30th September, 2009
<b>Contingent liabilities in respect of :</b>						
1 - Guarantees given by the banks which are counter guaranteed by the company and secured against fixed and current assets	1,539.74	1,515.17	1,304.97	2,265.75	3,015.03	2,761.82
2- Letter of credit secured against assets of NTPC Sipat job	0.00	75.05	0.00	0.00	0.00	0.00
3- Corporate guarantee given by the company	50.00	50.00	50.00	50.00	50.00	50.00
4- Others, where company had gone into appeals before appropriate authorities:						
- Sales Tax	21.84	21.84	13.91	13.91	13.91	13.91
- Income Tax	4.41	3.98	4.29	4.59	1.84	1.54
- Excise Duty	45.27	45.27	0.00	0.00	0.00	0.00
<b>Total</b>	<b>1,661.26</b>	<b>1,711.31</b>	<b>1,373.17</b>	<b>2,334.25</b>	<b>3,080.78</b>	<b>2,831.47</b>



## STATEMENT OF OTHER INCOME

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					(Amount in Rs.) For the six months ended
	2005	2006	2007	2008	2009	30th September, 2009
Interest from Bank	1,035,543.00	2,152,398.00	2,572,911.00	4,983,692.00	5,106,547.00	3,933,550.00
Engineering Services Charges	148,422.00	160,519.00	0.00	0.00	0.00	0.00
Miscellaneous Income	172,000.00	477,202.00	36,493.00	22,605.00	0.00	12,000.00
Dividend Income	0.00	0.00	0.00	0.00	293,300.00	293,300.00
Profit on sale of Assets	79,244.00	33,975.00	24,654.00	0.00	0.00	0.00
<b>Total</b>	<b>1,435,209.00</b>	<b>2,824,094.00</b>	<b>2,634,058.00</b>	<b>5,006,297.00</b>	<b>5,399,847.00</b>	<b>4,238,850.00</b>
<b>Net Profit / (Loss) before tax as restated</b>	<b>(492,924.00)</b>	<b>13,141,802.00</b>	<b>24,736,176.00</b>	<b>34,201,044.00</b>	<b>49,616,490.00</b>	<b>25,922,366.00</b>
<b>% of Other Income</b>	(291.16)	21.49	10.65	14.64	10.88	16.35

- 1) In view of the management, all the other income mentioned above are mainly related to the business of the company.
- 2) The above amounts are as per the statement of Profit & Loss, as restated of the company.



**STATEMENT OF RELATED PARTY TRANSACTIONS**

<b>1. Related Party Disclosures for the year ended 31st March 2005 in accordance with AS - 18 issued by The ICAI</b>							
<b>a) List of related parties &amp; relationships, where control exists.</b>							
<b>Sr. No.</b>	<b>Nature of Relationship</b>	<b>Name of Parties</b>					
1	Holding Company	NIL					
2	Subsidiary Company	NIL					
3	Associates	NIL					
4	Key Management Personnel*	Mr. Surinder Pal Karwar (SPK) - CMD					
5	Relatives of Key Management Personnel	NIL					
6	Enterprises where Significant Influence exist by Key Management Personnel	Bharat Gears Limited (BGL)					
		Vibrant Finance and Investment Pvt. Ltd. (VFIPL)					
		Ultra Consultants Pvt. Ltd. (UCPL)					
		Clip-Lok Simpak (India) Pvt. Ltd. (CSPL)					
<b>b) Transactions with Related Parties (Rs. In Lacs)</b>							
<b>Sr. No.</b>	<b>Transactions</b>	<b>Holding Company</b>	<b>Subsidiary Company</b>	<b>Associates</b>	<b>Key Management Personnel / Individuals</b>	<b>Relatives of Key Management Personnel</b>	<b>Enterprises where Significant Influence exist by Key Management Personnel</b>
<b>1</b>	Remuneration to managerial Personnel Mr. Surinder Pal Karwar	0.00	0.00	0.00	12.00**	0.00	0.00
		(0.00)	(0.00)	(0.00)	(12.00)**	(0.00)	(0.00)
<b>2</b>	Rent Paid (BGL)	0.00	0.00	0.00	0.00	0.00	0.60
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(-0.60)
<b>3</b>	Investment in Shares	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>4</b>	Purchase Of Goods (Finished/ Unfinished)	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>5</b>	Sale of clips for collapsible boxes (Finished/ Unfinished)	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>6</b>	Construction work Income received (BGL)	0.00	0.00	0.00	0.00	0.00	24.95
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(-9.90)
<b>7</b>	Advance against Order	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>8</b>	Salary	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>9</b>	Interest Paid (Gross)	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>10</b>	Short Term Unsecured Loans availed and Repaid (UCPL) (VFIPL) (SPK)	0.00	0.00	0.00	0.00	0.00	108.50 <sup>§</sup>
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>11</b>	Loan taken / - received back	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>12</b>	Loan given / - paid back	0.00	0.00	0.00	0.00	0.00	0.00



		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>13</b>	<b><i>Outstanding as on 31.03.2005:</i></b>						
	a) Amount Receivable	0.00	0.00	0.00	0.00	0.00	12.19
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(3.98)
	b) Amount Payable	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	c) Security Deposit Received	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	d) Corporate Guarantee offered for credit limits (VFIPL)						
	ING Vysya Bank Ltd.	0.00	0.00	0.00	0.00	0.00	1325.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	Federal Bank	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(500.00)
	e) Collateral Security for credit limit						
	- ING Vysya Bank Ltd.	0.00	0.00	0.00	0.00	0.00	Immovable property
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	- Federal Bank	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(Immovable property)

**Note:**

a) Figures in bracket represents previous year amounts.

b) No amount have been written off/provided for or written back during the year in respect of amount receivable from or payable to the related parties.

\$: UCPL- Rs. 18.00 Lacs, VFIPL- 7.00 Lacs and SPK-83.50 Lacs

(\*).Includes individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the issuer, and close members of any such individual's family

(\*\*) These figures are in Rupees only.



**Annexure-X- Contd.**

<b>2. Related Party Disclosures for the year ended 31st March 2006 in accordance with AS - 18 issued by The ICAI</b>							
<b>a) List of related parties &amp; relationships, where control exists.</b>							
<b>Sr. No.</b>	<b>Nature of Relationship</b>	<b>Name of Parties</b>					
1	Holding Company	NIL					
2	Subsidiary Company	NIL					
3	Associates	NIL					
4	Key Management Personnel*	Mr. Surinder Pal Karwar (SPK) - CMD					
5	Relatives of Key Management Personnel	NIL					
6	Enterprises where Significant Influence exist by Key Management Personnel	Bharat Gears Limited (BGL)					
		Vibrant Finance and Investment Pvt. Ltd. (VFIPL)					
		Ultra Consultants Pvt. Ltd. (UCPL)					
		Future Consultants Pvt. Ltd. (FCPL)					
		Clip-Lok Simpak (India) Pvt. Ltd. (CSPL)					
		Raunaq ABM India Ltd. (RAIL)					
<b>b) Transactions with Related Parties</b>							<b>(Rs. In Lacs)</b>
<b>Sr. No.</b>	<b>Transactions</b>	<b>Holding Company</b>	<b>Subsidiary Company</b>	<b>Associates</b>	<b>Key Management Personnel</b>	<b>Relatives of Key Management Personnel</b>	<b>Enterprises where Significant Influence exist by Key Management Personnel</b>
<b>1</b>	Remuneration to managerial Personnel Mr. Surinder Pal Karwar	0.00	0.00	0.00	12.00**	0.00	0.00
		(0.00)	(0.00)	(0.00)	(12.00)**	(0.00)	(0.00)
<b>2</b>	Rent Paid (BGL)	0.00	0.00	0.00	0.00	0.00	0.60
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.60)
<b>3</b>	Investment in Shares	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>4</b>	Purchase Of Goods (Finished/ Unfinished)	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>5</b>	Sale of clips for collapsible boxes (Finished/ Unfinished)	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>6</b>	Construction work Income received (BGL)	0.00	0.00	0.00	0.00	0.00	29.66
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(-24.95)
<b>7</b>	Advance against Order	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>8</b>	Salary	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>9</b>	Interest Paid (Gross) (UCPL) (FCPL)	0.00	0.00	0.00	0.00	0.00	2.09 <sup>#</sup>
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>10</b>	Short Term Unsecured Loans availed and repaid (UCPL) (FCPL)	0.00	0.00	0.00	0.00	0.00	130.00 <sup>\$\$</sup>
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(108.50 <sup>5</sup> )
<b>11</b>	Loan taken / - received back	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>12</b>	Loan given / - paid back	0.00	0.00	0.00	0.00	0.00	0.00



		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>13</b>	<b><u>Outstanding as on 31.03.2006:</u></b>						
	a) Amount Receivable	0.00	0.00	0.00	0.00	0.00	1.95
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(12.19)
	b) Amount Payable	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	c) Security Deposit Received	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	d) Corporate Guarantee offered for credit limits (VFIPL)						
	- ING Vysya Bank Ltd.	0.00	0.00	0.00	0.00	0.00	1582.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1325.00)
	- Federal Bank	0.00	0.00	0.00	0.00	0.00	300.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	e) Collateral Security for credit limit						
	- ING Vysya Bank Ltd.	0.00	0.00	0.00	0.00	0.00	Immovable property
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(Immovable property)

**Note:**

a) Figures in bracket represents previous year amounts.

b) No amount have been written off/provided for or written back during the year in respect of amount receivable from or payable to the related parties.

\$: UCPL- Rs. 18.00 Lacs, VFIPL- 7.00 Lacs and SPK-83.50 Lacs

\$\$: UCPL-30.00 Lacs and FCPL- 100.00 Lacs

#: UCPL-0.36 Lacs and FCPL- 1.73Lacs

(\*).Includes individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the issuer, and close members of any such individual's family

(\*\*) These figures are in Rupees only.



**3. Related Party Disclosures for the year ended 31st March 2007 in accordance with AS - 18 issued by The ICAI**

<b>a) List of related parties &amp; relationships, where control exists</b>							
<b>Sr. No.</b>	<b>Nature of Relationship</b>	<b>Name of Parties</b>					
1	Holding Company	NIL					
2	Subsidiary Company	NIL					
3	Associates	NIL					
4	Key Management Personnel*	Mr. Surinder Pal Kanwar (SPK) - CMD					
5	Relatives of Key Management Personnel	NIL					
6	Enterprises where Significant Influence exist by Key Management Personnel	Bharat Gears Limited (BGL)					
		Vibrant Finance and Investment Pvt. Ltd. (VFIPL)					
		Ultra Consultants Pvt. Ltd. (UCPL)					
		Future Consultants Pvt. Ltd. (FCPL)					
		Clip-Lok Simpak (India) Pvt. Ltd. (CSPL)					
		Raunaq ABM India Ltd. (RAIL)					
<b>b) Transactions with Related Parties</b>							<b>(Rs. In Lacs)</b>
<b>Sr. No.</b>	<b>Transactions</b>	<b>Holding Company</b>	<b>Subsidiary Company</b>	<b>Associates</b>	<b>Key Management Personnel</b>	<b>Relatives of Key Management Personnel</b>	<b>Enterprises where Significant Influence exist by Key Management Personnel</b>
<b>1</b>	Remuneration to managerial Personnel Mr. Surinder Pal Kanwar	0.00	0.00	0.00	12.00**	0.00	0.00
		(0.00)	(0.00)	(0.00)	(12.00)**	(0.00)	(0.00)
<b>2</b>	Rent Paid (BGL)	0.00	0.00	0.00	0.00	0.00	1.20
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.60)
<b>3</b>	Investment in Shares	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>4</b>	Purchase Of Goods ( Finished/ Unfinished)	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>5</b>	Sale of clips for collapsible boxes ( Finished/ Unfinished) (CSPL)	0.00	0.00	0.00	0.00	0.00	3.18
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>6</b>	Construction work Income received (BGL)	0.00	0.00	0.00	0.00	0.00	44.88
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(-29.66)
<b>7</b>	Advance against Order	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>8</b>	Salary	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>9</b>	Interest Paid (Gross) (UCPL) (FCPL)	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(2.09) <sup>#</sup>
<b>10</b>	Short Term Unsecured Loans availed and repaid (UCPL) (FCPL)	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(130.00) <sup>##</sup>
<b>11</b>	Loan taken / - received back	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)



<b>12</b>	Loan given / - paid back	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>13</b>	<b>Outstanding as on 31.03.2007:</b>						
	a) Amount Receivable	0.00	0.00	0.00	0.00	0.00	7.11
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1.95)
	b) Amount Payable	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	c) Security Deposit Received	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	d) Corporate Guarantee offered for credit limits (VFIPL)						
	- ING Vysya Bank Ltd.	0.00	0.00	0.00	0.00	0.00	404.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1582.00)
	- Federal Bank	0.00	0.00	0.00	0.00	0.00	300.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(300.00)
	- SBI Mumbai	0.00	0.00	0.00	0.00	0.00	1000.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	e) Collateral Security for credit limit						
	- ING Vysya Bank Ltd.	0.00	0.00	0.00	0.00	0.00	Immovable property
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(Immovable property)

**Note:**

a) Figures in bracket represents previous year amounts.

b) No amount have been written off/provided for or written back during the year in respect of amount receivable from or payable to the related parties.

\$\$: UCPL-30.00 Lacs and FCPL- 100.00 Lacs

#: UCPL-0.36 Lacs and FCPL- 1.73Lacs

(\*)Includes individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the issuer, and close members of any such individual's family

(\*\*) These figures are in Rupees only.



<b>4. Related Party Disclosures for the year ended 31st March 2008 in accordance with AS - 18 issued by The ICAI</b>							
<b>a) List of related parties &amp; relationships, where control exists.</b>							
<b>Sr. No.</b>	<b>Nature of Relationship</b>	<b>Name of Parties</b>					
1	Holding Company	NIL					
2	Subsidiary Company	NIL					
3	Associates	NIL					
4	Key Management Personnel *	Mr. Surinder Pal Kanwar (SPK) - CMD					
5	Relatives of Key Management Personnel	NIL					
6	Enterprises where Significant Influence exist by Key Management Personnel	Bharat Gears Limited (BGL)					
		Vibrant Finance and Investment Pvt. Ltd. (VFIPL)					
		Ultra Consultants Pvt. Ltd. (UCPL)					
		Future Consultants Pvt. Ltd. (FCPL)					
		Clip-Lok Simpak (India) Pvt. Ltd. (CSPL)					
		Raunaq ABM India Ltd. (RAIL)					
		Samreet Investment & Management Consultants Pvt Ltd (SIMCPL)					
<b>b) Transactions with Related Parties</b>							<b>(Rs. In Lacs)</b>
<b>Sr. No.</b>	<b>Transactions</b>	<b>Holding Company</b>	<b>Subsidiary Company</b>	<b>Associates</b>	<b>Key Management Personnel</b>	<b>Relatives of Key Management Personnel</b>	<b>Enterprises where Significant Influence exist by Key Management Personnel</b>
<b>1</b>	Remuneration to managerial Personnel Mr. Surinder Pal Kanwar	0.00	0.00	0.00	12.00**	0.00	0.00
		(0.00)	(0.00)	(0.00)	(12.00)**	(0.00)	(0.00)
<b>2</b>	Rent Paid (BGL)	0.00	0.00	0.00	0.00	0.00	1.43
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1.20)
<b>3</b>	Investment in Shares (BGL)	0.00	0.00	0.00	0.00	0.00	143.13
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.80)
<b>4</b>	Purchase Of Goods ( Finished/ Unfinished)	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>5</b>	Sale of clips for collapsible boxes ( Finished/ Unfinished) (CSPL)	0.00	0.00	0.00	0.00	0.00	4.86
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(3.18)
<b>6</b>	Construction work Income received (BGL)	0.00	0.00	0.00	0.00	0.00	85.65
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(-44.88)
<b>7</b>	Advance against Order	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>8</b>	Salary	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>9</b>	Short Term Unsecured Loans availed and repaid	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>10</b>	Loan taken / - received back	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>11</b>	Loan given / - paid back	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>12</b>	<b>Outstanding as on 31.03.2008:</b>						
	a) Amount Receivable	0.00	0.00	0.00	0.00	0.00	32.80



		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(7.11)
	b) Amount Payable	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	c) Security Deposit Received	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	d) Corporate Guarantee offered for credit limits (VFIPL)						
	- ING Vysya Bank Ltd.	0.00	0.00	0.00	0.00	0.00	329.05
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(404.00)
	- Federal Bank	0.00	0.00	0.00	0.00	0.00	300.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(300.00)
	- SBI Mumbai	0.00	0.00	0.00	0.00	0.00	1000.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1000.00)
	e) Collateral Security for credit limit						
	- ING Vysya Bank Ltd.	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(Immovable Property)

**Note:**

a) Figures in bracket represents previous year amounts.

b) No amount have been written off/provided for or written back during the year in respect of amount receivable from or payable to the related parties.

(\*).Includes individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the issuer, and close members of any such individual's family

(\*\*) These figures are in Rupees only.



Annexure-X- Contd.

<b>5. Related Party Disclosures for the year ended 31st March 2009 in accordance with AS - 18 issued by The ICAI</b>							
<b>a) List of related parties &amp; relationships, where control exists.</b>							
<b>Sr. No.</b>	<b>Nature of Relationship</b>	<b>Name of Parties</b>					
1	Holding Company	NIL					
2	Subsidiary Company	NIL					
3	Associates	NIL					
4	Key Management Personnel *	Mr. Surinder Pal Kanwar (SPK) – CMD					
5	Relatives of Key Management Personnel	Mr. Sachit Kanwar (SK) - son of CMD					
6	Enterprises where Significant Influence exist by Key Management Personnel	Bharat Gears Limited (BGL)					
		Vibrant Finance and Investment Pvt. Ltd. (VFIPL)					
		Ultra Consultants Pvt. Ltd. (UCPL)					
		Future Consultants Pvt. Ltd. (FCPL)					
		Clip-Lok Simpak (India) Pvt. Ltd. (CSPL)					
		Raunaq ABM India Ltd. (RAIL)					
		Samreet Investment & Management Consultants Pvt Ltd (SIMCPL)					
<b>b) Transactions with Related Parties (Rs. In Lacs)</b>							
<b>Sr. No.</b>	<b>Transactions</b>	<b>Holding Company</b>	<b>Subsidiary Company</b>	<b>Associates</b>	<b>Key Management Personnel</b>	<b>Relatives of Key Management Personnel</b>	<b>Enterprises where Significant Influence exist by Key Management Personnel</b>
<b>1</b>	Remuneration to managerial Personnel - Mr. Surinder P. Kanwar	0.00	0.00	0.00	12.00**	0.00	0.00
		(0.00)	(0.00)	(0.00)	(12.00)**	(0.00)	(0.00)
<b>2</b>	Rent Paid (BGL)	0.00	0.00	0.00	0.00	0.00	1.74
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1.43)
<b>3</b>	Investment in Shares (BGL)	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(143.13)
<b>4</b>	Purchase Of Goods ( Finished/ Unfinished)	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>5</b>	Sale of clips for collapsible boxes ( Finished/ Unfinished) (CSPL)	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(4.86)
<b>6</b>	Construction work Income received (BGL)	0.00	0.00	0.00	0.00	0.00	84.19
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(-85.65)
<b>7</b>	Advance against Order (CSPL)	0.00	0.00	0.00	0.00	0.00	15.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>8</b>	Salary Mr. Sachit Kanwar	0.00	0.00	0.00	0.00	6.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>9</b>	Loan taken / - received back (SPK)	0.00	0.00	0.00	20.00	0.00	0.00



		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>10</b>	Loan given / - paid back (SPK)	0.00	0.00	0.00	20.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>11</b>	<b><i>Outstanding as on 31.03.2009:</i></b>						
	a) Amount Receivable	0.00	0.00	0.00	0.00	0.00	21.77
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(32.80)
	b) Amount Payable	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	c) Security Deposit Received	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	d) Corporate Guarantee offered for credit limits (VFIPL)						
	- ING Vysya Bank Ltd.	0.00	0.00	0.00	0.00	0.00	1300.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(329.05)
	- Federal Bank	0.00	0.00	0.00	0.00	0.00	300.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(300.00)
	- SBI Mumbai	0.00	0.00	0.00	0.00	0.00	2700.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1000.00)

**Note:**

a) Figures in bracket represents previous year amounts.

b) No amount have been written off/provided for or written back during the year in respect of amount receivable from or payable to the related parties.

(\*)Includes individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the issuer, and close members of any such individual's family

(\*\*) These figures are in Rupees only.



<b>6. Related Party Disclosures For the six months ended 30th September 2009 in accordance with AS - 18 issued by The ICAI</b>							
<b>a) List of related parties &amp; relationships, where control exists.</b>							
<b>Sr. No.</b>	<b>Nature of Relationship</b>	<b>Name of Parties</b>					
1	Holding Company	NIL					
2	Subsidiary Company	NIL					
3	Associates	NIL					
4	Key Management Personnel *	Mr. Surinder Pal Karwar (SPK) - CMD					
5	Relatives of Key Management Personnel	Mr. Sachit Kanwar (SK) - son of CMD					
6	Enterprises where Significant Influence exist by Key Management Personnel	Bharat Gears Limited (BGL)					
		Vibrant Finance and Investment Pvt. Ltd. (VFIPL)					
		Ultra Consultants Pvt. Ltd. (UCPL)					
		Future Consultants Pvt. Ltd. (FCPL)					
		Clip-Lok Simpak (India) Pvt. Ltd. (CSPL)					
		Raunaq ABM India Ltd. (RAIL)					
		Samreet Investment & Management Consultants Pvt Ltd (SIMCPL)					
Gulab Merchandise Pvt. Ltd. (GMPL)							
<b>b) Transactions with Related Parties</b>							<b>(Rs. In Lacs)</b>
<b>Sr. No.</b>	<b>Transactions</b>	<b>Holding Company</b>	<b>Subsidiary Company</b>	<b>Associates</b>	<b>Key Management Personnel</b>	<b>Relatives of Key Management Personnel</b>	<b>Enterprises where Significant Influence exist by Key Management Personnel</b>
<b>1</b>	Remuneration to managerial Personnel - Mr. Surinder Pal Karwar	0.00	0.00	0.00	6.00**	0.00	0.00
		(0.00)	(0.00)	(0.00)	(12.00)**	(0.00)	(0.00)
<b>2</b>	Rent Paid (BGL)	0.00	0.00	0.00	0.00	0.00	0.87
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1.74)
<b>3</b>	Investment in Shares	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>4</b>	Purchase Of Goods ( Finished/ Unfinished)	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>5</b>	Sale of clips for collapsible boxes ( Finished/ Unfinished)	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>6</b>	Construction work Income received (BGL)	0.00	0.00	0.00	0.00	0.00	14.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(84.19)
<b>7</b>	Advance against Order (CSPL)	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(15.00)
<b>8</b>	Salary Mr. Sachit Kanwar	0.00	0.00	0.00	0.00	18.79	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(6.00)	(0.00)
<b>9</b>	Loan taken / - received back (SPK)	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(20.00)	(0.00)	(0.00)
<b>10</b>	Loan given / - paid back (SPK)	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(20.00)	(0.00)	(0.00)



<b>11</b>	<b><u>Outstanding as on 30.09.2009:</u></b>						
	a) Amount Receivable	0.00	0.00	0.00	0.00	0.00	14.27
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(21.77)
	b) Amount Payable	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	c) Security Deposit Received	0.00	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	d) Corporate Guarantee offered for credit limits (VFIPL)						
	- ING Vysya Bank Ltd.	0.00	0.00	0.00	0.00	0.00	1300.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(1300.00)
	- Federal Bank	0.00	0.00	0.00	0.00	0.00	300.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(300.00)
	- SBI Mumbai	0.00	0.00	0.00	0.00	0.00	2700.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(2700.00)

**Note:**

a) Figures in bracket represents previous year amounts.

b) No amount have been written off/provided for or written back during the year in respect of amount receivable from or payable to the related parties.

(\*)Includes individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the issuer, and close members of any such individual's family

(\*\*) These figures are in Rupees only.



## Annexure- XI

## STATEMENT OF ACCOUNTING RATIOS

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					(Amount in Rs.)
						For the six months ended
	2005	2006	2007	2008	2009	30th September, 2009
Net Worth (A)	48,953,210.00	57,483,726.00	72,262,992.00	91,430,712.00	123,631,320.00	140,881,484.00
Restated Profit after Tax (B)	(363,507.00)	8,530,516.00	16,307,967.00	22,411,643.00	33,908,189.00	17,250,163.00
No. of Shares outstanding at the end of the year (C)	663,424.00	663,424.00	663,424.00	663,424.00	663,424.00	663,424.00
Weighted Average number of Shares outstanding for Basic EPS (D)	663,424.00	663,424.00	663,424.00	663,424.00	663,424.00	663,424.00
Weighted Average number of Shares outstanding for Diluted EPS (E)	663,424.00	663,424.00	663,424.00	663,424.00	663,424.00	663,424.00
Current Assets (F)	114,075,440.00	130,343,662.00	166,615,715.00	217,851,010.00	231,930,494.00	249,700,504.00
Current Liabilities (G)	63,718,482.00	75,523,017.00	102,924,221.00	154,842,725.00	141,723,043.00	139,914,573.00
Earning Per Share (EPS) (Rs.) (B/D)	(0.55)	12.86	24.58	33.78	51.11	26.00
Diluted Earning Per Share (Rs.) (B/E)	(0.55)	12.86	24.58	33.78	51.11	26.00
Return on Net Worth (%) (B/A)	(0.74)	14.84	22.57	24.51	27.43	12.24
Net Asset Value Per Share (Rs.) (A/C)	73.79	86.65	108.92	137.82	186.35	212.36
Current Ratio (F/G)	1.79	1.73	1.62	1.41	1.64	1.78

Note: - The Company does not have any revaluation reserves or extraordinary items.

**CAPITALIZATION STATEMENT**

PARTICULARS	(Amount in Rs.)	
	PRE-ISSUE As At 30th September 2009	POST ISSUE POSITION AFTER CONVERSION
<b>Borrowings</b>		
Short Term Debt	7,133,852.00	7,133,852.00
Long Term Debt	2,468,191.00	2,468,191.00
<b>Total Debt</b>	<b>9,602,043.00</b>	<b>9,602,043.00</b>
<b>Shareholders Fund</b>		
<b>Share Capital</b>		
-Equity	6,634,240.00	13,268,470.00
- Forfeited Shares	67,420.00	67,420.00
<b>Reserves &amp; Surplus</b>		
-General Reserve and P&L	134,179,824.00	149,659,694.00
Less- Miscellaneous expenditure not written off	0.00	0.00
<b>Total Shareholders Fund / Net Worth</b>	<b>140,881,484.00</b>	<b>162,995,584.00</b>
<b>Long Term Debt / Equity Ratio</b>	<b>0.37</b>	<b>0.19</b>
<b>Debt / Equity ratio</b>	<b>1.43</b>	<b>0.72</b>

Note: - The company has decided to offer 1 Zero Dividend Compulsorily and Fully Convertible Preference Share (ZDCFCPS) of Rs. 100 each for every 3 existing Equity Shares of the company to the existing members whose names appear in the Register of Members as on the Record Date or in the beneficiary details as provided by the National Securities Depository Limited and/or Central Depository Services Limited for this purpose. Further, 1 ZDCFCPS shall be converted into 3 equity shares of the company. Therefore, the number of equity shares outstanding after the conversion is 1326847.

**STATEMENT OF UNSECURED LOAN\***

											(Amount in Rs.)
S No.	Particulars	Date of availment	AS AT 31ST MARCH					AS AT	Term of Loan (in days)	Interest Rate	Repayment Schedule
			2005	2006	2007	2008	2009	30th September, 2009			
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* There are no Unsecured Loans that need to be disclosed separately; therefore disclosures regarding Unsecured Loans are not applicable.



Annexure – XIV

STATEMENT OF TAX SHELTER

							(Amount in Rs.)
Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the six months ended	
	2005	2006	2007	2008	2009	30th September, 2009	
<b>Rate of Tax</b>	<b>36.59%</b>	<b>33.66%</b>	<b>33.66%</b>	<b>33.99%</b>	<b>33.99%</b>	<b>33.99%</b>	
<b>A Profit Before Tax</b>							
-Profit / (Loss) as per Profit & Loss Account before Tax(Restated)	(492,924.00)	13,141,802.00	24,736,176.00	34,201,045.00	49,616,490.00	25,922,365.00	
-Profit / (Loss) as per Profit & Loss Account before Tax(Audited)	937,963.00	13,610,773.00	25,477,266.00	34,201,044.00	48,758,422.00	25,922,366.00	
<b>Adjustments :</b>							
-Difference in depreciation	(74,275.00)	(58,599.00)	(534,830.00)	(187,106.00)	(92,838.00)	(2,189,219.00)	
-Bonus paid	(118,683.00)	(56,702.00)	(73,114.00)	(827,200.00)	(1,259,443.00)	0.00	
-Bonus disallowed	48,866.00	43,577.00	498,007.00	2,136,513.00	1,205,483.00	0.00	
-Loss on sale of Fixed assets/ Investment	135,031.00	0.00	26,300.00	7,986.00	277,230.00	0.00	
-Written off	2,000.00	0.00	0.00	0.00	0.00	0.00	
-Profit on sales of Assets	(79,244.00)	(33,975.00)	(24,654.00)	0.00	0.00	0.00	
-Charity & Donation	12,208.00	36,604.00	26,419.00	130,774.00	247,923.00	57,718.00	
-Deduction u/s 35 AC	(10,000.00)	0.00	0.00	0.00	0.00	0.00	
-Provision for Leave encashment	93,704.00	307,020.00	553,791.00	1,070,422.00	(311,639.00)	0.00	
Dividend income	0.00	0.00	0.00	0.00	(293,300.00)	(293,300.00)	
Amount inadmissible u/s 14A	0.00	0.00	0.00	0.00	76,753.00	89,990.00	
Penalty	0.00	50,000.00	77,513.00	0.00	6,000.00	0.00	
Provision for Excise duty	0.00	0.00	4,526,974.00	0.00	0.00	0.00	
Gross Taxable income	947,570.00	13,898,698.00	30,553,672.00	36,532,433.00	48,614,591.00	23,587,555.00	
Deduction U/S 80G	0.00	0.00	0.00	0.00	(37,500.00)	0.00	
Net Taxable Income	947,570.00	13,898,698.00	30,553,672.00	36,532,433.00	48,577,091.00	23,587,555.00	
<b>B Taxable Income</b>							
-Taxable Income as per Income Tax Return	947,570.00	13,898,700.00	30,553,672.00	36,532,433.00	48,577,091.00	Not Applicable	
-Tax Payable as per Income Tax Return	346,739.00	4,678,302.00	10,284,366.00	12,417,373.00	16,511,353.00	8,850,000.00*	



C	<b>Notional Tax on Restated P&amp;L</b>	(180,360.89)	4,423,530.55	8,326,196.84	11,624,935.20	16,864,644.95	8,811,011.86
D	<b>Net Adjustments</b>	9,607.00	287,925.00	5,076,406.00	2,331,389.00	(181,331.00)	(2,334,811.00)
E	<b>Tax On Net Adjustment</b>	3,515.20	96,915.56	1,708,718.26	792,439.12	(61,634.41)	(793,602.26)
F	<b>Components of Deferred Tax</b>						
	<b>1. Permanent Differences</b>	(6,587.00)	0.00	0.00	0.00	0.00	0.00
	<b>2. Timing Differences</b>						
	a) Depreciation	(31,130.00)	(20,075.00)	40,017.00	(63,597.00)	(31,555.00)	(744,116.00)
	b) Provision for Excise duty	0.00	0.00	1,523,780.00	0.00	0.00	0.00
	c) Employees Benefit as per As-15 (Revised)	243,882.00	261,199.00	435,856.00	1,703,187.00	1,511,269.00	921,914.00
	<b>Total(1+2)</b>	<b>206,165.00</b>	<b>241,124.00</b>	<b>1,999,653.00</b>	<b>1,639,590.00</b>	<b>1,479,714.00</b>	<b>177,798.00</b>

(\*) Tax payable as per computation made for provision for tax.

Note-The above adjustments are provided on the basis of the Income Tax Return filed by the Company for the respective Assessment years.



## STATEMENT OF RATES OF DIVIDEND PAID

Particulars						(Amount. in Rs.)
	FINANCIAL YEAR ENDED 31ST MARCH					For the six months ended
	2005	2006	2007	2008	2009	30th September, 2009
Equity Shares (In nos.)	663,424.00	663,424.00	663,424.00	663,424.00	663,424.00	663,424.00
Rates of Dividend (in %)	0.00	0.00	20.00	22.00	22.00	0.00
Dividend amount	0.00	0.00	1,326,848.00	1,459,533.00	1,459,533.00	0.00
Dividend Distribution Tax	0.00	0.00	201,853.00	248,048.00	248,048.00	0.00



## STATEMENT OF LOANS &amp; ADVANCES

(Amount in Rs.)

Particulars	FINANCIAL YEAR ENDED 31ST MARCH					For the six months ended
	2005	2006	2007	2008	2009	30th September, 2009
Advances recoverable in cash or in kind or for value to be received (Unsecured):-						
Considered good	7,684,763.00	7,242,152.00	6,623,076.00	13,162,027.00	12,038,495.00	11,537,035.00
Considered Doubtful	54,332.00	54,332.00	54,332.00	54,332.00	54,332.00	54,332.00
Less: Provision	54,332.00	54,332.00	54,332.00	54,332.00	54,332.00	54,332.00
<b>Sub-total</b>	7,684,763.00	7,242,152.00	6,623,076.00	13,162,027.00	12,038,495.00	11,537,035.00
Security Deposits	604,000.00	1,128,382.00	4,720,944.00	4,285,761.00	4,227,082.00	4,844,010.00
Advance Tax(Net)	1,360,691.00	1,426,454.00	1,510,432.00	1,411,350.00	1,635,506.00	2,147,135.00
<b>Total</b>	<b>9,649,454.00</b>	<b>9,796,988.00</b>	<b>12,854,452.00</b>	<b>18,859,138.00</b>	<b>17,901,083.00</b>	<b>18,528,180.00</b>

**Note: (1)** Year ended 2005 includes Rs. 1066673 considered good, due from Bharat Gears limited & Rs. 151772 due from Clip-Lok Simpak (India) Pvt Ltd, companies under the same management.

**(2)** Year ended 2006 includes Rs. 194699 considered good, due from Bharat Gears limited, a company under the same management.

**(3)** Year ended 2007 includes Rs. 598519 considered good, due from Bharat Gears limited & Rs. 112625 due from Clip-Lok Simpak (India) Pvt Ltd, companies under the same management.

**(4)** Year ended 2008 includes Rs. 3280080 considered good, due from Bharat Gears limited, a company under the same management.

**(5)** Year ended 2009 includes Rs. 2177340 considered good, due from Bharat Gears limited, a company under the same management.

**(6)** For the six months ended 30th September 2009 includes Rs. 1427052.69 considered good, due from Bharat Gears limited, a company under the same management.



**STATEMENT OF CURRENT LIABILITIES & PROVISIONS**

(Amount in Rs.)

Particulars	AS AT 31ST MARCH					AS AT
	2005	2006	2007	2008	2009	30th September, 2009
Acceptances	0.00	7,505,233.00	1,763,420.00	23,310,461.00	0.00	0.00
Sundry Creditors						
-Due to Micro, Small & Medium Enterprises	0.00	0.00	0.00	0.00	0.00	0.00
-Due to Other than Micro, Small & Medium Enterprises	0.00	0.00	0.00	85,959,976.00	112,567,615.00	123,469,321.00
-Due to SSI undertakings	390,788.00	6,315,501.00	1,602,102.00	0.00	0.00	0.00
-Others	38,356,358.00	31,882,425.00	76,343,409.00	0.00	0.00	0.00
<b>Total Sundry Creditors</b>	<b>38,747,146.00</b>	<b>38,197,926.00</b>	<b>77,945,511.00</b>	<b>85,959,976.00</b>	<b>112,567,615.00</b>	<b>123,469,321.00</b>
Advance from customers	24,822,201.00	29,726,105.00	22,463,550.00	43,696,192.00	27,080,011.00	15,886,301.00
Investors Education and Protection Fund						
-Undaimed Dividend	149,135.00	93,753.00	130,802.00	168,515.00	367,836.00	558,950.00
<b>Sub total</b>	<b>63,718,482.00</b>	<b>75,523,017.00</b>	<b>102,303,283.00</b>	<b>153,135,144.00</b>	<b>140,015,462.00</b>	<b>139,914,572.00</b>
<b>PROVISIONS</b>						
-Dividend (Proposed)	0.00	0.00	530,739.00	1,459,533.00	1,459,533.00	0.00
-Tax on Dividend (Proposed)	0.00	0.00	90,199.00	248,048.00	248,048.00	0.00
<b>Sub total</b>	<b>0.00</b>	<b>0.00</b>	<b>620,938.00</b>	<b>1,707,581.00</b>	<b>1,707,581.00</b>	<b>0.00</b>
<b>Total</b>	<b>63,718,482.00</b>	<b>75,523,017.00</b>	<b>102,924,221.00</b>	<b>154,842,725.00</b>	<b>141,723,043.00</b>	<b>139,914,572.00</b>



**Latest statement of unaudited quarterly financial results published by Raunaq International Limited in accordance with clause 41 of the equity listing agreement with the stock exchanges.**

The Board of Directors,  
Raunaq International Limited  
20 K.M. Mathura Road, P.O. Amar Nagar,  
Faridabad-121003.

**Limited Review of the "Unaudited Financial Results" for the quarter ended Sep 30, 2009**

1. We have reviewed the accompanying statement of unaudited financial results of Raunaq International Limited for the quarter ended Sep 30, 2009 which has been initialed by us for identification. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2400, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly we do not express an opinion.
3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement with stock exchanges including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. Further, we also report that we have traced the number of shares as well as the percentage of shareholdings in respect of aggregate amount of public shareholding, pledged/encumbered shares and non-encumbered shares of the promoter and promoter group shareholder in terms of Clause 35 of the Listing Agreements and the particulars relating to undisputed investor complaints from the details furnished by the Management and Registrars of the Company.

For V.P. JAIN & Associates  
Chartered Accountants

Place: Faridabad

Date: 28/10/2009



Unaudited financial results for the quarter ended 30th September, 2009						
(Rs. in lacs)						
S. No.	Particulars	Quarter ended 30-Sep- 09(Unaudited)	Quarter ended 30-Sep- 08(Unaudited)	Half Year ended 30-Sep- 09(Unaudited)	Half Year ended 30-Sep- 08(Unaudited)	Previous year ended 31-Mar-09 (Audited)
1	Net Sales/Income from operations	1,462.29	1,481.74	3,003.89	2,774.86	5,996.57
2	Other Income	23.18	8.86	42.39	24.98	54.00
3	Total Income (1+2)	1,485.47	1,490.60	3,046.28	2,799.84	6,050.57
4	Expenditure					
	a. Consumption of raw material	863.06	769.51	1,598.48	1,473.72	3,231.52
	b. Erection Expenses	185.70	312.35	542.41	548.68	1,089.33
	c. Staff cost	151.93	176.72	347.74	320.36	606.52
	d. Depreciation	9.76	6.69	16.37	12.86	30.59
	e. Other expenditure	140.74	142.59	275.29	265.19	587.50
	f. Total	1,351.19	1,407.86	2,780.29	2,620.81	5,545.46
5	Interest	2.54	2.64	6.77	6.22	17.53
6	Exceptional Items	0.00	0.00	0.00	0.00	0.00
7	Profit(+)/Loss(-) from Ordinary Activities before tax (3) - (4+5+6)	131.74	80.10	259.22	172.81	487.58
8	Tax expense					
	Current Tax (including Fringe Benefit)	45.00	28.25	88.50	61.65	168.93
	Deferred Tax	0.00	0.00	0.00	0.00	(14.80)
	Tax related to previous year	0.00	0.00	0.00	0.00	0.00
9	Net Profit(+)/Loss(-) from Ordinary Activities after tax (7-8)	86.74	51.85	170.72	111.16	333.45
10	Extraordinary Items (net of tax expense)	0.00	0.00	0.00	0.00	0.00
11	Net Profit(+)/Loss(-) (9-10)	86.74	51.85	170.72	111.16	333.45
12	Paid up equity share capital (Face value Rs.10/- per share)	67.02	67.02	67.02	67.02	67.02
13	Reserves excluding revaluation reserves	0.00	0.00	0.00	0.00	1,163.55
14	Earning Per Share (EPS)					
	a) Basic & Diluted EPS before Extraordinary Items (Rs.)	13.07	7.82	25.73	16.75	50.26
	b) Basic & Diluted EPS after Extraordinary Items (Rs.)	13.07	7.82	25.73	16.75	50.26
15	Aggregate of Public shareholding					
	Number of shares	359,054	359,054	359,054	359,054	359,054



	Percentage of shareholding	54.12%	54.12%	54.12%	54.12%	54.12%
16	Promoters and promoter group shareholding					
	(a) Pledged/ Encumbered					
	Number of shares	0.00	0.00	0.00	0.00	0.00
	Percentage of shares ( as a % of the total shareholding of promoter and promoter group )	0.00	0.00	0.00	0.00	0.00
	Percentage of shares ( as a % of the total share capital of the company )	0.00	0.00	0.00	0.00	0.00
	(b) Non- encumbered					
	Number of shares	304,370	304,370	304,370	304,370	304,370
	Percentage of shares ( as a % of the total shareholding of promoter and promoter group )	100.00%	100.00%	100.00%	100.00%	100.00%
	Percentage of shares ( as a % of the total share capital of the company )	45.88%	45.88%	45.88%	45.88%	45.88%
<b>NOTES :</b>						
1	The above results have been taken on record by the Board of Directors of the Company at its meeting held on 28th October, 2009.					
2	Segment Reporting as defined in Accounting Standard (AS) 17 is not applicable.					
3	Provision for deferred tax shall be made at the year end.					
4	The above financial results have been subjected to Limited Review by the Auditors of the Company.					
5	Quarterly/Half yearly EPS not annualized.					
6	No investor complaint was pending at beginning of the quarter and no investor complaint was received during the quarter.					



## FINANCIAL INFORMATION OF GROUP COMPANIES

The information for the last 3 years based on the audited statements in respect of five listed group companies, irrespective of whether these are covered under section 370(1) (B) of the Companies Act, 1956 or not is given hereunder:

### 1) M/s Bharat Gears Limited

The Company was incorporated as a Public limited Company on the 23<sup>rd</sup> day of December, 1971. Its Company Identification No. is L29130HR1971PLC034365.

#### Brief Description of Business:

The Company is in the manufacturing of Automotive Gears. The factories of the Company are located at the below mentioned addresses:

- 20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad, Haryana, PIN-121003
- Kausa Shil, Mumbra, Dist. Thane, Maharashtra, PIN-400612

#### Financial Performance

(Amount in Rs. Lacs)

Particulars	31.03.2009	31.03.2008	31.03.2007
<b>Authorised Equity Capital</b>	1000	1000	1000
<b>Paid up Equity Capital</b>	781.78	781.78	781.78
<b>Reserves &amp; Surplus (excluding revaluation reserves)</b>	3079.63	2791.20	2234.81
<b>Sales/Total Income</b>	24545.64	24135.71	20397.75
<b>Profit/(Loss) after Tax (PAT)</b>	404.29	1008.48	878.53
<b>Earning per Share (In Rs.)</b>	4.86	12.59	11.43
<b>Diluted Earning per Share (In Rs.)</b>	4.86	12.59	11.43
<b>NAV (In Rs.)</b>	51.67	47.45	39.77

Source: Audited Financial Statements

#### The highest and lowest market price of shares during the preceding six months

##### NSE

	Date	Price (Rs.)	No. of Shares	Total Turnover (Rs. Lacs)
<b>High Price</b>	December 16, 2009	49.40	4245	2.02
<b>Low Price</b>	July 13, 2009	23.80	5297	1.30

##### BSE

	Date	Price (Rs.)	No. of Shares	Total Turnover (Rs. Lacs)
<b>High Price</b>	December 10, 2009	49.50	7990	3.84
<b>Low Price</b>	July 13, 2009	24.10	4009	0.98

There have been no changes in capital structure during the six months preceding the date of filing of this Draft Letter of Offer with SEBI.



**Market value on the date of registering the offer document with the SEBI/Registrar of Companies.**

Stock Exchange	Date	Price (Rs.)	No. of Shares	Total Turnover (Rs. Lacs)
NSE	January 04, 2010	49.00	12699	6.18
BSE	January 04, 2010	48.70	7218	3.47

**Bharat Gears Limited has not made any public or rights issue in the 3 years preceding the date of filing of this Draft Letter of Offer with SEBI.**

**Information regarding significant adverse factors related to the group companies:**

- (i) Bharat Gears Limited has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;
- (ii) Bharat Gears Limited has not made a loss in the immediately preceding year.

**Bharat Gears Limited has not remained defunct and no application has been made to the Registrar of Companies for striking off the name of the company during the five years preceding the date of filing draft offer document with the SEBI.**

**The Promoters have not disassociated themselves from Bharat Gears Limited during the three years preceding the date of filing the draft offer document.**

**Common Pursuits**

Nil

**The related business transactions within the group and their significance on the financial performance of the issuer.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

**Details of Sales or purchase between Bharat Gears Limited when such sales or purchases exceed in value in the aggregate ten per cent of the total sales or purchases of Raunaq International Limited and also disclose material items of income or expenditure arising out of such transactions.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

**Details of business interests of Bharat Gears Limited in Raunaq International Limited.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

**2) M/s Ultra Consultants Private Limited**

The Company was incorporated as a Private Limited Company on the 5<sup>th</sup> day of September, 1990. Its Company Identification No. is U74899DL1990PTC041386.

**Brief Description of Business:**

The Company is in the business of financial management and Investment consultancy services, and other consultancy services. The Registered office of the Company is situated at A-3, Greater Kailash-1, New Delhi-110048.

**Financial Performance**

**(Amount in Rs. Lacs)**

Particulars	31.03.2009	31.03.2008	31.03.2007
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<b>Authorised Equity Capital</b>	300.00	300.00	300.00
<b>Paid up Equity Capital</b>	95.82	95.82	95.82
<b>Reserves &amp; Surplus (excluding revaluation reserves)</b>	146.64	145.61	145.61
<b>Sales/Total Income</b>	8.05	0.05	0.61
<b>Profit/(Loss) after Tax (PAT)</b>	7.49	(2.23)	(0.24)
<b>Earning per Share (In Rs.)</b>	7.81	(2.32)	(0.25)
<b>Diluted Earning per Share (In Rs.)</b>	7.81	(2.32)	(0.25)
<b>NAV (In Rs.)</b>	253.03	245.22	247.54

Source: Audited Financial Statements

**It is an unlisted private limited company**

**There have been no changes in capital structure during the six months preceding the date of filing of this Draft Letter of Offer with SEBI.**

**Ultra Consultants Private Limited has not made any public or rights issue in the 3 years preceding the date of filing of this Draft Letter of Offer with SEBI.**

**Information regarding significant adverse factors related to the group companies:**

- (i) **Ultra Consultants Private Limited** has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;
- (ii) **Ultra Consultants Private Limited** has not made a loss in the immediately preceding year.

**Ultra Consultants Private Limited has not remained defunct and no application has been made to the Registrar of Companies for striking off the name of the company during the five years preceding the date of filing draft offer document with the SEBI.**

**The Promoters have not disassociated themselves from Ultra Consultants Private Limited during the three years preceding the date of filing the draft offer document.**

**Common Pursuits**

Nil

**The related business transactions within the group and their significance on the financial performance of the issuer.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

**Details of Sales or purchase between Ultra Consultants Private Limited when such sales or purchases exceed in value in the aggregate ten per cent of the total sales or purchases of Raunaq International Limited and also disclose material items of income or expenditure arising out of such transactions.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

**Details of business interests Ultra Consultants Private Limited in Raunaq International Limited.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

**3) M/s Future Consultants Private Limited**



The Company was incorporated as a Private Limited Company on the 28<sup>th</sup> day of December, 1988. Its Company Identification No. is U74140DL1988PTC034430.

**Brief Description of Business:**

The Company is in the business of Consultancy and advisory Services. The Registered office of the Company is situated at A-3, Greater Kailash-1, New Delhi-110048

**Financial Performance**

(Amount in Rs. Lacs)

Particulars	31.03.2009	31.03.2008	31.03.2007
Authorised Equity Capital	505.00	505.00	505.00
Paid up Equity Capital	278.25	278.25	278.25
Reserves & Surplus (excluding revaluation reserves)	93.31	82.47	77.40
Sales/Total Income	14.69	9.87	13.06
Profit/(Loss) after Tax (PAT)	10.84	5.07	(1.02)
Earning per Share (In Rs.)	0.39	0.18	(0.04)
Diluted Earning per Share (In Rs.)	0.39	0.18	(0.04)
NAV (In Rs.)	13.35	12.96	12.78

Source: Audited Financial Statements

**It is an unlisted private limited company**

**There have been no changes in capital structure during the six months preceding the date of filing of this Draft Letter of Offer with SEBI.**

**Future Consultants Private Limited has not made any public or rights issue in the 3 years preceding the date of filing of this Draft Letter of Offer with SEBI.**

**Information regarding significant adverse factors related to the group companies:**

- (i) **Future Consultants Private Limited** has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;
- (ii) **Future Consultants Private Limited** has not made a loss in the immediately preceding year.

**Future Consultants Private Limited has not remained defunct and no application has been made to the Registrar of Companies for striking off the name of the company during the five years preceding the date of filing draft offer document with the SEBI.**

**The Promoters have not disassociated themselves from Future Consultants Private Limited during the three years preceding the date of filing the draft offer document.**

**Common Pursuits**

Nil

**The related business transactions within the group and their significance on the financial performance of the issuer.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.



**Details of Sales or purchase between Future Consultants Private Limited when such sales or purchases exceed in value in the aggregate ten per cent of the total sales or purchases of Raunaq International Limited and also disclose material items of income or expenditure arising out of such transactions.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

**Details of business interests Future Consultants Private Limited in Raunaq International Limited.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

#### **4) M/s Vibrant Finance and Investment Private Limited**

The Company was incorporated as a Private Limited Company on the 22<sup>nd</sup> day of October, 1981. Its Company Identification No. is U65920DL1981PTC012523.

##### **Brief Description of Business:**

The Company is in the business of Financial & Investment Consultancy and advisory Services. The Registered office of the Company is situated at A-3, Greater Kailash-1, New Delhi-110048

##### **Financial Performance**

**(Amount in Rs. Lacs)**

<b>Particulars</b>	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2007</b>
<b>Authorised Equity Capital</b>	19.90	19.90	19.90
<b>Paid up Equity Capital</b>	6.44	6.44	6.44
<b>Reserves &amp; Surplus (excluding revaluation reserves)</b>	52.70	46.91	41.94
<b>Sales/Total Income</b>	13.60	12.00	11.48
<b>Profit/(Loss) after Tax (PAT)</b>	5.79	4.98	4.38
<b>Earning per Share (In Rs.)</b>	8.99	7.72	6.80
<b>Diluted Earning per Share (In Rs.)</b>	8.99	7.72	6.80
<b>NAV (In Rs.)</b>	91.83	82.84	75.11

*Source: Audited Financial Statements*

**It is an unlisted private limited company**

**There have been no changes in capital structure during the six months preceding the date of filing of this Draft Letter of Offer with SEBI.**

**Vibrant Finance and Investment Private Limited has not made any public or rights issue in the 3 years preceding the date of filing of this Draft Letter of Offer with SEBI.**

##### **Information regarding significant adverse factors related to the group companies:**

- (i) **Vibrant Finance and Investment Private Limited** has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;



(ii) **Vibrant Finance and Investment Private Limited** has not made a loss in the immediately preceding year.

**Vibrant Finance and Investment Private Limited has not remained defunct and no application has been made to the Registrar of Companies for striking off the name of the company during the five years preceding the date of filing draft offer document with the SEBI.**

**The Promoters have not disassociated themselves from Vibrant Finance and Investment Private Limited during the three years preceding the date of filing the draft offer document.**

#### **Common Pursuits**

Nil

**The related business transactions within the group and their significance on the financial performance of the issuer.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

**Details of Sales or purchase between Vibrant Finance and Investment Private Limited when such sales or purchases exceed in value in the aggregate ten per cent of the total sales or purchases of Raunaq International Limited and also disclose material items of income or expenditure arising out of such transactions.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

**Details of business interests Vibrant Finance and Investment Private Limited in Raunaq International Limited.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

#### **5) M/s Samreet Investment & Management Consultancy Private Limited**

The Company was incorporated as a Private Limited Company on the 24<sup>th</sup> day of January, 2004. Its Company Identification No. is U74140DL2004PTC124065.

#### **Brief Description of Business:**

The Company is in the business of Investment & Management Consultancy services. The Registered office of the Company is situated at A-3, Greater Kailash-1, New Delhi-110048

#### **Financial Performance**

**(Amount in Rs. Lacs)**

<b>Particulars</b>	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2007</b>
<b>Authorised Equity Capital</b>	5.00	5.00	5.00
<b>Paid up Equity Capital</b>	1.50	1.00	1.00
<b>Reserves &amp; Surplus (excluding revaluation reserves)</b>	0.00	0.00	0.48
<b>Sales/Total Income</b>	0.00	0.00	0.05
<b>Profit/(Loss) after Tax (PAT)</b>	(0.27)	(0.59)	(0.92)
<b>Earning per Share (In Rs.)</b>	(2.68)	(5.93)	(9.19)
<b>Diluted Earning per Share (In Rs.)</b>	(2.68)	(5.93)	(9.19)
<b>NAV (In Rs.)</b>	7.45	8.48	14.01



Source: Audited Financial Statements

**It is an unlisted private limited company**

**There have been no changes in capital structure during the six months preceding the date of filing of this Draft Letter of Offer with SEBI.**

**Samreet Investment & Management Consultancy Private Limited has not made any public or rights issue in the 3 years preceding the date of filing of this Draft Letter of Offer with SEBI.**

**Information regarding significant adverse factors related to the group companies:**

- (i) **Samreet Investment & Management Consultancy Private Limited** has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;
- (ii) **Samreet Investment & Management Consultancy Private Limited** has made a loss in the immediately preceding year.

**Samreet Investment & Management Consultancy Private Limited has not remained defunct and no application has been made to the Registrar of Companies for striking off the name of the company during the five years preceding the date of filing draft offer document with the SEBI.**

**The Promoters have not disassociated themselves from Samreet Investment & Management Consultancy Private Limited during the three years preceding the date of filing the draft offer document.**

**Common Pursuits**

Nil

**The related business transactions within the group and their significance on the financial performance of the issuer.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

**Details of Sales or purchase between Samreet Investment & Management Consultancy Private Limited when such sales or purchases exceed in value in the aggregate ten per cent of the total sales or purchases of Raunaq International Limited and also disclose material items of income or expenditure arising out of such transactions.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

**Details of business interests Samreet Investment & Management Consultancy Private Limited in Raunaq International Limited.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

#### **6) M/s Raunaq ABM (India) Limited**

The Company was incorporated as a Public Limited Company on the 25<sup>th</sup> day of October, 1995. Its Company Identification No. is U74899DL1995PLC073414.

**Brief Description of Business:**

There is no business activity in the Company. The Company has not yet commenced its commercial activities but the main objects of the Company are construction of Buildings with modern techniques and to carry on business as Franchisers, builders in India and abroad. The Registered office of the Company is situated at A-3, Greater Kailash-1, New Delhi-110048.



## Financial Performance

(Amount in Rs. Lacs)

Particulars	31.03.2009	31.03.2008	31.03.2007
Authorised Equity Capital	200.00	200.00	200.00
Paid up Equity Capital	5.01	5.01	5.01
Reserves & Surplus (excluding revaluation reserves)	0.00	0.00	0.00
Sales/Total Income	0.00	0.00	0.00
Profit/(Loss) after Tax (PAT)	0.00	0.00	0.00
Earning per Share (In Rs.)	0.00	0.00	0.00
Diluted Earning per Share (In Rs.)	0.00	0.00	0.00
NAV (In Rs.)	7.28	7.48	7.59

Source: Audited Financial Statements

### It is an unlisted public limited company

There have been no changes in capital structure during the six months preceding the date of filing of this Draft Letter of Offer with SEBI.

Raunaq ABM (India) Limited has not made any public or rights issue in the 3 years preceding the date of filing of this Draft Letter of Offer with SEBI.

### Information regarding significant adverse factors related to the group companies:

- (i) Raunaq ABM (India) Limited has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;
- (ii) Raunaq ABM (India) Limited has not made a loss in the immediately preceding year.

Raunaq ABM (India) Limited has not remained defunct and no application has been made to the Registrar of Companies for striking off the name of the company during the five years preceding the date of filing draft offer document with the SEBI.

The Promoters have not disassociated themselves from Raunaq ABM (India) Limited during the three years preceding the date of filing the draft offer document.

### Common Pursuits

Nil

The related business transactions within the group and their significance on the financial performance of the issuer.

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

Details of Sales or purchase between Raunaq ABM (India) Limited when such sales or purchases exceed in value in the aggregate ten per cent of the total sales or purchases of Raunaq International Limited and also disclose material items of income or expenditure arising out of such transactions.

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

Details of business interests Raunaq ABM (India) Limited in Raunaq International Limited.

For details of the same kindly refer to page [●] of this Draft Letter of Offer.



## 7) M/s Clip-Lok Simpak (India) Private Limited

The Company was incorporated as a Private Limited Company on the 17<sup>th</sup> day of April, 1997. Its Company Identification No. is U20211DL1997PTC086746.

### Brief Description of Business:

The Company is in assembly and trading of collapsible clip-lok boxes. The Registered office of the Company is situated at 512, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi-110001.

### Financial Performance

Particulars	(Amount in Rs. Lacs)		
	31.03.2009	31.03.2008	31.03.2007
Authorised Equity Capital	5.00	5.00	5.00
Paid up Equity Capital	3.50	3.50	3.50
Reserves & Surplus (excluding revaluation reserves)	21.27	16.33	3.88
Sales/Total Income	26.15	56.69	14.71
Profit/(Loss) after Tax (PAT)	5.02	12.45	1.88
Earning per Share (In Rs.)	14.33	35.55	5.37
Diluted Earning per Share (In Rs.)	14.33	35.55	5.37
NAV (In Rs.)	70.72	56.62	21.07

Source: Audited Financial Statements

**It is an unlisted Private Limited company**

**There have been no changes in capital structure during the six months preceding the date of filing of this Draft Letter of Offer with SEBI.**

**Clip-Lok Simpak (India) Private Limited has not made any public or rights issue in the 3 years preceding the date of filing of this Draft Letter of Offer with SEBI.**

### Information regarding significant adverse factors related to the group companies:

- (i) **Clip-Lok Simpak (India) Private Limited** has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;
- (ii) **Clip-Lok Simpak (India) Private Limited** has not made a loss in the immediately preceding year.

**Clip-Lok Simpak (India) Private Limited has not remained defunct and no application has been made to the Registrar of Companies for striking off the name of the company during the five years preceding the date of filing draft offer document with the SEBI.**

**The Promoters have not disassociated themselves from Clip-Lok Simpak (India) Private Limited during the three years preceding the date of filing the draft offer document.**

**Common Pursuits**

Nil

**The related business transactions within the group and their significance on the financial performance of the issuer.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

**Details of Sales or purchase between Clip-Lok Simpak (India) Private Limited when such sales or purchases exceed in value in the aggregate ten per cent of the total sales or purchases of Raunaq International Limited and also disclose material items of income or expenditure arising out of such transactions.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

**Details of business interests Clip-Lok Simpak (India) Private Limited in Raunaq International Limited.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

**8) M/s Gulab Merchandise Private Limited**

The Company was incorporated as a Private limited Company on the June 28, 2005. Its Corporate Identification No. is U51909WB2005PTC103933.

**Brief Description of Business:**

The Company is in the trading business of fabrics. The Registered Office of the Company is situated at 9/12, Lalbazar Street, Block-B, 3<sup>rd</sup> Floor, R.No-10, Kolkata, West Bengal-700001.

**Financial Performance****(Amount in Rs. Lacs)**

Particulars	31.03.2009	31.03.2008	31.03.2007
<b>Authorised Equity Capital</b>	30.00	30.00	30.00
<b>Paid up Equity Capital</b>	29.80	29.80	29.80
<b>Reserves &amp; Surplus (excluding revaluation reserves)</b>	259.20	259.20	259.20
<b>Sales/Total Income</b>	0.88	0.75	1.00
<b>Profit/(Loss) after Tax (PAT)</b>	(0.06)	(0.03)	(0.34)
<b>Earning per Share (In Rs.)</b>	0.00	0.00	0.00
<b>Diluted Earning per Share (In Rs.)</b>	0.00	0.00	0.00
<b>NAV (In Rs.)</b>	96.70	96.67	96.64

Source: Audited Financial Statements

**It is an unlisted Private limited company**

**There have been no changes in capital structure during the six months preceding the date of filing of this Draft Letter of Offer with SEBI.**

**Gulab Merchandise Private Limited has not made any public or rights issue in the 3 years preceding the date of filing of this Draft Letter of Offer with SEBI.**



**Information regarding significant adverse factors related to the group companies:**

- (i) **Gulab Merchandise Private Limited** has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;
- (ii) **Gulab Merchandise Private Limited** has made a loss in the immediately preceding year.

**Gulab Merchandise Private Limited has not remained defunct no application has been made to the Registrar of Companies for striking off the name of the company, during the five years preceding the date of filing draft offer document with the SEBI.**

**The Promoters have not disassociated themselves from Gulab Merchandise Private Limited during the three years preceding the date of filing the draft offer document.**

**Common Pursuits**

Nil

**The related business transactions within the group and their significance on the financial performance of the issuer.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

**Details of Sales or purchase between Gulab Merchandise Private Limited when such sales or purchases exceed in value in the aggregate ten per cent of the total sales or purchases of Raunaq International Limited and also disclose material items of income or expenditure arising out of such transactions.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.

**Details of business interests Gulab Merchandise Private Limited in Raunaq International Limited.**

For details of the same kindly refer to page [●] of this Draft Letter of Offer.



## **CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS**

There has been no change in the accounting policies of Raunaq International Limited in the last three years except as mentioned below.

Nil



## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following is the discussion of the financial condition and results of operations together with the Company's audited restated financial statements for the fiscal years ended March 31, 2005, 2006, 2007, 2008, 2009 and for the six month ended on September 30, 2009 including the significant accounting policies and notes thereto and reports thereon which appear elsewhere in this Draft Letter of Offer. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and as required under the SEBI Regulations.

Unless indicated otherwise, the financial data in this section is derived from the Company's restated financial statements prepared in accordance with Indian GAAP and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and included in this Draft Letter of Offer. The Company's fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the 12 month period ended March 31 of that year. This discussion contains forward-looking statements that involve risks and uncertainties. The actual results may differ from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Draft Letter of Offer, particularly under "Risk Factors" beginning on page no. [●] of this Draft Letter of Offer.

### **i. OVERVIEW OF THE BUSINESS OF THE COMPANY**

The Company was originally incorporated as Raunaq International Private Limited in 1965 under the Companies Act, 1956. Dr. Raunaq Singh, Shri Swaran Singh Kanwar and Mr. Ved Kumar Chopra were the subscribers to the Memorandum and Articles of Association. In the year 1976, the Company was converted into a public limited company and revised certificate of incorporation was obtained. The initial public offer of the company was also completed in the year 1976.

During 1970s, the Company was operating as a recognized export house, and subsequently from the year 1978 onwards, it started venturing in civil, mechanical and electrical construction. The Company is engaged primarily in the service of core infrastructural and industrial sectors in India, namely Power, Chemical, Hydro-carbon, metal and automobile sectors. The Company undertakes Turnkey Contracts of Mechanical, Civil and associated Electrical & Instrumentation works for these sectors.

The services provided by the Company include detailed engineering, procurement, inspection and supply, quality assurance, construction & installation, testing & commissioning, project management & supervision.

### **ii. SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR**

Save as mentioned herein-below in this Draft Letter of Offer, in the opinion of the Board of Directors of the Company, there have not arisen any circumstances since March 31, 2009 which materially and adversely affect, or are likely to materially and adversely affect, the Company's business or the profitability of the Company, or the value of the assets, or the Company's ability to pay its liabilities within the next 12 months.

### **iii. FACTORS AFFECTING THE COMPANY'S RESULTS OF OPERATIONS**

The financial condition of the Company and its results of operations are affected by numerous factors including the following:

#### **General economic and business conditions:**

The demand for the Company's services and business is dependent on general economic conditions in India and, may be affected if there are changes in business conditions in the country. In the era of globalization and cutthroat competition, the Indian Industry is facing hurdles, which depend upon the following factors:

#### **a. Demand:**

The demand for infrastructural development is influenced by various other factors like national economic growth, industrial production, promotional expenditure, population growth, Government's allocation for the infrastructure sector and government support to the EPC industry for meeting the growing domestic demand.



**b. Competition:**

Selling prices of the Company's services may be affected if competition intensifies. After globalization, India was facing many difficulties, due to competition from various nations and incompetence in the internal governance. Main threats are from foreign nations. Hence it is necessary to analyze India's position in global arena.

**c. Raw Material:**

Raw material for Company's infrastructural development is mainly steel. Fluctuations in its cost may alter the cost structure and affect profitability.

**d. Other Factors:**

The Company's results of operations are dependent upon its success in managing its manpower. The Company has to schedule out project implementation process and procurements according to delivery schedule of customers. Any change in schedule may affect its operation in the short run.

**e. Labour:**

The infrastructural development Industry is labour intensive. The competitive strength of the Company is also dependant upon the availability and efficiency of its labour force. The management-labour relations are cordial and the Company has not experienced any labour trouble in the past.

**f. Cost of funds:**

Another important problem that is hampering the India's competitiveness is the cost of funds available for promoting new projects. The higher cost of funds increases the required rate of return of projects, which consequently impedes further investment in any projects. Lending rates in India continues to be still higher in comparison to the international markets. Interest rate is mainly a function of two factors namely underlying liquidity and policies of the RBI, which in turn is influenced by trends in international rates, external sector scenario and inflation rate.

**Key factors influencing results of operations**

Several factors influence the Company's results of operations, financial condition and cash flow significantly. The key factors affecting its operations include:

1. Fluctuation and increase in raw material prices.
2. New competitive businesses.
3. Government Regulations and Policies.
4. Any slow down in the economic growth.

For more information on these and other factors/developments, which have or may affect the Company, please refer to the section titled "Risk Factors" beginning on page no. [●], and the section titled "Business Overview" on page no. [●] of this Draft Letter of Offer.

**Critical Accounting Policies**

The Company's financial statements are prepared in accordance with generally accepted accounting principles, the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. Certain of the accounting policies are particularly important to the portrayal of the financial position and results of operations and require the application of assumptions and estimates of the management.

1. The financial statements have been prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accruals basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 & the relevant provisions of the Companies Act, 1956.
2. The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known /materialized.



3. Fixed Assets are valued at cost net of CENVAT. Borrowing cost that is directly attributable to the acquisition or construction of a qualifying asset is considered as part of the cost of that asset. Other borrowing costs are recognized as an expense in the year in which they are incurred.
4. The depreciation is charged on the written down value method at the rate and in the manner specified under Schedule XIV of the Companies Act, 1956. Assets costing Upto Rs.5, 000 are fully depreciated in the year of purchase
5. The contracts Work-in-Progress as at the end of the year is valued on percentage of completion method as detailed hereunder:
  - (i) Where the value of Running Account Bill(s) is less than the cost, the Work-in-Progress is valued at lower of the two.
  - (ii) Where current estimates of cost and selling price of a contract as at the end of year indicate loss, such foreseeable loss is accounted for during the year
  - (iii)
    - (a) In case the value of Running Account Bill(s) is less than 33% of the contract value, the job is valued at actual cost incurred as at the end of year.
    - (b) In case the value of Running Account Bill(s) is more than 33% but less than 50% of the contract value, the job is valued at actual cost incurred plus one third of the contribution available as at the end of year.
    - (c) In case the value of Running Account Bill(s) is 50% and above, the job is valued at actual cost incurred plus two third of the contribution available as at the end of year.

For the purpose of valuation, cost means the direct cost on a particular job excluding depreciation and finance charges, which are directly charged to Profit and Loss Account.

6. Accumulated value of Amount Billed to client is carried forward on memorandum basis till the project is charged to completed contracts. On closure of a project the accumulated value of work in progress in accordance with Accounting Policy '5' discussed above and difference between Accumulated Amount of WIP and total Amount Billed to client is accounted in the value of amount "charged to completed contracts".
7. Works Contracts are charged to completed contracts on obtaining completion certificates from concerned clients.
8. (a) Dividend income is recognized when the right to receive the dividend is established.  
(b) Interest income is recognized on time proportion basis.
9. The following items are accounted for based on certainty of realization/ payments:
  - (a) Extra items claim.
  - (b) Insurance claims.
  - (c) Any receipts/additional liability on account of pending income tax, sales tax and excise duty assessments.
  - (d) Penalties or interests, if any, on delayed payment of statutory dues.
10. Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Current Assets and Current Liabilities are translated at the year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Current Assets and Current Liabilities at the end of the year is recognized as income or expense, as the case may be, for the year.
11. (a) Investments are either classified as current investments or long- term investments. The cost of investments includes acquisition charges such as brokerage, fees and duties. Current investments are carried at lower of cost and fair value.  
(b) Long- term investments are carried at cost and provisions are recorded to recognize any decline, other than temporary, in the carrying value of each investment.
12. (a) Short Term Employee Benefits:



Short term Employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which related services are rendered.

(b) Defined Contribution Plans:

Company's contributions and other amount, if any, payable during the year towards Provident Fund, Pension Fund and Employee State Insurance are recognized in the profit and loss account of the year.

(c) Defined Benefit Plans:

Company's liability towards gratuity in accordance with Payment of Gratuity Act, 1972 and other long term benefits are determined and accounted in accordance with AS-15 (Revised) based on the Actuarial Valuation as on the balance sheet date. So far as the gratuity is concerned the company contributes the ascertained liability to the Life Insurance Corporation of India which administers the contributions and makes the payment at retirement, death or incapacitation of employment to employee.

13. The Company provides current tax based on the provisions of the Income Tax Act applicable to it. Timing differences between book profit and taxable profit is accounted as deferred tax. Deferred Tax Asset, if any, is recognized considering prudence.

14. Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

15. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged for when an asset is identified as impaired.

16. Provisions are recognized in terms of Accounting Standard 29 - 'Provisions, Contingent Liabilities and Contingent Assets' (AS-29), notified by the Companies (Accounting Standards) Rules, 2006, when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where there reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. Contingent Assets are not recognized in the financial statements.

<b>SUMMARY AND COMPARISON OF SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE OF THE COMPANY</b>								
<b>EXPENDITURE</b>	<b>Six Months Ended 30.09.2009</b>		<b>Year Ended 31.03.2009</b>		<b>Year Ended 31.03.2008</b>		<b>Year Ended 31.03.2007</b>	
	<b>Amt.</b>	<b>Percent</b>	<b>Amt.</b>	<b>Percent</b>	<b>Amt.</b>	<b>Percent</b>	<b>Amt.</b>	<b>Percent</b>
Sales (Net)	3,003.90	98.61	5,996.57	99.11	4,283.57	98.84	3,801.23	99.31
Other Income	42.39	1.39	54.00	0.89	50.06	1.16	26.34	0.69
<b>Total Income</b>	<b>3,046.28</b>	<b>100</b>	<b>6,050.57</b>	<b>100</b>	<b>4,333.64</b>	<b>100</b>	<b>3,827.57</b>	<b>100</b>
Purchase of Traded Goods	-		-		3.91	0.09	2.58	0.07
Cost of Construction (Supply & Erection)	2,312.76	75.92	4,683.88	77.41	3,287.00	75.85	3,101.80	81.04
Personnel Expenses	347.74	11.42	606.52	10.02	513.25	11.84	308.13	8.05



Selling, Administration and other Expenses	58.07	1.91	110.20	1.82	85.81	1.98	84.38	2.20
<b>Total</b>	<b>2,718.57</b>		<b>5,400.60</b>		<b>3,889.97</b>		<b>3,496.89</b>	
Depreciation	16.37	0.54	30.59	0.51	24.17	0.56	12.69	0.33
Interest & Finance Charges	52.11	1.71	123.21	2.04	77.49	1.79	70.63	1.85
<b>Net Profit before Tax</b>	<b>259.22</b>	8.51	<b>496.16</b>	8.20	<b>342.01</b>	7.89	<b>247.36</b>	6.46
<b>Provision for Tax :-</b>								
Current Tax	88.50	2.91	165.45	2.73	128.00	2.95	100.01	2.61
Deferred Tax	(1.78)	(0.06)	(14.80)	(0.24)	(16.40)	(0.38)	(20.00)	(0.52)
Fringe Benefit Tax	-		6.43	0.11	6.29	0.15	3.65	0.10
<b>Net Profit as Restated</b>	<b>172.50</b>	5.66	<b>339.08</b>	5.60	<b>224.12</b>	5.17	<b>163.70</b>	4.28

(% is in relation to total income)

**A material part of the income of Raunaq International Limited is dependant upon a few major customers.**

Raunaq International Limited gets its business through competitive bidding process, and being a power centric company the major part of business comes from the power companies which are relatively low in number in the country. Therefore, Company is dependent on a few numbers of customers. The top 6 clients and their respective contribution in the company's turnover are as under.

S.No.	Name	Turnover Contribution (in Rs. Lacs) April 08 to March 09
1.	Reliance Infrastructure Ltd. (Earlier known as Reliance Energy Ltd.)	1650.34
2.	Utility Energy Tech and Engineers Pvt. Ltd.	1340.74
3.	Hindustan Zinc Limited	1225.50
4.	Jindal Steel and Power Limited	562.9
5.	Bharat Aluminum Company Limited	245.9
6.	National Thermal Power Corporation Limited	99.93
	<b>Total</b>	<b>5125.31</b>

The above figures are exclusive of treatment for decrease in WIP – Contracts/inventory.

**The company has no foreign customers.**

**Raunaq International Limited has not followed any unorthodox procedure for recording sales and revenues.**

**Details of the nature of miscellaneous income and miscellaneous expenditure for the interim period and the preceding years.**

The miscellaneous income of the company constitutes interest income on Fixed Deposits and income on scrap sale.



## **COMPARISON OF FIGURES OF THE MAJOR HEADS OF THE PROFIT AND LOSS STATEMENT, INCLUDING AN ANALYSIS OF REASONS FOR THE CHANGES IN SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE**

### **Audited Accounts For the six months ended September 30, 2009.**

#### **Sales (Net)**

The Net Sales for the six months ended September 30, 2009 was Rs. 3003.90 lacs. It accounted for 98.61% of the total income.

#### **Other Income**

The other income for the six months ended September 30, 2009 was Rs. 42.39 lacs. It accounted for 1.39% of the total income.

#### **Total Income**

The total income for the six months ended September 30, 2009 was Rs. 3046.28 lacs.

#### **Cost of Construction**

The cost of construction for the six months ended September 30, 2009 was Rs. 2312.76 lacs. It accounted for 75.92% of the total income.

#### **Personnel Expenses**

The personnel expenses for the six months ended September 30, 2009 was Rs. 347.74 lacs. It accounted for 11.42% of the total income.

#### **Selling, Administrative & Other Expenses**

The selling, administration & other expenses for the six months ended September 30, 2009 was Rs. 58.07 lacs. It accounted for 1.91% of the total income.

#### **Depreciation**

The Depreciation for the six months ended September 30, 2009 was Rs. 16.37 lacs. It accounted for 0.54% of the total income.

#### **Interest & Finance Charges**

The interest & finance charges for the six months ended September 30, 2009 was Rs. 52.11 lacs. It accounted for 1.71% of the total income.

#### **Profit before Tax**

The profit before tax for the six months ended September 30, 2009 was Rs. 259.22 lacs. It accounted for 8.51% of the total income.

#### **Profit after Tax**

The profit after tax for the six months ended September 30, 2009 was Rs. 172.50 lacs. It accounted for 5.66% of the total income.

### **COMPARISON OF FY 2009 WITH FY 2008 – REASONS FOR VARIANCE**

#### **Sales (Net)**

The Net Sales accounted for Rs. 5996.57 lacs during the year 2008-09 as compared to Rs. 4283.57 lacs during the year 2007-08 and increased by 39.99%. The increase in turnover is mainly attributable to the good order booking and timely execution of the contracts. It accounted for 99.11% of the total income in the FY 2008-09 as against 98.84% of 2007-08.

#### **Other Income**

The income from other sources accounted for Rs. 54 lacs during the year 2008-09 as compared to Rs. 50.06 lacs during the year 2007-08 and increased by 7.86%. It accounted for 0.89% of the total income in the FY 2008-09 as against 1.16% of 2007-08.

#### **Total Income**

The total income of the company was Rs. 6050.57 lacs in F.Y. 2008-09 as compared to Rs. 4333.64 lacs in F.Y. 2007-08.



### **Cost of Construction**

Cost of construction accounted for Rs. 4683.88 lacs during the year 2008-09 as compared to Rs. 3287 lacs during the year 2007-08 and increased by 42.50%. It accounted for 77.41% of the total income in the FY 2008-09 as against 75.85% of 2007-08. The increase in cost of construction was due to corresponding increase in sales volume.

### **Personnel Expenses**

The personnel expenses accounted for Rs. 606.52 lacs during the year 2008-09 as compared to Rs. 513.25 lacs during the year 2007-08 and increased by 18.17%. It accounted for 10.02% of the total income in the FY 2008-09 as against 11.84% of 2007-08. The increase in personnel expenses was due to corresponding increase in sales volume.

### **Selling, Administrative & Other Expenses**

The Selling, Administrative & Other Expenses accounted for Rs. 110.20 lacs during the year 2008-09 as compared to Rs. 85.81 lacs during the year 2007-08 and increased by 28.42%. It accounted for 1.82% of the total income in the FY 2008-09 as against 1.98% of 2007-08. The increase in Selling, Administration & other expenses was due to corresponding increase in sales volume.

### **Depreciation**

Depreciation accounted for Rs. 30.59 lacs during the year 2008-09 as compared to Rs. 24.17 lacs during the year 2007-08 and increased by 26.60%. It accounted for 0.51% of the total income in the FY 2008-09 as against 0.56% of 2007-08.

### **Interest & Finance Charges**

Interest and finance charges accounted for Rs. 123.21 lacs during the year 2008-09 as compared to Rs. 77.49 lacs during the year 2007-08 and increased by 59%. It accounted for 2.04% of the total income in the FY 2008-09 as against 1.79% of 2007-08. The increase in Interest & Finance charges was due to corresponding increase in sales volume.

### **Profit before Tax**

Profit before Tax accounted for Rs. 496.16 lacs during the year 2008-09 as compared to Rs. 342.01 lacs during the year 2007-08 and increased by 45.07%. It accounted for 8.20% of the total income in the FY 2008-09 as against 7.89% of 2007-08.

### **Profit after Tax**

Profit after Tax accounted for Rs. 339.08 lacs during the year 2008-09 as compared to Rs. 224.12 lacs during the year 2007-08 and increased by 51.30%. It accounted for 5.60% of the total income in the FY 2008-09 as against 5.17% of 2007-08.

## **COMPARISON OF FY 2008 WITH FY 2007 – REASONS FOR VARIANCE**

### **Sales (Net)**

The Net Sales accounted for Rs. 4283.57 lacs during the year 2007-08 as compared to Rs. 3801.23 lacs during the year 2006-07 and increased by 12.69%. The increase in turnover is mainly attributable to the good order booking and timely execution of the contracts. It accounted for 98.84% of the total income in the FY 2007-08 as against 99.31% of 2006-07.

### **Other Income**

The income from other sources accounted for Rs. 50.06 lacs during the year 2007-08 as compared to Rs. 26.34 lacs during the year 2006-07 and increased by 90.06%. It accounted for 1.16% of the total income in the FY 2007-08 as against 0.69% of 2006-07.

### **Total Income**

The total income of the company was Rs. 4333.64 lacs in F.Y. 2007-08 as compared to Rs. 3827.57 lacs in F.Y. 2006-07.

### **Cost of Construction**

Cost of construction accounted for Rs. 3287 lacs during the year 2007-08 as compared to Rs. 3101.80 lacs during the year 2006-07 and increased by 5.97%. It accounted for 75.85% of the total income in the FY 2007-08 as against 81.04% of 2006-07. The increase in cost of construction was due to corresponding increase in sales volume.



### **Personnel Expenses**

Personnel Expenses accounted for Rs. 513.25 lacs during the year 2007-08 as compared to Rs. 308.13 lacs during the year 2006-07 and increased by 66.57%. It accounted for 11.84% of the total income in the FY 2007-08 as against 8.05% of 2006-07. The increase in personnel expenses was due to corresponding increase in sales volume.

### **Selling, Administrative & Other Expenses**

Selling, Administrative & Other Expenses accounted for Rs. 85.81 lacs during the year 2007-08 as compared to Rs. 84.38 lacs during the year 2006-07 and increased by 1.70%. It accounted for 1.98% of the total income in the FY 2007-08 as against 2.20% of 2006-07. The increase in selling, administration & other expenses was due to corresponding increase in sales volume.

### **Depreciation**

Depreciation accounted for Rs. 24.17 lacs during the year 2007-08 as compared to Rs. 12.69 lacs during the year 2006-07 and increased by 90.45%. It accounted for 0.56% of the total income in the FY 2007-08 as against 0.33% of 2006-07.

### **Interest & Finance Charges**

Interest & Finance Charges accounted for Rs. 77.49 lacs during the year 2007-08 as compared to Rs. 70.63 lacs during the year 2006-07 and increased by 9.71%. It accounted for 1.79% of the total income in the FY 2007-08 as against 1.85% of 2006-07. The increase in interest & finance charges was due to corresponding increase in sales volume.

### **Profit before Tax**

Profit before Tax accounted for Rs. 342.01 lacs during the year 2007-08 as compared to Rs. 247.36 lacs during the year 2006-07 and increased by 38.26%. It accounted for 7.89% of the total income in the FY 2007-08 as against 6.46% of 2006-07.

### **Profit after Tax**

Profit after Tax accounted for Rs. 224.12 lacs during the year 2007-08 as compared to Rs. 163.70 lacs during the year 2006-07 and increased by 36.90%. It accounted for 5.17% of the total income in the FY 2007-08 as against 4.28% of 2006-07.

### **Purchase**

Purchases of bought out items have been made during the year Rs. 394.93 Lacs. Nothing like bought out items has been purchased during F.Y. 2006-07

### **Raw Material Consumed**

Raw material consumption as a %age of total Income has increased from 23.33% in FY07 to 28.68% in FY08. The raw material consumption in FY08 increased to Rs.1500.59 lacs from Rs.776.09 lacs in FY07. This increase in raw material consumption is mainly on account of increase in production and increase in price of raw materials and usage of imported raw material which has gone up to 19.92 % .

### **Manufacturing Expenses**

Major heads under manufacturing expenses constitute Power & Fuel, Chemicals, Stores & Spares and Machine Repair & Maintenance. Power & Fuel costs cover a major portion of total manufacturing expenses. The manufacturing expenses as a %age of total income has reduced from to 28.34% (2007) to 24.90% (2008) and was Rs.1302.61 lacs in F.Y. 2008 as compared to Rs. 942.70 lacs in F.Y. 2007 due to overall effective cost measures.

### **Personnel Expenses**

The Personnel expenses basically consist of Salaries, Wages, Overtime, Bonus, Gratuity, and Contribution to employee benefit schemes and other related benefit. The personnel expenses in FY08 were Rs. 846.43 lacs as compared to Rs. 644.32 lacs in FY07. The %age decrease in the Personnel expenses to Total Income was from 19.37% (2007) to 16.18% (2008). This decrease in personnel expenses to total expenses is basically due to increase in production.

### **Administrative Expenses**

The administrative expenses as a percentage of total income has decreased from 4.08% (2007) to 3.59% (2008). The expenses in FY08 were Rs. 188.06 lacs as compared to Rs. 135.86 lacs in FY07. This decrease in expenses is mainly on account of increased sales.



### **Selling Expenses**

The selling expenses as a percentage of total income has decreased from 1.61% (2007) to 1.54% (2008). The expenses in FY08 were Rs. 80.62 lacs as compared to Rs. 53.67 lacs in FY07. This marginal decrease in expenses is mainly on account of increased sales

### **Depreciation**

Depreciation for FY08 was Rs. 94.01 lacs as compared to Rs. 79.38 lacs in FY07. Depreciation as a %age of total income during the year 2007-08 was 1.80% as compared to 2.39% during 2006-07. This increase in value is on account of addition in Plant and Machinery.

### **Interest & Finance Charges**

Interest and finance charges increased from Rs. 22.37 lacs in FY07 to Rs. 65.05 lacs in FY08. The finance charges as a %age of total income increased from 0.67% (2007) to 1.24% during 2008. This increase in finance cost was due to higher utilization of credit limits and increase in rate of interest by the bank.

### **Profit before Tax**

Profit Before Tax was Rs. 757.95 lacs in fiscal year 2008 as compare to 671.69 lacs in fiscal year 2007, the profit as percentage of total income has decreased from 20.19% (2007) to 14.49% (2008) due to increase in raw material cost.

### **Profit after tax**

The profit after tax was Rs. 489.45 lacs in fiscal year 2008 as compared to profit after tax of Rs. 456.23 lacs in fiscal year 2007. The profit after tax as a percentage of total income marginally decreased from 13.71% in fiscal year 2007 to 9.36% during 2008.

## **REVIEW OF FINANCIAL POSITION**

### **Fixed Assets**

Fixed assets comprised mainly of land, building, plant and machinery, electrical installation, generator, vehicle, office equipment, furniture & fixture and computers.

### **Current Assets**

Current assets consist of inventories, debtors, cash and bank balances, and loans and advances. Current assets have generally increased in line with the Operation of the Company's business activities. Total Current assets as at the year ended on 31.3.2008 was Rs. 3374.98 lacs as compared to Rs. 1972.37 lacs as at 31.3.2007.

### **Current Liabilities and Provisions**

Current liabilities comprise sundry creditors against goods, expenses payable, other payables, provisions for gratuity and leave encashment. Current liabilities and provisions as at fiscal year ended 2008 was Rs. 1709.88 lacs as compared to Rs. 1414.05 lacs as at the fiscal year ended 2007.

### **Non-Current Liabilities**

Non-current liabilities as at 31.3.2008 were Rs. 873.85 lacs as compared to 406.41 lacs at Fiscal year ended on 31.3.2007. The increase is mainly due to increase in long-term secured loans.

### **Net Worth**

Net worth as at 31-03-2008 was Rs. 2583.48 as compared to Rs. 2117.43 lacs at the end of the previous fiscal year 2007.

## **COMPARISON OF FY 2007 WITH FY 2006 – REASONS FOR VARIANCE**

### **Sales (Net of Excise Duty)**

The Net Sales accounted for Rs. 3162.34 lacs during the year 2006-07 as compared to Rs. 2955.35 lacs during the year 2005-06. It accounted for 95.06% of the total income in the FY 2007, and showed marginal increase of 7% in the FY 2007. The increased turnover in F.Y. 2006-07 was on account of better price.

### **Other Income**

The income from other sources showed a marginal increase from Rs. 92.41 lacs in fiscal year 2006 to Rs. 305.96 lacs in fiscal year 2007. The Other Income in fiscal year 2007 was higher due to Income from Sale of low grade bauxite.



### **Total Income**

The Company registered an increase of about 5.67% in its total income for the FY 2007 compared to the previous year on account of increased sales in the F.Y. 2006-07. The total Income of the Company was Rs. 3326.64 lacs in fiscal year 2007 as compared to Rs. 3148.06 lacs in fiscal year 2006.

### **Raw Material Consumed**

Raw material consumption as a %age of total Income has slightly increased from 23.09% in FY06 to 23.33% in FY07. The raw material consumption in FY07 increased to Rs. 776.09 lacs from Rs. 726.95 lacs in FY06. This increase in raw material consumption is mainly on account of increased price.

### **Manufacturing Expenses**

Major heads under manufacturing expenses constitute Power & Fuel, Chemicals, Stores & Spare and Machine Repair & Maintenance. Power & Fuel costs cover a major portion of total manufacturing expenses. The manufacturing expenses as a %age of total income has reduced from 31.82% (2006) to 28.34% (2007) due to effective cost control measures, resulting in decrease from Rs. 1001.65 lacs in FY06 to Rs. 942.70 lacs in FY07.

### **Personnel Expenses**

The Personnel expenses basically consist of Salaries, Wages, Overtime, Bonus, Gratuity, and Contribution to employee benefit schemes and other related benefit. The personnel expense in FY07 was Rs. 644.32 lacs as compared to Rs. 570.71 lacs in FY06. The %age increase in the Personnel expenses to Total Income was from 18.13% (2006) to 19.37% (2007). This increase in personnel expenses to total expenses is basically due to annual increase in wages.

### **Administrative Expenses**

The administrative expenses as a percentage of total income has decreased from 4.38% (2006) to 4.08% (2007). The expense in FY07 was Rs. 135.86 lacs as compared to Rs. 137.93 lacs in FY06.

### **Selling Expenses**

The selling expenses as a percentage of total income has increased from 1.59% (2006) to 1.61% (2007). The expenses in FY07 were Rs. 53.67 lacs as compared to Rs. 50.11 lacs in FY06.

### **Depreciation**

Depreciation for FY07 was Rs. 79.38 lacs as compared to Rs. 84.01 lacs in FY06. Depreciation as a %age of total income during the year 2006-07 was 2.39% as compared to 2.67% during 2005-06.

### **Interest & Finance Charges**

Interest and finance charges increased from Rs. 17.18 lacs in FY06 to Rs. 22.37 lacs in FY07. The finance charges as a %age of total income increased from 0.54% (2006) to 0.67% during 2007 due to change in rate of interest.

### **Profit before Tax**

Profit before Tax increased from Rs. 559.29 lacs in fiscal year 2006 to 671.69 lacs in fiscal year 2007 and as % of total income increased from 17.77% (2006) to 20.19% (2007), mainly due to increased selling price, reduction in manufacturing expenses by optimum utilization of resources like power, fuel, water and manpower.

### **Profit after tax**

The profit after tax was Rs. 456.23 lacs in fiscal year 2007 as compared to profit after tax of Rs. 360.62 lacs in fiscal year 2006. The profit after tax as a percentage of total income increased from 11.46% in fiscal year 2006 to 13.71% during 2007. This was largely due to the reversal of deferred tax provision.

## **REVIEW OF FINANCIAL POSITION**

### **Fixed Assets**

Fixed assets comprised mainly of land, building, plant and machinery, electrical installation, generator, vehicle, office equipment, furniture & fixture and computers.



### **Current Assets**

Current assets consist of inventories, debtors, cash and bank balances, and loans and advances. Current assets have generally increased in line with the Operation of the Company's business activities. Total Current assets as at the year ended on 31.3.2007 was Rs. 1972.37 lacs as compared to Rs. 1743.76 Lacs as at 31.3.2006.

### **Current Liabilities and Provisions**

Current liabilities comprise sundry creditors against goods, expenses payable, other payables, provisions for gratuity and leave encashment. Current liabilities and provisions as at Fiscal Year ended 2007 was Rs. 1414.05 lacs as compared to Rs. 689.00 lacs as at the Fiscal Year ended 2006.

### **Non-Current Liabilities**

Non-current liability as at 31.3.2007 was Rs. 406.41 lacs as compared to 464.36 lacs at Fiscal year ended on 31.3.2006. The decrease is mainly due to lesser utilization of credit facilities, secured loans & unsecured loans.

### **Net Worth**

Net worth increased by Rs. 456.23 lacs during the fiscal year ended on 31.3.2007 to reach a level of Rs. 2117.43 lacs, as compared to Rs. 1661.20 lacs at the end of the previous fiscal year 2006.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company depends on both internal and external sources of liquidity to fund working capital and capital expenditure. The Company has traditionally funded the working capital requirements and capital expenditures from internally generated funds, unsecured loans and debt financing. In respect of the debt funding of working capital, project or capital expenditure the Company uses cash credit limits from AXIS bank. The Company has also entered into long term borrowings in the form of term loans from AXIS Bank which has been in Rupees and has proposed dividend @ 50% for the Year 2008-09.

### **Dividend**

The Company has declared and paid dividend @ 25% during the year 2008 provided in the statement of dividend paid on page no 80 of this Draft Letter of Offer.

### **Declaration by the Issuer**

There are no changes in the activities of the issuer Company which may have a material impact on the statement of profits/losses for the five years including discontinuance of lines of business, loss of agencies or markets and similar factors.

### **Discussion of other aspects as mandated by SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.**

- (a) **Unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc.**

Nil

- (b) **Significant economic changes that materially affected or are likely to affect income from continuing operations;**

Nil

- (c) **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations;**

The Company faces margin pressure as a significant number of our power infrastructure-related contracts and projects are awarded by the Government of India and State governments through competitive bidding processes. Growing competition may adversely affect our competitive position and our profitability.



- (d) **Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known;**

The input costs of the Services of the Company may increase due to various reasons. In case the Company is not able to pass on such increase to its customers because of competition or otherwise, it may affect the profitability of the Company. The main input used in the providing our services are steel and manpower. The inputs cost accounts for more than 60% percent of the net sales of our Company. Prices of inputs may tend to remain very volatile. The prices of inputs we purchase from our suppliers may fluctuate due to changes in demand and supply conditions for these inputs in the markets. In the event of any significant increase in the prices of these inputs and if we are unable to pass on fully such increase in the prices to our customers, our profitability will be adversely affected. If we are unable to ensure adequate and timely supply of inputs our Project Execution plans would be adversely affected impacting our profitability adversely.

- (e) **Details of the extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices;**

This has been covered in the Comparison of figures of the major heads as mentioned on page [●] above.

- (f) **Details of the total turnover of each major industry segment in which the issuer operated;**

Raunaq International Limited operated in only one industry segment. For details of the turnover, kindly refer to page [●].

- (g) **Details of status of any publicly announced new products or business segment;**

Nil

- (h) **Details of the extent to which business is seasonal;**

Nil

- (i) **Details of significant dependence on a single or few suppliers or customers;**

The Company is not dependent on a single or few suppliers for supply of materials. The major suppliers and the respective purchases made from them are as under:

<b>Supplier(s)</b>	<b>April 08 to March 09 (Rs. in lacs)</b>
Surya Roshni Limited	793.94
Steel Authority of India Limited	192.92
Welspun Gujarat Stahl Rohren Ltd	124.88
Ratnamani Metals and Tubes Limited	75.66
Steel Strong Valves India Pvt. Limited	28.48

- (j) **Competitive conditions.**

The competitive strength of the Company is also dependant upon the availability and efficiency of its labour force. The management-labour relations are cordial and the Company has not experienced any labour trouble in the past.

The Company faces competition from companies who may operate on a larger scale than us and so may be able to achieve better economies of scale than us. As a result, the Company's financial results and business prospects may be adversely affected.



We face intense competition from domestic Companies and if we are unable to compete vigorously and effectively in the our business, or if we are unwilling or unable to commit additional resources in order to compete effectively, business and its results of operations could be adversely affected.

Significant additional competition in the markets where we sell products may see market share eroded and further reduction in prices will negatively affect our revenues and profitability.



## SECTION VI- LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below:

1. There are no outstanding litigation suits, criminal or civil, involving economic offences or proceeds or tax liability or of any other nature whatsoever against our Company, its Promoters, Group Companies and our Directors that would have material adverse effect on our Business.
2. There are no overdue, defaults to the Financial Institutions/Banks, Re-Scheduling of loans to Banks/Financial Institutions by the Company. There are no pending offences of non-payment of statutory dues by the promoters, group companies, Directors of the Company.
3. There are no cases of litigation pending against the Company or against any other Company whose outcome could have a materially adverse effect on the position of the Company. There are no pending litigations against the promoters/directors in their personal capacities and also involving violation of statutory regulations or criminal offences. There are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and firms promoted by the promoters.
4. There are no outstanding litigation, defaults etc., pertaining to matters likely to affect the operations and Finances of the Company including disputed tax liability, prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956.
5. There is no litigation outstanding against the promoters/Directors in their personal capacity. The Company, its promoters and other companies with which promoters are associated have neither been suspended by SEBI nor any disciplinary action has been taken by SEBI other than those mentioned above.
6. There are no past cases in which penalties were imposed by the concerned authorities on the Company or its directors.

#### **(1) Outstanding litigations involving Raunaq International Limited:**

1. Litigations against the issuer or against any other company whose outcome could have a materially adverse effect of the position of the issuer.

##### **(i) ENERGO ENGG. PROJECT (P) LTD. VS. RIL- Pending in District Court, Delhi**

M/s Energo Engg. Projects (P) Ltd. has filed a suit for recovery of Rs. 197792 against us on the allegation that they offered to work for a sleeve coupling for the Chandrapur Ash Disposal Line Project of the value of Rs. 3106000. They claimed that for a value of work done, a sum of Rs. 129600 has not been paid to them. Thereafter, they filed a summary suit for Rs. 197792 inclusive of interest. The Company filed its application for leave to defend the suit and the said application was allowed by the Court and the suit was converted into an ordinary suit. The Company filed its written statement and after completion of pleadings, the issues were framed. Thereafter, their suit was dismissed in default due to non appearance. They moved an application for restoration. The suit was restored and is now fixed for their evidence.

**Present Status-** 07.01.2010 has been fixed as the date for cross-examination of their witnesses. The opposition has to file their evidence by way of Affidavit before the day of the hearing.

**Amount Involved** – Rs. 197792.

If the Company eventually loses the appeal it may have to pay an amount of Rs. 197792.

##### **(ii) RIL VS. MINI SEA FOOD - Pending in Honourable Supreme Court of India**



The Company entered into an agreement with M/s. Mini Sea Food on 08.03.1977 to grant credit facility against stock of frozen and peeled shrimps and made an advance of Rs. 198692.51. However, the party exported a part quantity and only Rs. 126528.38 was realized. The remaining quantity, against which advance was made, was disposed off by M/s Mini Sea food. This resulted in a balance of Rs. 72164.73 for the remaining quantity of the Stock. A criminal complaint was filed by the Company but the same was quashed by the High Court on the ground that the transaction was in the nature of a Commercial Transaction. As per the agreement an application was made to the Delhi High Court to refer the dispute/differences arising out of this agreement for arbitration, as the agreement jurisdiction was vested in the concerned Court at Delhi. The Court decided the case in our favour. However, the other party went to Honourable Supreme Court of India in appeal by filing a Special Leave Petition and obtained an Ex- parte stay of proceedings before the arbitrator.

**Present Status** – The matter is pending adjudication.

**Amount Involved** - Rs. 179800

If the Company eventually loses the appeal it may have to forego an amount of Rs. 179800.

**(iii) RAMAN IRON FOUNDRY VS. RIL - PENDING IN CITY CIVIL COURT, MATHURA.**

The Company placed an order dated 06.09.1983 on the M/s Raman Iron foundry for supply of "G" bolts. The party supplied the goods but delivery of the same was not taken by the Company as the goods were not of acceptable quality. M/s Raman Iron foundry filed the present suit before the City Civil Court, Mathura on 22.05.1984 for recovery of Rs. 21663 on account of cost of goods supplied and its transportation charges.

The Company raised as objection regarding the maintainability of the suit on the ground of lack of territorial jurisdiction. The preliminary objection was decided against us on 02.04.1986.

**Present Status**– The proceedings have been adjourned sine-die in view of order of the High Court.

**Amount Involved**- Rs.21663

If the Company eventually loses the suit it may have to pay an amount of Rs. 21663 with interest.

**(iv) RIL VS. RAMAN IRON FOUNDRY - PENDING IN ALLAHABAD HIGH COURT**

As mentioned in the previous case, on 02.04.1986 the Civil Judge of Mathura rejected the preliminary objection filed by the Company, regarding territorial jurisdiction of the court to try the case filed by M/s. Raman Iron Foundry against the Company.

The Company filed a Revision Petition against the said order on 11.07.1986. The High Court vide order dated 20.10.86 admitted the Company's revision petition and stayed the proceedings in the suit till the disposal of the revision.

**Present Status**- The date of final hearing has not yet been fixed by the Court.

**Amount Involved**- Rs.21663

If the Company eventually loses the principal suit it may have to pay an amount of Rs. 21663 with interest.

**(v) RAUNAQ INTERNATIONAL LIMITED VS. COMMISSIONER OF CENTRAL EXCISE, LUCKNOW- Pending before the CESTAT, New Delhi.**



The Company had been awarded the contract by National Thermal Power Corporation Limited for supply of "Low Pressure Piping Package" comprising of Design, Engineering, Packing and Forwarding and supply at Feroze Gandhi Unchahar TPP-Unchahar Stage-II. The Company entered into a contract with M/s Varshney Engineers & Erectors for transportation, rolling, welding of "Spool" out of MS Plate. The Excise Department issued the Show Cause Notice to the Company. The Company filed its reply to the said Show Cause Notice. The Addl. Commissioner, Central Excise, Lucknow vide order dated 18.11.2004 confirmed demand of Rs. 2263487 plus equal amount of penalty upon the Company. The said order was challenged by the Company before the Commissioner (Appeals), Lucknow. The Commissioner (Appeals), Lucknow vide its order dated 31.01.2005 dismissed the appeal of the Company. The Company filed an appeal before the Central Excise and Service Tax Appellate Tribunal, New Delhi against the Order dated 31.01.2005 passed by the Commissioner of Central Excise, Lucknow.

**Present Status-** The matter is pending in appeal with Central Excise and Service Tax Appellate Tribunal, New Delhi.

**Amount Involved -** Excise Duty of Rs. 2263487 and penalty of Rs. 2263487 totaling Rs. 4526974.

If the Company eventually loses the appeal it may have to pay an amount of Rs. 4526974.

2. Litigations against the Directors of RIL involving violation of statutory regulations.

NIL

3. Litigations against the Directors of RIL alleging criminal offence.

NIL

4. Any criminal prosecution against the Directors of RIL for any litigation towards tax liabilities.

NIL

5. Any civil prosecution against the Directors of RIL for any litigation towards tax liabilities.

NIL

6. Pending proceedings initiated for economic offences against the issuer.

NIL

7. Pending proceedings initiated for economic offences against the Directors of RIL.

NIL

8. Adverse findings, if any, in respect of the issuer as regards compliance with the securities laws.

NIL

9. The details of the past cases in which penalties were imposed by the authorities concerned on the issuer.

NIL

10. The details of the past cases in which penalties were imposed by the authorities concerned on the Directors of RIL.

NIL



11. Outstanding litigations, defaults, etc. pertaining to matters likely to affect operations and finances of the issuer, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956) etc.

## **INCOME TAX**

### **2000-01**

Appeal of the Income Tax Department is admitted by the ITAT vide order dated. 07.10.05. Income Tax demanded is Rs. 85,356. Raunaq International Limited has preferred an appeal before the Delhi High Court. Appeal is admitted on question of law and is pending adjudication.

### **2003-04**

Assessing Officer had made an addition of Rs. 97,565 in respect of car expenses and telephone expenses and created an additional demand Income Tax of Rs. 38,296. CIT (A) has dismissed our appeal vide order dtd.26.11.07. We have preferred an appeal before ITAT on 04.02.08 which is pending. The Company has filed an application before ITAT u/s 158A that whatever decision of High Court in 2001-02, may be followed in the present case too.

### **2004-05**

The assessment has been completed. Income Tax demanded is Rs. 30,016. CIT (A) dismissed our appeal on 03.01.08 and we have preferred an appeal before ITAT on 04.03.08 which is pending adjudication.

## **SALES TAX**

**NALCO-ANGUL:** Company's sales tax cases for 1984-85 and 1986-87 in which there is an additional demand of Rs. 8,84,021 is pending disposal before Sales Tax Tribunal at Cuttack.

The main dispute involved in these cases is denial of set off benefit for Local Tax paid goods and customer issue materials like cement and steel. Further, CST purchases made against 'C' Form and used in the job, have also not been allowed as deduction.

**MSEB-Chandrapur:** Against the Sales Tax order of STO Chandrapur for the Assessment Year 1990-91 and 1991-92, the Company filed appeal before Asstt. Commissioner of Sales Tax Appeal, Amaravati, who vide his order passed on 30.09.96 had given partial relief in respect of interest levied under Section 36(3) (b) by allowing remission of Rs. 20,000 and had directed to recover the outstanding balance of tax and interest amounting to Rs. 5,06,999 (Rupees 2,40,606+Rs. 2,66,393). Against this order the Company had filed second appeal before Maharashtra Sales Tax Appellate Tribunal, Mumbai. The case is pending in Tribunal for disposal.

The Company's main grounds for appeal before Tribunal relates to error in taxing the value of materials supplied by the contractee and also as to taxing of goods purchased from registered dealers in the state and used in the execution of works contract amounts to double taxation.

Except for the cases mentioned earlier in this section, there are no other outstanding litigations, defaults, etc. pertaining to matters likely to affect operations and finances of the issuer.

12. The information regarding pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences or civil offences (including the past cases, if found guilty), any disciplinary action taken by the Board or stock exchanges against the issuer.

**NIL**



13. The information regarding pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences or civil offences (including the past cases, if found guilty), any disciplinary action taken by the Board or stock exchanges against the Directors of RIL.

**NIL**

14. The name(s) of the small scale undertaking(s) or any other creditors to whom the issuer owes a sum exceeding Rs. One Lac which is outstanding more than thirty days.

<b>S. NO</b>	<b>NAME OF THE PARTY</b>	<b>AMOUNT (RS.)</b>
1	RAJ KUMAR CONTRACTOR	2011405
2	RUSTECH PRODUCTS PVT.LTD.	1395424
3	E B REDDY ENGINEERS & BUILDERS	1279925
4	SHRI NARAYAN CONSTRUCTION CO.	919410
5	K.S.ENGINEERING	657429
6	RAJIV ENTERPRISES	621564
7	CHATTARAJ ENTERPRISES	600000
8	VIJAY CONSTRUCTION	491270
9	CEE KAY ASSOCIATES	369150
10	TMC ASSOCIATES	332780
11	DINESH ENGINEERING & CO.	311230
12	JAYPEE PROJECTS LTD	286061
13	SANGHI ENGINEERS	268368
14	MECHHOON ENGINEERS	231343
15	DHANURJAYA KHARA	215005
16	SANTOSH COMMERCIAL CO.	207519
17	A RAHAMAN FABRICATORS	201135
18	WESTERN WORKCHEM	200216
19	SHANKAR BROS	200000
20	S P SINGH	182798
21	INTEGRATED WATER PROOFING TREATMENT	170932
22	KING ENTERPRISE	163041
23	ELITE CONSTRUCTIONS	160614
24	NK UNITECH PVT LTD	153259
25	M MANIMARAN	150957
26	VARSHNEY ENGINEERS	146360
27	BHOGILAL PATEL	145637
28	LLOYD INSULATION INDIA LTD	145233
29	CTS PVT LTD	134270
30	AMAN CONSTRUCTION	120824
31	ALLIED ENGINEERS	120000
32	STEEL CENTRE	100231
	<b>TOTAL</b>	<b>12693390</b>

15. Outstanding litigations, defaults, etc. pertaining to matters likely to affect operations and finances of the subsidiaries of the issuer, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956) etc.

NIL



**(2) Outstanding litigations involving the promoter and group companies:**

- (A) All pending litigations in which the promoters are involved  
NIL
- (B) List of all defaults to the financial institutions or banks by Promoters  
NIL
- (C) List of all defaults to the financial institutions or banks by Group Companies  
NIL
- (D) List of all non-payment of statutory dues by Promoters  
NIL
- (E) List of all non-payment of statutory dues by Group Companies  
NIL.
- (F) List of all dues towards instrument holders such as debt instrument holders, fixed deposits and arrears on cumulative preference shares by Promoters  
NIL
- (G) List of all dues towards instrument holders such as debt instrument holders, fixed deposits and arrears on cumulative preference shares by Group Companies  
  
In Bharat Gears Limited: 208500 10% Cumulative Redeemable Non Convertible Preference of Rs. 100 each are pending for payment in two installments on 31<sup>st</sup> March, 2011 and 31<sup>st</sup> March 2012.
- (H) List of proceedings initiated for economic offences or civil offences (including the past cases, if found guilty) by Promoters.  
NIL
- (I) List of proceedings initiated for economic offences or civil offences (including the past cases, if found guilty) by Group Companies  
NIL
- (J) List of all disciplinary action taken by the Board or recognized stock exchanges against the promoters and group companies



NIL

- (K) List of cases of pending litigations, defaults, etc. in respect of group companies with which the promoters were associated in the past but are no longer associated, in case their name(s) continue to be associated with the particular litigation(s).

NIL

- (L) List of past and present litigations/ defaults/ over dues or labour problems/ closure etc., faced by the group companies.

## **BHARAT GEARS LIMITED**

### **CIVIL CASES:**

**1. In the matter of Sant Ram Bhadana vs. M/s. Bharat Gears Limited, pending before Civil Judge (Sr. Div), Faridabad.**

A case was filed by the plaintiff seeking permanent Injunction against the defendants, namely, M/s Bharat Gears Limited and M/s Arya Pratinidhi Sabha. The plaintiff pleaded that he is in possession of land measuring about one acre. The suit petition was dismissed by Civil Judge (Jr. Division) as the suit land undisputedly belongs to the defendants. The plaintiff filed an appeal against this order, which was allowed by the Additional District Judge, Faridabad and impugned order of the Civil Judge, Junior Division, was set aside. Both the parties were directed to maintain status quo. Against the order of the Additional District Judge, Bharat Gears Limited filed an appeal in the High Court, Chandigarh to set aside the order passed by the lower appellate court. The appeal has been disposed off by the High Court, Chandigarh by directing the trial court to grant not more than three opportunities to the parties for producing their evidences and complete the trial preferably in a year.

**Present Status:** The matter is pending adjudication.

**Amount Involved:** The amount involved cannot be ascertained at this stage.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited .

**2. In the matter of Arya Pratinidhi Sabha Vs. M/s. Bharat Gears Limited, pending before Rent Controller, Faridabad**

M/s Universal Steel & Alloys Limited (Now merged with Bharat Gears Limited) had taken on lease rent a property from Arya Pratinidhi Sabha for a period of 99 years from the year 1981 at a yearly lease rent of Rs. 41250. The lessor has filed a petition, seeking order for eviction from property and has sought relief against non payment of rent. The petitioner has demanded a yearly rent of Rs. 150000 instead of the agreed amount of Rs. 41250.

M/s Bharat Gears Limited filed the written statement stating that the tenancy created in the present case is for a fixed period for 99 years and therefore grounds in the petition are not available to the petitioner, requisite rent has been paid to the Lessor, there are no arrears of rent and that the rent fixed as per the lease deed was Rs. 41250 per year and was never agreed at Rs. 150000 per year and also that the ground of sub-tenancy is not maintainable as land was originally leased to M/s Universal Steel & Alloys Limited which is now merged with Bharat Gears Limited.

Before, filing of the present petition the lessee used to pay rent as per the lease agreement. However, it pays only as per instructions given by the concerned court.

**Present Status:** The matter is pending adjudication.

**Amount Involved:** The amount involved cannot be ascertained at this stage.



There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**3. In the matter of Arya Pratinidhi Sabha vs. M/s. Bharat Gears Limited, pending before Shri Anubhav Sharma, Rent Controller Faridabad.**

M/s Universal Steel & Alloys Limited (Now merged with Bharat Gears Limited) had taken on lease rent a property from Arya Pratinidhi Sabha for a period of 99 years from the year 1971 at a yearly lease rent of Rs. 35000. The lessor has filed a petition, seeking order for eviction from property and has sought relief against non payment of rent. The petitioner has demanded a yearly rent of Rs. 300000 instead of the agreed amount of Rs. 35000.

M/s Bharat Gears Limited filed the written statement stating that the tenancy created in the present case is for a fixed period for 99 years and therefore grounds in the petition are not available to the petitioner, requisite rent has been paid to the Lessor, there are no arrears of rent and that the rent fixed as per the lease deed was Rs. 35000 per year and was never agreed at Rs. 300000 per year and also that the ground of sub-tenancy is not maintainable as land was originally leased to M/s Universal Steel & Alloys Limited which is now merged with Bharat Gears Limited.

Before, filing of the present petition the lessee used to pay rent as per the lease agreement. However, it pays only as per instructions given by the concerned court.

**Present Status:** The matter is pending adjudication.

**Amount Involved:** The amount involved cannot be ascertained at this stage.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**4. In the matter of M/s. Bharat Gears Limited Vs. Vijay Aggarwal, pending before Additional Session Judge, Faridabad.**

A complaint was filed by M/s Universal Steel & Alloys Limited (Now merged with Bharat Gears Limited) under Section 138 of the Negotiable Instruments Act, 1881 against Mr. Vijay Aggarwal. The learned magistrate convicted and sentenced Mr. Vijay Kumar Aggarwal, who filed an appeal which was dismissed by the Appellate Court, Faridabad.

Mr. Vijay Aggarwal filed a regular revision petition before the Hon'ble Punjab and Haryana High Court, Chandigarh. He filed another application under Section 461 (1) of the Code praying to declare the entire proceedings as null and void and also for refund of fine amount of Rs. 2,50,000. The trial court dismissed the application *qua* regular revision petition. Against which another revision petition was filed by the revisionist, which was dismissed by the Addl. Sessions Judge, Faridabad. The amount of Rs. 2,50,000 is deposited by the accused in the court, which has asked Bharat Gears Limited to furnish the security for releasing the amount in its favour.

**Present Status:** The matter is pending for filing surety papers in the Court for release of Rs. 2.5 lacs.

**Amount involved:** Rs. 2,50,000.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**5. M/s. Mukand Silicate Works filed an Application against under section 151 and 152 of Civil Procedure Code, in Faridabad District. & Sessions Court, in December, 2004 for correction/rectification of Decree Sheet, passed by the said Court in March, 2004.**

M/s. Mukund Silicate Works, filed a claim with Civil Court, for recovery of unpaid bills amounting to Rs.1,42,23.75 plus interest @ 18% from 15<sup>th</sup> December, 1987 onwards drawn on Universal Steel & Alloys Limited (USAL).



After the merger of USAL with Bharat Gears Limited (BGL), the matter was being dealt by BGL.

The lower court decided the case in favour of Mukund Silicate works, and the Company was ordered to pay a sum of Rs. 21,298 plus interest @ 12% p. a. along with the cost of the suit, vide a decree passed in 2002.

The company preferred an appeal in the Court of District & Sessions judge against the aforesaid decree/judgment of the lower court contending that the interest shall be payable w.e.f. 01/04/1998, the transfer date and not from the date of institution of the suit.

The District & Sessions Court dismissed the appeal, but modified the judgment stating that interest shall be payable on principal amount of Rs. 14,223.75 and not on decretal amount of Rs. 21,298 and the parties to bear their own costs vide its order dated 05/03/2004.

Against the aforesaid judgment of District & Sessions Court the Company filed a Revision Petition with the High Court of Punjab & Haryana, and also obtained a stay (interim order dated 24/09/2004) against the orders of Civil Court (Junior Division) and District & Sessions Court and deposited the decreed principal amount of Rs. 14,223.75 along with interest @ 12% p.a. from 01/04/1998 till 30/09/2004 with the District & Sessions Court, i.e. Rs. 24,157.75 after deducting a TDS of Rs. 1,161.00. M/s. Mukand Silicate Works filed an application in December, 2004 with the District & Sessions Court for rectification/correction of decree sheet. Reply to the said application is already filed, with the District & Sessions Court. Further, M/s. Mukand Silicate Works, has also filed a Revision Petition with the High Court of Punjab & Haryana in August, 2005. The High Court has admitted the said Revision Petition. The matter was last heard on 19/09/2005 and the interim order dated 24/09/2004 was extended till further orders. Further, M/s. Mukand Silicate Works has also filed an application with the High Court of Punjab & Haryana for vacation of the stay.

**Present Status:** The matter is pending adjudication.

**Amount Involved:** Rs. 24,157.75.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**6. In the matter of M/s. Bharat Gears Limited Vs. Bombay Auto & Bearing, pending before Mr. Yogesh Chaudhary, Judicial Magistrate of First Class, Faridabad.**

M/s Bharat Gears Limited filed a complaint under section 138 of the Negotiable Instrument Act, 1881 for recovery of cheque amounts of Rs. 5,77,555.90 and Rs. 143275.95 issued by M/s Bombay Auto & Bearing through its Karta, Shri Naresh Bagadia.

**Present Status:** The matter is pending adjudication.

**Amount Involved:** Rs. 720831.85.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**7. TE& R Suit No. 252/299 of 2000.**

This is an application filed by D. Drukker & Co. India Pvt. Limited in small causes court against Bharat Gears Limited for vacation of their flat C-62, Meherina Appt. Napean Sea Road, Mumbai.

The above suit was dismissed on merit by the trial court of small causes of Mumbai and against the said order the Appellants have filed the appeal which was on board on 14.10.2009 and the same stand adjourned to 08.01.2010 in the Court Room No. 4 at 11.00 a.m.

**Present Status:** The matter is pending adjudication.

**Amount Involved:** The amount involved cannot be ascertained at this stage.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.



## **B. LABOUR CASES:**

Following Cases have been filed by the following parties against Bharat Gears Limited in the labour courts at various places, claiming the reinstatement, continuity of service and back wages.

### **1. The Reference (IDA) No.315 of 2002, pending before the Labour Court at Thane.**

This is a Reference given by the Dy. Commissioner of Labour, Thane in respect of the demand raised by the Association of Engineering Workers (AEW) demanding reinstatement with full back wages and continuity of service with effect from 10/08/2001 of 16 employees, Shri. P. S. Dalvi and 15 others, who were working in the Supervisory Category- Executive Grade. The Company had terminated the services of about 40 to 45 executives vide letters dated 09/08/2001 as they had joined the Association of Engineering Workers and had engaged in coercive acts and unfair labour practices. Thereafter on tendering their apology majority of them, except 16, were allowed to resume the duties. 16 employees have raised the above demand through the AEW. It seems that after the demand during the Conciliation proceeding, 4 employees out of 16 were allowed to resume their duties on their request at the behest of the conciliation officer. One employee Mr. Kundanani T.U. has resigned and collected his legal dues under VRS. Hence presently the dispute is pertaining to 11 employees.

The Company has raised Preliminary Objection that these 11 employees are not 'workmen' as per Section 2(s) of the Industrial Disputes Act 1947 both the parties have filed the documents. The court had framed Preliminary Issue accordingly and had directed to the company to prove that these employees are not 'workmen'. Accordingly, the evidence of company had started on the 'workmen issue' by filing the Affidavit in lieu of examination in chief of Mr. P. Shridharan. However, thereafter on the basis of the application by the AEW, the Court has decided to decide all the issues together. Hence the evidence of concerned 11 employees was recorded and cross examination were completed. Presently, evidence of the Company's Managers is on. Depending upon the oral and documentary evidence and the main nature of duties and responsibilities of these 11 employees the Court will decide whether they are 'workmen' as per Section 2(s) of the Industrial Disputes Act 1947 or not.

If the Company succeeds in proving that all the 11 employees were not 'workmen' as per Section 2(s) of the I.D.Act, the whole reference will be rejected. If the court holds that the 11 employees or some of them are 'workmen' and then in that case those employees will succeed in the reference. If the employees succeed they will be eligible for reinstatement with continuity of service with full back wages from the date of termination of their services from 09/08/2001.

The Company needs to collect information and evidence regarding the present gainful employment of these employees to avoid payment of back wages, if they succeed. It seems the Company has taken steps in this regard.

**Present Status:** The matter is pending adjudication.

**Amount Involved:** The amount involved cannot be ascertained at this stage.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

### **2. The Reference (IDA) No.242 of 2002 pending before the Labour Court at Thane.**

This is a Reference made by the Dy. Commissioner of Labour on the basis of demand for reinstatement of 21 employees raised by the Association of Engineering Workers (AEW), who were working in the Supervisory Category and Executive Grade. It is the case of the Company that all the 21 employees have voluntarily resigned under the V.R.S. Scheme and collected their dues in full and final settlement on different dates and have encashed their cheques during May, June, July 2001 unconditionally. It is the case of the Union that the concerned employees that they were forced to resign and had withdrawn the resignation before their relieving but the same were not accepted by the Company. Hence, the union is alleging illegal termination of services of these employees on different dates.



The Company has raised Preliminary Objection that these 21 employees are not 'workmen' as per section 2(s) of the Industrial Disputes Act 1947. The court has framed Preliminary Issue accordingly and directed to company to prove that these employees are not 'workmen'. Accordingly the evidence of company's witnesses on the 'Workmen Issue' is completed. Thereafter the second party union has started the evidence of the concerned Ex-employees in support of their case. Depending upon the oral and documentary evidence and the main nature of duties and responsibilities of these 21 employees the court will decide whether they are 'workmen' as per section 2(s) of the Industrial Disputes Act 1947 or not. Both the parties have filed the documents and completed their examination and the matter kept for final argument. In the meanwhile the Company has filed an application for disposal of the reference, as the concerned ex- employees have not refunded the amount collected under the VRS / Resignation to continue with the said proceedings. The stage is for reply to the companies application and for final argument on 07.01.2010.

If the Company succeeds in proving that all the 21 employees were not 'workmen' as per Section 2(s) of the Industrial Dispute Act, the whole Reference will be rejected. Even if the Court holds that the 21 employees or some of them are 'workmen' then also Company has a good chance of succeeding in the case as these employees have submitted resignation under V.R.S. and collected and enjoyed the legal dues. However, if the employees succeed they will be eligible for reinstatement with continuity of service with full back wages from the date of termination of their services.

The Company needs to collect information evidence regarding the present gainful employment of these employees to avoid payment of back wages, if they succeed.

**Present Status:** The matter is pending adjudication.

**Amount Involved:** The amount involved cannot be ascertained at this stage.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**3. Complaint (ULP) No.100 of 2008: Association of Engineering workers Vs. Bharat Gears Ltd. pending before Industrial Court, Thane.**

Association of Engineering workers (AEW) has filed the complaint seeking order against the Company not to negotiate with other unions.

The Management of the Company is strongly opposing the complaint as the AEW does not have among its ranks any workmen of the Company as its members.

Interim Relief Application has been disposed off matter is fixed for filing written statement.

**Present Status:** The matter is pending adjudication.

**Amount Involved:** The amount involved cannot be ascertained at this stage.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**4. Complaint (ULP) No.101 of 2008: Bharatiya Kamgar Karmachari Mahasangh Vs. Bharat Gears Ltd. & others, pending before Labour Court at Thane.**

BKKM has filed this complaint on behalf of 5 suspended workmen against whom charge sheets were issued and inquiry was conducted for serious acts of misconducts. The union is seeking restraining order against their dismissal.

Management is strongly opposing the complaint as the concerned workmen are hostile and the Enquiry Officer has held them guilty of misconducts.

The matter is for hearing on Interim Relief application. The Complainants argument in Interim Relief (IR) is over and the matter is fixed for Company's argument.

As the matter is in progress, the workmen are getting suspension allowance. The final decision on disciplinary proceeding is pending.



**Present Status:** The matter is pending adjudication.

**Amount Involved:** The amount involved cannot be ascertained at this stage.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**5. Complaint (ULP) No.102 of 2008: Shankar Narayan Patil Vs. Bharat Gears Ltd. & another, pending before Labour Court at Thane.**

The complaint is filed by Shankar Narayan Patil, a suspended workman against whom charges of misconduct are proved in the enquiry. The workman is seeking restraining order against his dismissal.

Management is strongly opposing the complaint as the concerned workman is hostile and the Enquiry Officer has held them guilty of misconducts.

The Company filed the written statement (WS) and all enquiry papers. The matter is for argument on Interim Relief(IR).

As the matter is in progress, the workmen are getting suspension allowance. The final decision on disciplinary proceeding is pending.

**Present Status:** The matter is pending adjudication.

**Amount Involved:** The amount involved cannot be ascertained at this stage.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**6. Complaint (ULP) No.103 of 2008: K.K. Mhatre Vs. Bharat Gears Ltd. & another, pending before Labour Court at Thane.**

The complaint is filed by K.K. Mhatre, a suspended workman against whom charges of misconduct are proved in the enquiry. The workman is seeking restraining order against his dismissal.

Management is strongly opposing the complaint as the concerned workman is hostile and the Enquiry Officer has held them guilty of misconducts.

The Company filed the written statement (WS) and all enquiry papers. The matter is for argument on Interim Relief (IR).

As the matter is in progress, the workmen are getting suspension allowance. The final decision on disciplinary proceeding is pending.

**Present Status:** The matter is pending adjudication.

**Amount Involved:** The amount involved cannot be ascertained at this stage.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**7. Complaint (ULP) No.148 of 2008: L.S. Kudav Vs. Bharat Gears Ltd. & another, pending before Labour Court at Thane.**

The complaint is filed by Mr. L.S. Kudav, a suspended workman against whom charges of misconduct are proved in the enquiry. The workman is seeking restraining order against his dismissal.

Management is strongly opposing the complaint as the concerned workman is hostile and the Enquiry Officer has held them guilty of misconducts.



The Company filed the written statement (WS) and all enquiry papers. The interim relief application is argued and matter is fixed for order.

As the matter is in progress, the workmen are getting suspension allowance. The final decision on disciplinary proceeding is pending.

**Present Status:** The matter is pending adjudication.

**Amount Involved:** The amount involved cannot be ascertained at this stage.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**8. Complaint (ULP) No.152 of 2008: B.J. Dhopavkar Vs. Bharat Gears Ltd. & another, pending before Labour Court at Thane.**

The complaint is filed by Mr. B.J. Dhopavkar, a suspended workman against whom charges of misconduct are proved in the enquiry. The workman is seeking restraining order against his dismissal.

Management is strongly opposing the complaint as the concerned workman is hostile and the Officer has held them guilty of misconducts.

The Company filed the written statement (WS) and all enquiry papers. The matter is for argument on Interim Relief (IR).

As the matter is in progress, the workmen are getting suspension allowance. The final decision on disciplinary proceeding is pending.

**Present Status:** The matter is pending adjudication.

**Amount Involved:** The amount involved cannot be ascertained at this stage.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**9. Complaint (ULP) No.4 of 2009: B.G. Pawar Vs. Bharat Gears Ltd. & another, pending before Labour Court at Thane.**

The complaint is filed by Mr. B.G. Pawar, a suspended workman against whom charges of misconduct are proved in the enquiry. The workman is terminated from the services by way of dismissal.

Management is strongly opposing the complaint as the concerned workman is hostile and the Enquiry Officer has held them guilty of misconducts.

The Company filed the written statement (WS) and all enquiry papers. Mr. B.G. Pawar has not pressed for interim relief application. Thereafter, the issues are framed. Mr. Pawar has filed his affidavit by way of evidence on the point of fairness of enquiry and perversity of findings.

**Present Status:** The matter is pending adjudication. If the Court holds the enquiry is vitiated and the misconduct is not proved the court may order reinstatement with full back wages.

**Amount Involved:** The amount involved cannot be ascertained at this stage.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**10. Complaint (ULP) No. 70 of 2009: Pawashe Vs. Bharat Gears Ltd. & another, pending before the Labour Court at Thane.**



The complaint is filed by Mr. Pawashe against whom charges of misconduct are proved in the enquiry. The workman is seeking reinstatement in service with full back wages and continuity of service.

Management is strongly opposing the complaint as the concerned workman is guilty of misconduct.

The Company filed the written statement (WS) and all enquiry papers. Mr. Pawashe has not pressed for interim relief. The matter is fixed for framing issues on the point of fairness of enquiry and perversity of findings.

**Present Status:** The matter is pending adjudication. If the Court holds the enquiry is vitiated and the misconduct is not proved the court may order reinstatement with full back wages.

**Amount Involved:** The amount involved cannot be ascertained at this stage.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**11. Complaint (ULP) No.64 of 2009: Bhujbal Pawar Vs. Bharat Gears Ltd. & another, pending before the Labour Court at Thane.**

The complaint is filed by Mr. Bhujbal Pawar, a suspended workman against whom charges of misconducts are proved in the enquiry. The workman is terminated from the services by way of dismissal.

Management is strongly opposing the complaint as the concerned workman is guilty of misconduct.

The Company filed the written statement (WS) and all enquiry papers. Mr. Bhujbal Pawar has not pressed for interim relief. The matter is fixed for framing issues on the point of fairness of enquiry and perversity of findings.

**Present Status:** The matter is pending adjudication. If the Court holds the enquiry is vitiated and the misconduct is not proved the court may order reinstatement with full back wages.

**Amount Involved:** The amount involved cannot be ascertained at this stage.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**12. Complaint (ULP) No.65 of 2009: More Vs. Bharat Gears Ltd. & another, pending before the Labour Court at Thane.**

The complaint is filed by Mr. More Pawar, a suspended workman against whom charges of misconducts are proved in the enquiry. The workman is terminated from the services by way of dismissal.

Management is strongly opposing the complaint as the concerned workman is guilty of misconduct.

The Company filed the written statement (WS) and all enquiry papers. Mr. More Pawar has not pressed for interim relief. The matter is fixed for framing issues on the point of fairness of enquiry and perversity of findings.

**Present Status:** The matter is pending adjudication. If the Court holds the enquiry is vitiated and the misconduct is not proved the court may order reinstatement with full back wages.

**Amount Involved:** The amount involved cannot be ascertained at this stage.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.



**13. Complaint (ULP) No.188 of 2005 : Bharatiya Kamgar Karmachari Mahasangh & others Vs. M/s. Bharat Gears Ltd., pending before Industrial Court, Thane**

The Company has filed this complaint seeking restraining order against the union and its members from indulging in act of force, violence or holding out threats, gherao or holding violent demonstrations within 200 meters from the factory gate.

Management wanted relief against the acts of force and violence indulged in by Bharatiya Kamgar Karmachari Mahasangh union and its members at relevant time and hence filed this complaint.

The matter is for filing written statement by the Respondent union.

Immediate relief was granted by an ad-interim order in favour of the Company

**Present Status:** The matter is pending adjudication.

**Amount Involved:** The amount involved cannot be ascertained at this stage.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**14. Complaint (ULP) No.110 of 2005: A. N. Malavade Vs. M/s. Bharat Gears Ltd. pending before the Labour Court at Thane.**

The complaint is filed by Mr. A. N. Malavade seeking his reinstatement in service with full back wages and continuity of service from 28.05.2005.

The Workman has been allowed to resume duty. Now the issue pending before the court is to decide payment of back wages for 11 months.

**Present Status:** The matter is pending adjudication.

**Amount Involved:** The court may award back wages and the company will have to pay the back wages for 11 months amounting to Rs. 110000.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**C. INCOME TAX**

For the Assessment Year 1994-95, the amount in dispute was the Income Tax demand created for Rs. 50.33 Lacs. Out of this Rs. 42.29 were adjusted against refund of A.Y. 2004-05 and a balance Rs. 8.04 Lacs has been paid by Challan.

Assessee has preferred an appeal in High Court against the said demand. Appeal is admitted on substantial question of law.

**Present Status:** The matter is pending adjudication.

**Amount Involved:** Rs. 50.33 Lacs

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

**D. SALES TAX**

There is a contingent liability for sales tax of Rs. 260582 not provided for as on 31.03.2009. The matter relates to Cochin Branch for the year 2003-2004. The dispute is on stock transfer to Delhi/branch as the Lorry receipt does not have stamp at the check post.



**Present Status:** The matter is pending before Deputy Commissioner of sales tax (appeals).

**Amount Involved:** Rs. 260582.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

#### **ULTRA CONSULTANTS PVT. LIMITED**

##### **A. INCOME TAX**

1. Ultra Consultants Pvt Limited, a group company, received a notice u/s 148 of the Income Tax Act 1961 for the assessment year 1999-00. During proceedings, a demand of Rs.576046 has been raised by the Assessing Officer which is confirmed by CIT (Appeals). However Hon'ble ITAT set aside the CIT (Appeals) order and remanded back the case to Assessing Officer.

**Present Status:** The case is pending before Assessing Officer.

**Amount Involved:** An amount of Rs. 175000 has already been deposited against this demand to the department.

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

#### **FUTURE CONSULTANTS PRIVATE LIMITED (FCPL)**

##### **A CIVIL CASES**

###### **1. Case No.1077/1/04, (MM) Tis Hazari**

Future Consultants Pvt Limited filed against Future Concepts Pvt. Ltd. & Mr. Mukul Anand under Section 138 of the Negotiable Instruments Act for bouncing of their cheques of Rs. 5 lac.

**Present Status:** The case is pending before Assessing Officer. The next date of hearing is 17-02-10.

**Amount Involved:** Rs. 5 Lacs

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

###### **2. Case No. 145/2002, At Delhi High Court**

Future Consultants Pvt. Limited filed winding up petition against Jersey Industries Ltd. for the recovery of Rs. 42.2 Lacs plus interest and compensation.

**Present Status:** The case is pending before Assessing Officer.

**Amount Involved:** Rs. 42.2 Lacs plus interest and compensation

There is no likely effect of the outcome of this case on the financial performance of Raunaq International Limited.

- (M) All the litigations against the Promoter involving violation of statutory regulations.

Nil



(N) All the litigations against the promoter alleging criminal offence.  
Nil

(O) List of Pending proceedings initiated for economic offences against the promoters.  
NIL

(P) List of Pending proceedings initiated for economic offences against the group companies.  
Nil

(Q) List of adverse findings, if any, in respect of the persons/entities connected with the issuer/promoter/ group companies as regards compliance with the securities laws.  
Nil

(R) Details of the past cases in which penalties were imposed by the concerned authorities.  
NIL

**(3) Material developments since the last balance sheet date.**

Except as stated in the sections titled, "Management's Discussion and Analysis of Financial Statements and Results of Operations", "Financial Statements", "Capital Structure" on page [•], [•]and [•], respectively, of this Draft Letter of Offer, no material developments have taken place after March 31 2009, the date of the latest balance sheet, that would materially adversely affect the performance or prospects of our Company.

**Note: if any further litigation, development does arise after the date of filing of the Draft Letter of Offer, the same shall be updated and incorporated in the Letter of Offer that the Company will issue in connection with the present issue.**



**OTHER DETAILS AS NOTED FROM WWW.WATCHOUTINVESTORS.COM**

The following details were appearing on the website www.watchoutinvestors.com. Names of some persons/entities who are related to the Company along with the nature of default and clarifications are as under.

S.NO	Name	Relationship with Raunaq International Limited	Nature of Default	Name of Defaulter Company	Clarification
(1)	Vibrant Finance and Investment Private Limited	Entity forming part of the Promoter Group	Non-compliance with Provisions of the RBI Act 1934 and consequent rejection of application for certificate of Registration as NBFC under Section 45 IA of the RBI Act 1934.	Vibrant Finance and Investment Private Limited	<p>Vibrant Finance and Investment Private Limited had applied for registration as an NBFC as provided in Section 45 IA of the Reserve Bank of India Act 1934. The same had been rejected by Reserve Bank of India vide its order dated May 31, 2000. The company filed an appeal against the order before the Appellate Authority for NBFC Registration cases U/s 45-1A(7) of the Reserve Bank of India Act, 1934, Ministry of Finance, Government of India, New Delhi and the hearing took place on April 02, 2003. The appeal was also rejected.</p> <p>The Company had applied for the Registration so that if in future it wanted to work as an NBFC, it could do so.</p> <p>It is however clarified that the Company is not engaged in any business requiring registration under Section 45 IA of the Reserve Bank of India Act 1934, either at the time of the application or as on date.</p>
(2)	Dr. Sanjeev Kumar	Director	Name appearing in list of prosecution by the Ministry of Corporate Affairs for default in filing Annual Returns (section 159) and failing to comply with provisions regarding certificate to be annexed with Annual Return (section 161).	M/s Spider Information Resources Ltd.	Dr. Sanjeev Kumar is/was in no way associated in any capacity whatsoever with M/s Spider Information Resources Ltd. and it is only a namesake similarity.
			Name appearing in list of prosecution by SEBI for not applying for Registration of CIS and not winding up to repay Investors as per Regulations.	M/s Agriotek India Ltd.	Dr. Sanjeev Kumar is/was in no way associated in any capacity whatsoever with M/s Agriotek India Ltd. and it is only a namesake similarity.
(3)	Mr. Nagar Venkatraman Srinivasan	Director	The name of N. Srinivasan is appearing in list of prosecution by the Ministry of Corporate Affairs for default in filing of copies of Balance Sheet, etc. with the Registrar (section 220)	M/s APT Products Pvt. Ltd.	Mr. Nagar Venkatraman Srinivasan is/was in no way associated in any capacity whatsoever with M/s APT Products Pvt. Ltd. and it is only a namesake similarity.
			The name of V. Srinivasan is appearing in list of prosecution	M/s Eknaath Plantations	Mr. Nagar Venkatraman Srinivasan is/was in no way



			by SEBI for not applying for Registration of CIS and not winding up to repay Investors as per Regulations.	Pvt. Ltd.	associated in any capacity whatsoever with M/s Eknaath Plantations Pvt. Ltd. and it is only a namesake similarity.
(4)	Mrs. Gurmeet Kaur	Person forming part of the Promoter Group	Name appearing in list of prosecution by SEBI for not applying for Registration of CIS and not winding up to repay Investors as per Regulations.	M/s Aglow Farming Projects Ltd.	Mrs. Gurmeet Kaur is/was in no way associated in any capacity whatsoever with M/s Aglow Farming Projects Ltd. and it is only a namesake similarity.
			Name appearing in list of prosecution by the Ministry of Corporate Affairs for default in filing Annual Returns (section 159) and default in filing of copies of Balance Sheet, etc. with the Registrar (section 220)	M/s Contee Shipping Transport Pvt. Ltd.	Mrs. Gurmeet Kaur is/was in no way associated in any capacity whatsoever with M/s Contee Shipping Transport Pvt. Ltd. and it is only a namesake similarity.
(5)	Mr. Gautam Mukherjee	Director	Name appearing in list of prosecution by the Ministry of Corporate Affairs for application to strike off name of Company under Simplified Exit Scheme (Section 560) on 24-Dec-2003.	M/s Achha Makan Pvt. Ltd.	Mr. Gautam Mukherjee is/was in no way associated in any capacity whatsoever with M/s Achha Makan Pvt. Ltd. and it is only a namesake similarity.
			Name appearing in list of prosecution by the Ministry of Corporate Affairs for application to strike off name of Company under Simplified Exit Scheme (Section 560) on 24-Dec-2003	M/s Disneyland Fantasy Ltd.	Mr. Gautam Mukherjee is/was in no way associated in any capacity whatsoever with M/s Disneyland Fantasy Pvt. Ltd. and it is only a namesake similarity.



## GOVERNMENT APPROVALS OR LICENSING ARRANGEMENTS

The Company has all the necessary licenses, permissions and approvals, as may be applicable, from the Central and State Governments and other government agencies/certification bodies required for the business and no further approvals are required by the company, except those mentioned separately hereunder, and those approvals that may be required to be taken from any government or any other authority in the normal course of business from time to time to continue the activities, and those mentioned under the heading Risks Envisaged.

The Company does not require any other approvals or renewals, except as mentioned specifically hereunder.

In view of the approvals listed below, the Company can undertake this Issue and its current and proposed business activities and no further material approvals are required from any Government authority to continue such activities.

### INVESTMENT APPROVALS

As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits. However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

### GOVERNMENT AND OTHER APPROVALS:

S. No.	Name of Registration	Name of Issuing Authority/Department	Licence/Registration No.
1.	Certificate of Incorporation for incorporation of the Company as Raunaq International Private Limited	Registrar of Companies, Delhi	Company Registration No. 4382 dated 24 <sup>th</sup> April, 1965
2.	Amended Certificate of Incorporation consequent upon change of name Raunaq International Limited	Registrar of Companies, NCT of Delhi and Haryana	Company Registration No. 05-34315 dated 16 <sup>th</sup> August, 1999  Certificate of incorporation No. L51909HR1965PLC034315
3.	Permanent Account Number	Income Tax Department, Government of India	AAACR5747C
4.	TDS Account Number	National Securities Depository Limited, Mumbai.	DELR09025C
5.	Import Export Code	Jt. Director General of Foreign Trade, Ministry of Commerce, Government of India	0588053767
6.	Employees Provident Fund Registration	Office of the Regional Provident Fund Commissioner, Haryana.	Code No. HR/FD/10725
7.	Employees State Insurance Registration	Regional Office, Employees' State Insurance Corporation, Faridabad, Haryana.	Code No. 13/18963/100



8.	VAT (TIN)- Rajasthan	Commercial Taxes Departments of the concerned State Governments within whose Jurisdiction project falls.	08581104724
	VAT (TIN)- Andhra Pradesh		28589914448
	VAT (TIN)- West Bengal		19500668056
	VAT (TIN)- Chhattishgarh		22094203185
	VAT (TIN)- Haryana		06031817185
	VAT (TIN)- Orissa		21281304446
	VAT (TIN)- Uttar Pradesh		09588807420
9.	West Bengal Sales Tax Act, 1994	Commissioner, Commercial taxes, West Bengal	19500668153
10.	Central Sales Tax Act, 1956 registration, West Bengal	Commissioner, Commercial taxes, West Bengal	19500668250
11.	Bombay Sales Tax Act, 1959	Sales Tax Officer, Sales Tax Department , Maharashtra	400001 S3422
12.	Central Sales Tax Act, 1956 registration, Maharashtra	Sales Tax Officer, Sales Tax Department , Maharashtra	400001 C3322
13.	Haryana General Sales Tax Act, 1973	Assessing Authority, Gurgaon, Haryana	GRG/HGST-17185
14.	Service Tax Code, Bilaspur, Chattisgarh	Assistant Commissioner, Central Excise	AAACR5747CST002
15.	Service Tax Code, Mumbai	Assistant Commissioner, Service Tax, Mumbai	AAACR5747CST003
16.	Service Tax Code, Chittorgarh, Rajasthan	Assistant Commissioner, Central Excise	AAACR5747CST004
17.	Service Tax Code, Bankura, West Bengal	Assistant Commissioner, Central Excise	AAACR5747CST005
18.	Service Tax Code, West Bengal	Assistant Commissioner, Central Excise	AAACR5747CST006
19.	Service Tax Code, Orissa	Superintendent, Central Excise and Customs	AAACR5747CST007
20.	Service Tax Code, Faridabad, Haryana	Office of the Assistant Commissioner of Service Tax, Faridabad, Haryana.	AAACR5747CST008
21.	Service Tax Code, Hissar, Haryana	Assistant Commissioner, Central Excise	AAACR5747CST009
22.	Service Tax Code, Jhansi, Uttar Pradesh	Assistant Commissioner, Central Excise	AAACR5747CST010
23.	Service Tax Code, Shahjahanpur, Uttar Pradesh	Assistant Commissioner, Central Excise	AAACR5747CST011
24.	Service Tax Code, Rajasthan -II	Assistant Commissioner, Central	AAACR5747CST012



		Excise	
25.	Service Tax Code, Chattisgarh-II	Assistant Commissioner, Customs and Central Excise	AAACR5747CST013
26.	Service Tax Code, Rajasthan-I	Assistant Commissioner, Central Excise	AAACR5747CST014
27.	Service Tax Code, Chhattishgarh-I	Assistant Commissioner, Central Excise and Customs	AAACR5747CST015
28.	Contract Labour (Regulation and Abolition ) Act, 1970	Licensing Authority Bareilly, Uttar Pradesh	Licence no. 57/2008
		District Labour Officer at Jeypore, Koraput, Orissa	Licence No. 1051/07
		Licensing Authority, Hissar, Haryana	Licence no. CLA/HSR/47/09
		Assistant Labour Commissioner and Licensing Authority at Raghunathpur, Purulia, West Bengal	Licence no. WB/EL/L-20/06/ALC(R)
		Licensing officer, Korba Chhattishgarh	Licence no. 4206/KRBA/2009
		Deputy Labour Commissioner and Licensing Authority at Chhattorgadh Rajasthan	Licence no. 97/09

#### TECHNICAL APPROVALS

1. The Company has obtained, through M/s Hindustan Zinc Limited, Licence no. 1415/CIB/2008 dated March 25, 2008, permission to the carry on erection work of steam pipeline of Boiler maker/Registry No. W-831, from the Chief Inspector of Factories & Boilers, Jaipur, Rajasthan.
2. The Company has obtained, through M/s Rajasthan Rajya Vidyut Utpandan Nigam, approval, vide letter no 1725/CIB/ 2009 dated April 24, 2009, of Steam pipe line drawings and erection permission from Factories & Boiler Inspection Department, Jaipur, Rajasthan.
3. The Company has obtained, through National Thermal Power Corporation Ltd, IBR certificates for materials Aux. steam line of Fuel Oil handling & Storage system for Sipat project.

**IT MUST, HOWEVER BE, DISTINCTLY UNDERSTOOD THAT IN GRANTING THE ABOVE-MENTIONED APPROVALS, THE CENTRAL GOVERNMENT, STATE GOVERNMENT, RBI AND OTHER AUTHORITIES DO NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS.**



## **SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the issue**

This issue is being made pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on October 28, 2009.

### **Prohibition by the SEBI**

There is no prohibition on the Raunaq International Limited, Promoters, Promoter Group, Directors, Group Companies, from accessing the capital market for any reasons by the SEBI or any other authorities.

None of the Directors of Raunaq International Limited are associated with the securities market in any manner and SEBI has initiated no action against them ever.

Raunaq International Limited, its Promoters, Group Companies, The Relatives (as per Companies Act, 1956) of Promoters, Group Companies are not identified as willful defaulters by Reserve Bank of India or other authorities.

### **Eligibility for the Issue**

Our Company is an existing listed company registered under the Companies Act, whose Equity Shares are listed on DSE. It is eligible to offer this issue in terms of Regulation 4 and Chapter IV of the SEBI ICDR.

Raunaq International Limited is in compliance with all the provisions specified in Part E of Schedule VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and as it not satisfying the conditions specified in clause (1) of part E, the disclosures in this document have been made in Compliance with part A of the Schedule alongwith relevant disclosure as mentioned in Part E.

### **Disclaimer clause of SEBI**

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

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MERCHANT BANKER 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 D AND A FINANCIAL SERVICES (P) LIMITED HAS FURNISHED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) A DUE DILIGENCE CERTIFICATE DATED JANUARY 04, 2010 WHICH READS AS FOLLOWS:**

**WE, THE LEAD MERCHANT BANKER(S) TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:**



- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, 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 LETTER OF OFFER 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 LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE 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 LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- (4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.- NOT APPLICABLE**
- (5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS/DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS/DRAFT PROSPECTUS.- NOT APPLICABLE**
- (6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS/DRAFT PROSPECTUS. - NOT APPLICABLE**



- (7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE 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 LETTER OF OFFER. 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 LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
- (11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
- (12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
- (a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
  - (b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY 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 LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

The filing of this Draft Letter of Offer does not, however, absolve our Company from any liabilities under Section 63 or Section 68 of the Companies Act or from the requirement of obtaining such statutory or other clearance as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up, at any point of time, with the Lead Manager any irregularities or lapses in this Draft Letter of Offer.

#### **Caution**

**Raunaq International Limited and D and A Financial Services (P) Limited accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in the advertisement or any other material issued by or at the instance of our Company and that anyone placing reliance on any other source of information would be doing so at his own risk. The Lead Manager and our Company shall make all information available to the equity shareholders and no selective or additional information would be available for a section of the equity shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.**

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

#### **Disclaimer with respect to jurisdiction**

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations there under. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Faridabad, Haryana, India only.

#### **Selling Restrictions**

The distribution of this Draft Letter of Offer and the issue of Zero Dividend Compulsorily and Fully Convertible Preference Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue of Shares on a rights basis to the shareholders of our Company and will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to shareholders who have provided an Indian address. No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI. Accordingly, the Zero Dividend Compulsorily and Fully Convertible Preference Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.



Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the issue of the Zero Dividend Compulsorily and Fully Convertible Preference Shares, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations.

If this Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Zero Dividend Compulsorily and Fully Convertible Preference Shares. Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

#### **United States Restrictions:**

**NEITHER THE RIGHTS ENTITLEMENTS NOR THE SECURITIES THAT MAY BE PURCHASED PURSUANT HERETO HAVE BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY US STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "UNITED STATES" OR THE "US") OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS REFERRED TO IN THIS DRAFT LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY SHARES OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SHARES OR RIGHTS.**

**ACCORDINGLY, THIS DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME. NEITHER THE COMPANY NOR ANY PERSON ACTING ON BEHALF OF THE COMPANY WILL ACCEPT SUBSCRIPTIONS OR RENUNCIATIONS FROM ANY PERSON, OR THE AGENT OF ANY PERSON, WHO APPEARS TO BE, OR WHO THE COMPANY OR ANY PERSON ACTING ON BEHALF OF THE COMPANY HAS REASON TO BELIEVE IS, EITHER A US PERSON OR OTHERWISE IN THE UNITED STATES. ANY PERSON SUBSCRIBING TO THE SHARES OFFERED HEREBY WILL BE DEEMED TO REPRESENT THAT SUCH PERSON IS NOT A US PERSON OR OTHERWISE IN THE UNITED STATES AND HAS NOT VIOLATED ANY US SECURITIES LAWS IN CONNECTION WITH THE EXERCISE.**

#### **Disclaimer Clause of DSE**

As required, a copy of this Draft Letter of Offer will be submitted to DSE. The disclaimer clause as intimated by the DSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer, prior to filing the same with DSE.

#### **Filing**

This Draft Letter of Offer has been filed with SEBI, Corporation Finance Department, Division of Issues and Listing, 5<sup>TH</sup> Floor, Bank of Baroda Building, 16, Sansad Marg, New Delhi-110001. The Draft Letter of Offer has been filed with the Designated Stock Exchange as per the requirements of the law. All the legal requirements applicable till the date of filing the Draft Letter of Offer with the Stock Exchanges have been complied with.

#### **Listing**

The existing Equity Shares are listed on the DSE. The Company has made application to DSE for permission to deal in and for an official quotation in respect of the Zero Dividend Compulsorily and Fully Convertible Preference Shares being offered in terms of this Draft Letter of Offer. If the permission to deal in and for an official quotation of the securities is not granted by DSE, within 15 days from the Issue Closing Date, the Company shall forthwith repay, without interest, all monies received from applicants in pursuance of this Draft Letter of Offer. If such money is not paid within 8 days after the Company becomes liable to repay it, then the Company and every Director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay the money with interest as prescribed under the Section 73 of the Companies Act, 1956.

#### **Designated Stock Exchange**

The designated stock exchange for the purpose of this issue is DSE.



### Consents

Consents in writing of the Auditors, Lead Managers, Legal Advisors, Registrar to the Issue and Banker to the Company to act in their respective capacities have been obtained and filed with DSE, along with a copies of the Draft Letter of Offer and such consents have not been withdrawn up to the time of delivery of this Draft Letter of Offer for registration with DSE.

The Auditors of the Company have given their written consent for the inclusion of their Report in the form and content as appearing in this Draft Letter of Offer and such consents and reports have not been withdrawn up to the time of delivery of this Draft Letter of Offer for registration for registration with the stock exchanges.

V.P.Jain & Associates, Chartered Accountants, Auditors have given their written consent for inclusion of income tax benefits in the form and content as appearing in this Draft Letter of Offer, accruing to the Company and its members.

To the best of our knowledge there are no other consents required for making this Issue. However, should the need arise, necessary consents shall be obtained by us.

### Expert Opinion, if any

Save and except as indicated elsewhere in this Draft Letter of Offer, no other expert opinion has been obtained by the Company.

### Expenses of the Issue

The expenses of the Issue including fees and reimbursement to the Lead Manager(s), Auditors, Legal Advisor to the Issue, Registrar to the Issue, printing and distribution expenses, publicity, listing fees, stamp duty and other expenses are estimated at Rs 16 Lacs (around 7.24% of the total Issue size) and will be met out of the proceeds of the Issue.

Activity	Amount (in Rs. Lacs)	Percentage of total issue expenses	Percentage of total issue size
Lead Management Fees	7.45	46.56%	3.37%
Registrar to the Issue	0.75	4.69%	0.34%
Advisors to the Issue	1.15	7.19%	0.52%
Advertisement and Marketing expenses	2.75	17.19%	1.24%
Printing and Stationery and Distribution	2.25	14.06%	1.02%
Fees payable to the Auditors	0.90	5.63%	0.41%
Others (Processing fees, listing fee, Corporate Action charges etc)	0.75	4.69%	0.34%
<b>Total</b>	<b>16.00</b>	<b>100.00%</b>	<b>7.24%</b>

### Underwriting Commission, Brokerage and Selling Commission:

Since the Issue is not being underwritten, no underwriting commission, brokerage and selling commission are paid or payable.

### Previous Public or Rights issues, if any during the last five years:

Nil

### Previous issues of securities otherwise than for cash.

Nil. (The Company had made Bonus Issue of shares in the Financial years 1980-81 and 1994-95, the details of which are mentioned on page [•] of this Draft Letter of Offer in the section "Capital Structure of the Company".

### Commission or brokerage on previous issues

The Company had made its Initial Public Offer of Equity shares on October 18, 1976. Details of commission are as follows:

- ➔ Underwriting commission @ 2.5% of the nominal value of shares underwritten to be paid to the underwriters on the amounts respectively underwritten by them.
- ➔ Brokerage of 1% on the nominal value of shares on the basis of allotment made against applications bearing stamp of a Broker.



- Further brokerage of 0.5% on the face value of the shares covered by the Prospectus totaling Rs. 6000 to be paid to managing brokers.

**Neither Raunaq International Limited nor any other listed group- company/ subsidiary/associate made any capital issue during the last three years.**

There was only one issue in an unlisted Group Company the details of which are as under:

Name of the company	Samreet Investment & Management Consultancy Pvt. Ltd.
Year of Issue	2009
Type of Issue (public/ rights/ composite)	Preferential Allotment of Equity Shares to Director
Amount of issue	0.50 Lacs
Date of closure of issue	March 23, 2009
Date of completion of delivery of share/ debenture certificates	March 23, 2009
Date of completion of the project, where object of the issue was financing the project	Not applicable
Rate of dividend paid	Not applicable

**Performance vis-à-vis objects**

(1) **Raunaq International Limited**

- (a) Details of all the public/rights issues made during the period of ten years immediately preceding the date of filing the draft offer document with the SEBI, along with the year of issue.

**Nil**

- (b) Performance vis-à-vis objects - Last three issues of the Raunaq International Limited during the period of ten years immediately preceding the date of filing draft offer document with the Board were met.

**Not Applicable**

- (c) Details of non-achievement of objects.

**Not Applicable**

(2) Listed Group Companies of Raunaq International Limited- **Bharat Gears Limited**

- (a) Performance vis-à-vis objects - Last one issue of **Bharat Gears Limited**

Bharat Gears Limited had come out with a Right Issue of Equity Shares on June 14, 2006. The main objects of the Issue were:

Particulars	Amount (Rs. In Lacs)
Repayment of preference Shares	150.00
Part Repayment of the Outstanding Term Loans	571.65
Issue Expenses	48.00
<b>Total</b>	<b>769.65</b>

All the objects mentioned as mentioned above were successfully met.



- (b) Details of non-achievement of objects.

**Not Applicable**

**Details of all Outstanding debentures or bonds and redeemable preference shares and other instruments issued by Raunaq International Limited outstanding as on the date of offer document.**

Nil

**Stock market data for equity shares of Raunaq International Limited**

Our Equity shares were last traded on DSE on 29/07/1994 at Rs. 37 per share. All the information as stated below must be read in context of this fact.

(a)	High, low and average market prices of the share of Raunaq International Limited during the preceding three years	Our shares are not actively traded
(b)	Monthly high and low prices for the six months preceding the date of filing the draft offer document with the SEBI	Our shares are not actively traded
(c)	Number of shares traded on the days when high and low prices were recorded in the relevant stock exchange(s) during the said period of (a) and (b) above.	Our shares are not actively traded
(d)	The market price immediately after the date on which the resolution of the board of directors approving the issue was approved	Not Available. Our shares are not actively traded
(e)	The volume of securities traded in each month during the six months preceding the date on which the offer document is registered with the Stock Exchange	Not Available. Our shares are not actively traded

**Mechanism evolved for redressal of investor grievances in Raunaq International Limited**

**Details of the arrangements or mechanism evolved by the issuer for redressal of investor grievances.**

The Company has appointed M/s Link Intime India Pvt. Ltd. as its Registrar and Transfer agent for handling the share registry work relating to shares held both in physical and electronic form at a single point. The Company has also constituted an Investors' Grievance Committee to deal with the grievances of investors related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, transfer, transmission, transposition, nomination, dividend, change of name/address/signature, registration of mandate / Power of Attorney, replacement/split /consolidation of share certificate/demat/remat of shares, issue of duplicate certificates etc.

**Details of the number of investor complaints received during the three years preceding the filing draft offer document with the SEBI and the number of complaints disposed off during that period.**

Nil

**Details of the number of investor complaints pending on the date of filing draft offer document with the Board.**

Nil



**Details of the number of investor complaints pending on the date of filing draft offer document with the SEBI in respect of the five largest (in terms of market capitalization) listed group companies.**

Kindly see the details of Bharat Gears Limited below.

**Details of the time normally taken for disposal of various types of investor grievances.**

S. No	Nature of the Complaint/Grievance	Standard Redressal Time
1.	Non-receipt of S/C after rejecting DRN	10-15 days
2.	Non-receipt of Dividend	10-15 days
3.	Non- receipt of S/C	10-15 days
4.	Non receipt of Annual Report	02 days
5.	Change of Address	7-10 days
6.	Bank Mandate	7-10 days
7.	Transmission	30 days
8.	Demat of Shares	15 days
9.	Nomination of Shares	10 days
10.	Registration of Power	7-10 days
11.	Name Correction	10-15 days

**Mechanism evolved for redressal of investor grievances in Bharat Gears Limited**

**Details of the arrangements or mechanism evolved by the issuer for redressal of investor grievances.**

Bharat Gears Limited has appointed M/s Link Intime India Pvt. Ltd. as its Registrar and Transfer agent for handling the share registry work relating to shares held both in physical and electronic form at single point. The Company has also constituted an Shareholders'/Investors' Grievance Committee to deal with the grievances of investors, it has also in place a sub committee to deal with issues related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, transfer, transmission, transposition, nomination, dividend, change of name/address/signature, registration of mandate / Power of Attorney, replacement/split /consolidation of share certificate/demat/remat of shares, issue of duplicate certificates etc.

**Details of the number of investor complaints received during the three years preceding the filing draft offer document with the SEBI and the number of complaints disposed off during that period.**

Sl. No.	Description	Received	Resolved	Pending
1	Non Receipt of Share Certificate after rejecting DRN	15	15	NIL
2	Non Receipt of Dividend Warrants	11	11	NIL



3	Non Receipt of Annual Report	3	3	NIL
4	Non Receipt of Share Certificates	4	4	NIL
	<b>Total</b>	29	29	NIL

**Details of the number of investor complaints pending on the date of filing draft offer document with the Board.**

Nil

**Details of the number of investor complaints pending on the date of filing draft offer document with the SEBI in respect of the five largest (in terms of market capitalization) listed group companies.**

Nil

**Details of the time normally taken by the issuer for disposal of various types of investor grievances.**

<b>Sl. No</b>	<b>Nature of the Complaint/Grievance</b>	<b>Standard Redressal Time</b>
1.	Non-receipt of S/C after rejecting DRN	10-15 days
2.	Non-receipt of Dividend	10-15 days
3.	Non- receipt of S/C	10-15 days
4.	Non receipt of Annual Report	02 days
5.	Change of Address	7-10 days
6.	Bank Mandate	7-10 days
7.	Transmission	30 days
8.	Demat of Shares	15 days
9.	Nomination of Shares	10 days
10.	Registration of Power	7-10 days
11.	Name Correction	10-15 days

**Details of Change, if any, in the auditors of Raunaq International Limited during the last three years, and reasons, thereof.**

Nil

**Details of Capitalization of reserves or profits (during last five years) by Raunaq International Limited.**

Nil

**Details of Revaluation of assets, if any (during the last five years) by Raunaq International Limited.**

Nil



## SECTION VIII- ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE & ISSUE PROCEDURE

The Zero Dividend Compulsorily and Fully Convertible Preference Shares proposed to be issued on rights basis, are subject to the terms and conditions contained in the Draft Letter of Offer, the Abridged Letter of Offer, the CAF, the Memorandum of Association and Articles of Association of the Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the Foreign Exchange Management Act, 1999, as amended ("FEMA"), guidelines and regulations issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by GoI and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

#### **Authority for the Issue**

This issue is being made pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on October 28, 2009.

#### **Basis for the Issue**

The Zero Dividend Compulsorily and Fully Convertible Preference Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the Electronic Form and on the Register of Members of the Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date i.e. [●] fixed in consultation with the Stock Exchanges.

#### **Rights Entitlement**

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

The eligible Equity Shareholders are entitled to 1 fully paid Zero Dividend Compulsorily and Fully Convertible Preference Shares for every 3 Equity shares held on the Record date.

### **PRINCIPAL TERMS OF THE ZERO DIVIDEND COMPULSORILY AND FULLY CONVERTIBLE PREFERENCE SHARES**

#### **Face Value**

Each Zero Dividend Compulsorily and Fully Convertible Preference Share will have the face value of Re. 100.

#### **Issue Price**

Each Zero Dividend Compulsorily and Fully Convertible Preference Share shall be offered at an Issue Price of Rs. 100 for cash per Zero Dividend Compulsorily and Fully Convertible Preference Share. The Issue Price has been arrived in consultation between the Company and the Lead Managers.

#### **Entitlement Ratio**

The Zero Dividend Compulsorily and Fully Convertible Preference Shares are being offered on rights basis to the Equity Shareholders in the ratio of 1 Zero Dividend Compulsorily and Fully Convertible Preference Share for every 3 Equity Shares held on the Record Date.

#### **Terms of Payment**

Full amount of Rs. 100 per Zero Dividend Compulsorily and Fully Convertible Preference Share is payable on application.

#### **Fractional Entitlements**

For Zero Dividend Compulsorily and Fully Convertible Preference Shares being offered on a rights basis under this Issue, if the shareholding of any of the Equity Shareholders is less than 3 Equity Shares or not in the multiple of 3, the fractional entitlement of such Equity Shareholders shall be ignored. Shareholders whose fractional Rights Entitlements are being ignored would be given preference in allotment of one additional Zero Dividend Compulsorily and Fully Convertible Preference Share each if they apply for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares.



For example, if an Equity Shareholder holds between 3 and 5 Equity Shares, he will be entitled to 1 Zero Dividend Compulsorily and Fully Convertible Preference Share on a rights basis. He will also be given a preference for allotment of one additional Zero Dividend Compulsorily and Fully Convertible Preference Share if he has applied for the same.

Those Equity Shareholders holding less than 3 Equity Shares will therefore be entitled to Nil Zero Dividend Compulsorily and Fully Convertible Preference Shares under this Issue and shall be dispatched a CAF with Nil entitlement. Such Equity Shareholders are entitled to apply for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares. However, they cannot renounce the same in favour of third parties. CAF with zero entitlement will be non-negotiable/non-renounceable.

For example, if an Equity Shareholder holds between one and two Equity Shares, he will be entitled to Nil Zero Dividend Compulsorily and Fully Convertible Preference Shares on rights basis. He will be given a preference for allotment of 1 additional Zero Dividend Compulsorily and Fully Convertible Preference Share if he has applied for the same.

### **Ranking**

The Equity Shares that will be issued upon conversion of Zero Dividend Compulsorily and Fully Convertible Preference Shares being issued shall be subject to the provisions of our Memorandum of Association and Articles of Association. Such Equity Shares shall rank *pari passu*, in all respects including dividend entitlement, with our existing Equity Shares.

### **Non-Resident Equity Shareholder/ Applicants**

Applications received from NRIs and non-residents for allotment of Zero Dividend Compulsorily and Fully Convertible Preference Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of application moneys, allotment of Zero Dividend Compulsorily and Fully Convertible Preference Shares, issue of allotment advice /debenture certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to purchase Zero Dividend Compulsorily and Fully Convertible Preference Shares offered on rights basis by an Indian company in terms of FEMA and regulation 6 of notification No. FEMA 20/2000-RB dated May 3, 2000. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Zero Dividend Compulsorily and Fully Convertible Preference Shares to the non-resident shareholders. The rights Zero Dividend Compulsorily and Fully Convertible Preference Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original shares against which rights shares are issued.

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, overseas corporate bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, OCBs shall not be eligible to subscribe to the Zero Dividend Compulsorily and Fully Convertible Preference Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities. Thus, OCBs desiring to participate in this Issue must obtain prior approval from the RBI. On providing such approval to the Company at its registered office, the OCB shall receive the Draft Letter of Offer and the CAF.

### **Rights of the Equity Shareholder**

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

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

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividends, forfeiture, lien, transfer and transmission, and/or consolidating/splitting, see the section titled "Main Provisions of Articles of Association" on page [•] of this Draft Letter of Offer.

### **Rights of Holders of Zero Dividend Compulsorily and Fully Convertible Preference Shares**



- 1) The Zero Dividend Compulsorily and Fully Convertible Preference Shares shall rank pari-passu inter-se without any preference or priority of one over the other or others of them.
- 2) The Zero Dividend Compulsorily and Fully Convertible Preference Shares shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations as in the case of the Equity Shares of the Company. The provisions relating to transfer and transmission and other related matters in respect of Equity Shares of the Company contained in the Articles and the Act shall apply, mutatis mutandis, to the Zero Dividend Compulsorily and Fully Convertible Preference Shares as well.
- 3) The Zero Dividend Compulsorily and Fully Convertible Preference Share holders will not be entitled to any right and privileges of the Equity Shareholders of the company other than those available to them under statutory requirements. The Zero Dividend Compulsorily and Fully Convertible Preference Shares shall not confer upon the Zero Dividend Compulsorily and Fully Convertible Preference Share holders the right to receive notice, or to attend and vote at the general meetings of shareholders or the Zero Dividend Compulsorily and Fully Convertible Preference Share holders or any other class of securities of the Company.
- 4) The rights, privileges, terms and conditions attached to the Zero Dividend Compulsorily and Fully Convertible Preference Shares may be varied, modified or abrogated with the consent, in writing, of those holders of the Zero Dividend Compulsorily and Fully Convertible Preference Shares who hold at least three fourths of the outstanding amount of the Zero Dividend Compulsorily and Fully Convertible Preference Shares (of the current issue) or with the sanction accorded pursuant to a resolution passed at the meeting of the Zero Dividend Compulsorily and Fully Convertible Preference Share holders; provided that nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions governing the Zero Dividend Compulsorily and Fully Convertible Preference Shares and the same are not acceptable to the Company.
- 5) The accidental omission to give notice to, or the non-receipt of notice by, any Zero Dividend Compulsorily and Fully Convertible Preference Share holder or other person to whom it should be given shall not invalidate the proceedings at the meeting.
- 6) The quorum for a meeting of the Zero Dividend Compulsorily and Fully Convertible Preference Share holders shall be 5 (Five) Zero Dividend Compulsorily and Fully Convertible Preference Share holders, personally present or holders of not less than 10% of the outstanding amount of the Zero Dividend Compulsorily and Fully Convertible Preference Shares. The Chairman of the Board of Directors of the Company shall be the chairman of the meeting of the Zero Dividend Compulsorily and Fully Convertible Preference Share holders and in his absence, the Zero Dividend Compulsorily and Fully Convertible Preference Share holders personally present at the meeting shall elect one of themselves to be the Chairman thereof on a show of hands.
- 7) At every such meeting each Zero Dividend Compulsorily and Fully Convertible Preference Share holder shall, on a show of hands, be entitled to one vote only, but on a poll he shall be entitled to one vote in respect of every Zero Dividend Compulsorily and Fully Convertible Preference Share of which he is a holder in respect of which he is entitled to vote.

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividends, forfeiture, lien, transfer and transmission, and/or consolidating/splitting, see the section titled "Main Provisions of Articles of Association" on page [●] of this Draft Letter of Offer.

#### **Procedure for Conversion of Zero Dividend Compulsorily and Fully Convertible Preference Shares**

In case of conversion, within a period of 18 months from the date of allotment of the Zero Dividend Compulsorily and Fully Convertible Preference Shares to be issued pursuant to the proposed issue, the Company will announce a Record Date for determining the Zero Dividend Compulsorily and Fully Convertible Preference Share holders who are eligible for Conversion of their Zero Dividend Compulsorily and Fully Convertible Preference Share into Equity Shares, as per the prevailing regulations.

This date shall be intimated to all the eligible Zero Dividend Compulsorily and Fully Convertible Preference Share holders by means of Registered Post.

Upon conversion, each Zero Dividend Compulsorily and Fully Convertible Preference Share will be converted into 3 fully paid up Equity Shares of the Company and a sum of Rs. 70 will be transferred to the share premium account.



**In case of Zero Dividend Compulsorily and Fully Convertible Preference Share held in Physical Mode:** After receiving the intimation as stated above the holders of the Zero Dividend Compulsorily and Fully Convertible Preference Share have to surrender their physical certificates to our Registrar, Link Intime India Pvt. Ltd. at A-40, 2nd floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi 110028, by discharging on the reverse of the Zero Dividend Compulsorily and Fully Convertible Preference Share certificate. After receipt of such physical certificates the Registrar shall verify and cancel them and dispatch the share certificates to the address of the shareholder as per its records.

**In case of Zero Dividend Compulsorily and Fully Convertible Preference Share held in Demat Form:** After receiving the intimation as stated above the holders of the Zero Dividend Compulsorily and Fully Convertible Preference Share have to transfer their dematerialized holdings to the Escrow Account to be opened by the Company by marking this as an off market transaction. Details of the Escrow Account would be mentioned in the intimation letter to be sent by the Company.

#### **Modification to the Terms of the Zero Dividend Compulsorily and Fully Convertible Preference Shares**

Any modification to the terms of issue pertaining to the Zero Dividend Compulsorily and Fully Convertible Preference Shares would be carried out only with the prior approval of the Zero Dividend Compulsorily and Fully Convertible Preference Shares holders. This would be done by convening their special class meeting in accordance with the provisions of the Companies Act, 1956 and taking their approval by a simple majority to the terms of modification sought, from the Zero Dividend Compulsorily and Fully Convertible Preference Share holders present and voting.

#### **General Terms of the Issue**

##### ***Market Lot***

The Zero Dividend Compulsorily and Fully Convertible Preference Shares of the Company are tradable only in dematerialized form. The market lot for Zero Dividend Compulsorily and Fully Convertible Preference Shares in dematerialised mode is one. In case of holding of Zero Dividend Compulsorily and Fully Convertible Preference Shares in physical form, the Company would issue to the allottees one certificate for the Zero Dividend Compulsorily and Fully Convertible Preference Shares allotted to each folio ("Consolidated Certificate").

##### ***Joint Holders***

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles of Association.

##### ***Nomination***

In terms of Section 109A of the Companies Act, nomination facility is available in case of Zero Dividend Compulsorily and Fully Convertible Preference Shares and the equity shares to be issued upon their conversion. The Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Shareholders who are individuals, a sole Shareholder or the first named Shareholder, along with other joint Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the securities. A person, being a nominee, becoming entitled to the securities by reason of the death of the original Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the securities. Where the nominee is a minor, the Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Share(s), in the event of death of the said holder, during the minority of the nominee.

A nomination shall stand rescinded upon the sale of the securities by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Fresh nominations can be made only in the prescribed form available on request at the registered office of the Company or such other person at such addresses as may be notified by the Company. The Investor can make the nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for the securities that may be allotted in this Issue under the same folio.



**In case the allotment of Zero Dividend Compulsorily and Fully Convertible Preference Shares is in dematerialised form, there is no need to make a separate nomination for the Zero Dividend Compulsorily and Fully Convertible Preference Shares to be allotted in this Issue. Nominations registered with respective Depository Participant ("DP") of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.**

***Notices***

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English language national daily newspaper and one Hindi national daily newspaper (which is also the regional language) with wide circulation and/or, will be sent by ordinary post/registered post/speed post to the registered holders of the Equity Shares from time to time.

***Listing and trading of Zero Dividend Compulsorily and Fully Convertible Preference Shares and Equity Shares proposed to be issued***

The Company's existing Equity Shares bear the ISIN INE523K01012. ISIN for the Zero Dividend Compulsorily and Fully Convertible Preference Shares shall be allotted by the Depositories after the basis of allotment has been finalized. The fully paid up Zero Dividend Compulsorily and Fully Convertible Preference Shares proposed to be issued on a rights basis and the equity shares to be issued upon their conversion shall be listed and admitted for trading on the Stock Exchange under the respective ISINs.

The listing and trading of the Zero Dividend Compulsorily and Fully Convertible Preference Shares and the equity shares to be issued upon their conversion shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would accordingly affect the schedule.

All steps for completion of the necessary formalities for listing of the The Zero Dividend Compulsorily and Fully Convertible Preference Shares allotted pursuant to this Issue shall be taken as soon as practicable but in no case later than seven working days from the finalisation of the basis of allotment. The Company has made an application for "in-principle" approval for listing of the Zero Dividend Compulsorily and Fully Convertible Preference Share to the DSE through letter dated [●], 2010 and has received such approval from the DSE pursuant to the letter no. [●], dated [●], 2010.

The distribution of this Draft Letter of Offer and the issue of Zero Dividend Compulsorily and Fully Convertible Preference Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

The Company is making this issue of Zero Dividend Compulsorily and Fully Convertible Preference Shares on a rights basis to the shareholders of the Company and will dispatch the Letter of Offer/Abridged Letter of Offer and CAF to shareholders who have provided an Indian address.

***Minimum Subscription***

If the Company does not receive the minimum subscription of 90% of the Issue, the Company shall forthwith refund the entire subscription amount received within 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act.

***Additional Subscription by the Promoters***

The Promoters are the persons presently in control of the Company. They reserve the right to subscribe to their entitlement in the Issue and also apply for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares (ZDCFCPS) in the Issue, such that at least 90% of the Issue is subscribed. As a result of this subscription and consequent allotment, the Promoters may acquire Zero Dividend Compulsorily And Fully Convertible Preference Shares (ZDCFCPS) over and above their entitlement in the Issue, which would subsequently get converted into Equity Shares, which if allotted to the Promoters may result in an increase of their current shareholding. Such an allotment shall be in terms of proviso to regulation 3(1)(b)(ii) of the Takeover Code and will be exempt from the applicability of Regulations 11 and 12 of Takeover Code. This subscription and acquisition of additional Equity Shares by the Promoters, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code.



As such, other than meeting the requirements indicated in the section on Objects of the Issue on page [●] of this Draft Letter of Offer, there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of allotments to the Promoters, after conversion of the securities being offered in this Issue, the Promoters' shareholding in the Company exceeds their current shareholding.

The Promoters intend to subscribe to such unsubscribed portion as per the relevant provisions of the law. Allotment to the Promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.

#### ***Procedure for Application***

The CAF would be printed in black ink for all Equity Shareholders. In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor may request the Registrars to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not agree with the specimen registered with the Company, the application is liable to be rejected.

#### ***Acceptance of the Issue***

You may accept the offer to participate and apply for the Zero Dividend Compulsorily and Fully Convertible Preference Shares offered, either in full or in part, by filling Part A of the enclosed CAFs and submit the same along with the application money payable to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard. **Investors at centres not covered by the branches of collecting banks can send their CAFs together with the cheque drawn at par on a local bank at New Delhi or demand draft payable at New Delhi to the Registrar to the Issue by registered post so that it reaches them at least 2 working days before the close of the issue.** Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see "Mode of Payment for Resident Equity Shareholders/Investors" and "Mode of Payment for Non-Resident Equity Shareholders/Investors" on pages [●] and [●], respectively.

#### ***Option available to the Equity Shareholders***

The CAFs will clearly indicate the number of Zero Dividend Compulsorily and Fully Convertible Preference Shares that the Shareholder is entitled to.

If the Equity Shareholder applies for an investment in Zero Dividend Compulsorily and Fully Convertible Preference Shares, then he can:

- ➔ Apply for his Rights Entitlement in part;
- ➔ Apply for his Rights Entitlement in part and renounce the other part;
- ➔ Apply for his Rights Entitlement in full;
- ➔ Apply for his Rights Entitlement in full and apply for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares ;
- ➔ Renounce his Rights Entitlement in full.

#### ***Additional Zero Dividend Compulsorily and Fully Convertible Preference Shares***

You are eligible to apply for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares over and above your Rights Entitlement, provided that you have applied for all the Zero Dividend Compulsorily and Fully Convertible Preference Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under "Basis of Allotment" on page [●].

If you desire to apply for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares, please indicate your requirement in the place provided for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares in Part A of the CAF. The Renouncee applying for all or part of the Zero Dividend Compulsorily and Fully Convertible Preference Shares renounced in their favour cannot apply for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares.



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

### **Renunciation**

This Issue includes a right exercisable by you to renounce the Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that the Company shall not allot and/or register and Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be).

Any renunciation from Non-resident Indian Shareholder(s) to Resident Indian(s) is subject to the renouncer(s)/renounee(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

Additionally, any renunciation by any Equity Shareholder resident in/outside India to any non-resident is prohibited.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of the Company who do not wish to subscribe to the Shares being offered but wish to renounce the same in favour of Renounee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for the Company of the person(s) applying for Zero Dividend Compulsorily and Fully Convertible Preference Shares in Part 'C' of the CAF to receive allotment of such Shares. The Renounees applying for all or part the Zero Dividend Compulsorily and Fully Convertible Preference Shares renounced in their favour cannot apply for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares.

CAFs with zero entitlement will be non-negotiable/non-renounceable as mentioned under the heading "*Fractional Entitlements*" on page [●] of this Draft Letter of Offer.

Part 'A' of the CAF must not be used by the Renounee(s) as this will render the application invalid. Renounee(s) will have no further right to renounce any Zero Dividend Compulsorily and Fully Convertible Preference Shares in favour of any other person.

### **Procedure for renunciation**

*To renounce all the Zero Dividend Compulsorily and Fully Convertible Preference Shares offered to a shareholder in favour of one Renounee*

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renounees, all joint Renounees must sign this part of the CAF.

*To renounce in part/or renounce the whole to more than one person(s)*

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renounees, the CAF must be first split into requisite number of forms.

Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Zero Dividend Compulsorily and Fully Convertible Preference Shares, does not agree with the specimen registered with the Company, the application is liable to be rejected.

### **Renounee(s)**

The person(s) in whose favour the Zero Dividend Compulsorily and Fully Convertible Preference Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue on or before the Issue Closing Date along with the application money in full.



#### Change and/or introduction of additional holders

If you wish to apply for Zero Dividend Compulsorily and Fully Convertible Preference Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

**However, this right of renunciation is subject to the express condition that the Board of Directors of the Company shall be entitled in its absolute discretion to reject the request for allotment from the Renouncee(s) without assigning any reason thereof.**

#### Instructions for Options

##### How to Apply

##### Resident Equity Shareholders

Applications should be made on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, as explained in the instructions indicated in the CAF. Applications will not be accepted by the Lead Manager or by the Registrar to the Issue or by the Company at any offices except in the case of postal applications as per instructions given elsewhere in the Draft Letter of Offer.

The CAF consists of four parts :

Part A	Form for accepting the Zero Dividend Compulsorily and Fully Convertible Preference Shares offered and for applying for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares
Part B	Form for renunciation
Part C	Form for application for renounees
Part D	Form for request for split application forms

##### Non-resident Equity Shareholders

Applications received from the Non-Resident Equity Shareholders for the allotment of Zero Dividend Compulsorily and Fully Convertible Preference Shares shall, inter alia, be subject to the conditions as may be imposed from time to time by RBI, in the matter of refund of application moneys, allotment of Zero Dividend Compulsorily and Fully Convertible Preference Shares, issue of letters of allotment/ certificates/ payment of dividends etc.

Draft Letter of Offer and CAF shall only be dispatched to non-resident Equity Shareholders with registered address in India.

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A ( <i>All joint holders must sign</i> )
2. Accept your Rights Entitlement in full and apply for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Zero Dividend Compulsorily and Fully Convertible Preference Shares ( <i>All joint holders must sign</i> )
3. Renounce your Rights Entitlement in full to one person ( <i>Joint Renounees are considered as one</i> ).	Fill in and sign Part B ( <i>all joint holders must sign</i> ) indicating the number of Zero Dividend Compulsorily and Fully Convertible Preference Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C ( <i>All joint Renounees must sign</i> )
4. Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR	Fill in and sign Part D ( <i>all joint holders must sign</i> ) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted



Renounce your Rights Entitlement to all the Zero Dividend Compulsorily and Fully Convertible Preference Shares offered to you to more than one Renouncee	only once. <b>On receipt of the SAF take action as indicated below.</b>  For the Zero Dividend Compulsorily and Fully Convertible Preference Shares you wish to accept, if any, fill in and sign Part A.  For the Zero Dividend Compulsorily and Fully Convertible Preference Shares you wish to renounce, fill in and sign Part B indicating the number of Zero Dividend Compulsorily and Fully Convertible Preference Shares renounced and hand it over to the Renouncee. Each of the Renouncee should fill in and sign Part C for the Zero Dividend Compulsorily and Fully Convertible Preference Shares accepted by them.
5. Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

**Please note that:**

- Part 'A' of the CAF must not be used by any person(s) other than the Equity Shareholder to whom this Draft Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for SAF should be made for a minimum of one Zero Dividend Compulsorily and Fully Convertible Preference Share or, in either case, in multiples thereof and one SAF for the balance Zero Dividend Compulsorily and Fully Convertible Preference Shares, if any.
- Request by the Investor for the SAFs should reach the Company on or before [●].
- Only the Equity Shareholder to whom this Draft Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor (s) by ordinary post/courier at the applicant's risk.

Applications for Zero Dividend Compulsorily and Fully Convertible Preference Shares should be made only on the CAF, which are provided by the Company. The CAF should be completed in all respects as explained under the head 'INSTRUCTIONS' indicated on the reverse of the CAF before submission to the Banker to the Issue at its collecting branches mentioned on the reverse of the CAF on or before the closure of the subscription list. Non Resident Shareholders/Renouncee should forward their applications to Banker to the Issue as mentioned in the CAF for Non-Resident Equity Shareholders. No part of the CAF should be detached under any circumstances. Applicants must provide information in the CAF as to their Savings/Current/NRE/NROFCNR bank account and the name of the bank with whom such account is held to enable the Registrar to print the said details in the refund orders after the name of the payees.

**For Applicants Residing at places other than Designated Bank Collecting Branches**

Applicants residing at places other than the cities where the Bank collection centres have been opened should send their completed CAF by registered post/speed post to the Registrars to the Issue, along with the cheque drawn at par on a local bank at New Delhi or demand draft payable at New Delhi, payable in favour of "RIL- Rights Issue" in case of Resident shareholders and Non Resident shareholders applying on Non-repatriable basis and in favour of "RIL- Rights Issue- NR" in case of non-resident shareholders applying on a repatriable basis and crossed, 'A/c Payee only', so that the same are received at least 2 working days before closure of the Issue i.e. [●].

The Company will not be liable for any postal delays and applications received through mail after the period mentioned above are liable to be rejected and returned to the applicants. Applications by mail should not be sent in any other manner except as mentioned below:



**All application forms duly completed together with cheques/demand drafts for the application money must be submitted before the close of the subscription list to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The CAF along with application money must not be sent to the Company or the Lead Manager to the Issue or the Registrar to the Issue except as mentioned above. The applicants are requested to strictly adhere to these instructions. Failure to do so could result in the application being liable to be rejected with the Company, the Lead Manager and the Registrar not having any liabilities to such applicants.**

#### **Availability of duplicate CAF**

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue at least 7 days before the Issue closing date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he / she shall face the risk of rejection of both the applications.

#### **Application on Plain Paper**

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with cheque drawn at par on a local bank at New Delhi or demand draft payable at New Delhi, payable in favour of "RIL- Rights Issue" in case of Resident shareholders and Non Resident shareholders applying on Non-repatriable basis and in favour of "RIL- Rights Issue- NR" and the Equity Shareholders should send the same by registered post directly to the Registrar to the Issue.

The envelope should be super scribed "Raunaq International Limited- Rights Issue" and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue at least 2 working days before the Issue Closing Date and should contain the following particulars:

- ➔ Name of Issuer, being Raunaq International Limited;
- ➔ Name and address of the Equity Shareholder including joint holders;
- ➔ Ratio of the Rights Issue being 1 Zero Dividend Compulsorily and Fully Convertible Preference Share for every 3 fully paid up Equity Shares held on Record Date.
- ➔ Number of Equity Shares held as on Record Date;
- ➔ Registered Folio Number/ DP and Client ID number;
- ➔ Number of Zero Dividend Compulsorily and Fully Convertible Preference Shares entitled to;
- ➔ Number of Zero Dividend Compulsorily and Fully Convertible Preference Shares applied for;
- ➔ Number of additional Zero Dividend Compulsorily and Fully Convertible Preference Shares applied for, if any;
- ➔ Total number of Zero Dividend Compulsorily and Fully Convertible Preference Shares applied for;
- ➔ Total amount paid at the rate of Rs. 100 per Zero Dividend Compulsorily and Fully Convertible Preference Share;
- ➔ Particulars of cheque/draft;
- ➔ Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order; and
- ➔ Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Zero Dividend Compulsorily and Fully Convertible Preference Shares applied for pursuant to the Issue.

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. The Company shall refund such application amount to the Investor without any interest thereon.

#### **Last date of Application**

The last date for submission of the duly filled in CAF is [•].



If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Zero Dividend Compulsorily and Fully Convertible Preference Shares hereby offered, as provided under the section "Terms of the Issue – Basis of Allotment" on page [●].

***Basis of Allotment***

Subject to the provisions contained in the Draft Letter of Offer, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board will proceed to the Zero Dividend Compulsorily and Fully Convertible Preference Shares in the following order of priority:

- (a) Full allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Zero Dividend Compulsorily and Fully Convertible Preference Shares renounced in their favour, in full or in part.
- (b) Allotment pertaining to fractional entitlements in case of any shareholding other than in multiples of 3.
- (c) Allotment to the Equity Shareholders who having applied for all the Zero Dividend Compulsorily and Fully Convertible Preference Shares offered to them as part of the Issue and have also applied for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares. The allotment of such additional Zero Dividend Compulsorily and Fully Convertible Preference Share Shares will be made as far as possible on an equitable basis having due regard to the number of Zero Dividend Compulsorily and Fully Convertible Preference Share Zero Dividend Compulsorily and Fully Convertible Preference Shares held by them on the Record Date, provided there is an undersubscribed portion after making full allotment in (a) and (b) above. The allotment of such Zero Dividend Compulsorily and Fully Convertible Preference Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

After taking into account allotment to be made under (a) above, if there is any unsubscribed portion, the same shall be deemed to be 'undersubscribed' for the purpose of regulation 3(1)(b) of the Takeover Code which would be available for allocation under (b) and (c) above.

The Promoters are the persons presently in control of the Company. They reserve the right to subscribe to their entitlement in the Issue and also apply for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares (ZDCFCPS) in the Issue, such that at least 90% of the Issue is subscribed. As a result of this subscription and consequent allotment, the Promoters may acquire Zero Dividend Compulsorily And Fully Convertible Preference Shares (ZDCFCPS) over and above their entitlement in the Issue, which would subsequently get converted into Equity Shares, which if allotted to the Promoters may result in an increase of their current shareholding. Such an allotment shall be in terms of proviso to regulation 3(1)(b)(ii) of the Takeover Code and will be exempt from the applicability of Regulations 11 and 12 of Takeover Code. This subscription and acquisition of additional Equity Shares by the Promoters, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code.

As such, other than meeting the requirements indicated in the section on Objects of the Issue on page [●] of this Draft Letter of Offer, there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of allotments to the Promoters, after conversion of the securities being offered in this Issue, the Promoters' shareholding in the Company exceeds their current shareholding.

The Promoters intend to subscribe to such unsubscribed portion as per the relevant provisions of the law. Allotment to the Promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.

**Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process**



**This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.**

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

#### ***Equity Shareholders who are eligible to apply under the ASBA Process***

The option of applying for Zero Dividend Compulsorily and Fully Convertible Preference Shares in the Issue through the ASBA Process is only available to Equity Shareholders of the Company on the Record Date and who:

- ➔ are holding the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Zero Dividend Compulsorily and Fully Convertible Preference Shares in the Issue in dematerialised form;
- ➔ have not renounced his/her Rights Entitlements in full or in part;
- ➔ are not a Renouncee;
- ➔ are applying through blocking of funds in a bank account with one of the SCSBs.

#### **CAF**

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

Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF to the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

#### **Acceptance of the Issue**

You may accept the Issue and apply for the Zero Dividend Compulsorily and Fully Convertible Preference Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

#### **Mode of payment**

The Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrars. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per Registrar's instruction allocable to the Equity Shareholders applying under the ASBA Process from bank account with the SCSB mentioned by the Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by the Company as per the provisions of section 73(3) of the Companies Act, 1956. The balance amount remaining after the finalisation of the basis of allotment shall be either unblocked by the SCSBs or refunded to the investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Managers to the respective SCSB.

The Equity Shareholders applying under the ASBA Process would be required to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, the Company would have a right to reject the application only on technical grounds.

#### **Options available to the Equity Shareholders applying under the ASBA Process**



The summary of options available to the Equity Shareholders are presented below. You may exercise any of the following options with regard to the Zero Dividend Compulsorily and Fully Convertible Preference Shares, using the respective CAFs received from Registrar:

<b>Option Available</b>	<b>Action Required</b>
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF ( <i>All joint holders must sign</i> )
2. Accept your Rights Entitlement in full and apply for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Zero Dividend Compulsorily and Fully Convertible Preference Shares ( <i>All joint holders must sign</i> )

**The Equity Shareholder applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.**

**Additional Zero Dividend Compulsorily and Fully Convertible Preference Shares**

You are eligible to apply for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares over and above the number of Zero Dividend Compulsorily and Fully Convertible Preference Shares that you are entitled too, provided that you have applied for all the Zero Dividend Compulsorily and Fully Convertible Preference Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under "Terms of the Issue - Basis of Allotment" on page [●] of this Draft Letter of Offer.

If you desire to apply for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares please indicate your requirement in the place provided for additional Zero Dividend Compulsorily and Fully Convertible Preference Shares in Part A of the CAF.

**Renunciation under the ASBA Process**

Renounees cannot participate in the ASBA Process.

**Application on Plain Paper**

Kindly refer page [●] under "Application on Plain Paper".

**Option to receive Zero Dividend Compulsorily and Fully Convertible Preference Shares in Dematerialized Form**

**EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE ZERO DIVIDEND COMPULSORILY AND FULLY CONVERTIBLE PREFERENCE SHARES OF THE COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE BEING HELD ON RECORD DATE.**

**General instructions for Equity Shareholders applying under the ASBA Process**

- a) Please read the instructions printed on the respective CAF carefully.
- b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer are liable to be rejected. The CAF must be filled in English.
- c) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or Lead Managers to the Issue.



- d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- e) All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company/or Depositories.
- g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- h) All communication in connection with application for the Zero Dividend Compulsorily and Fully Convertible Preference Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.
- i) Only the person or persons to whom the Zero Dividend Compulsorily and Fully Convertible Preference Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.

**Do's:**

- a) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.
- b) Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Zero Dividend Compulsorily and Fully Convertible Preference Shares will be allotted in the dematerialized form only.
- d) Ensure that the CAFs are submitted at the SCSBs and details of the correct bank account have been provided in the CAF.
- e) Ensure that there are sufficient funds (equal to {number of Zero Dividend Compulsorily and Fully Convertible Preference Shares as the case may be applied for} X {Issue Price of Zero Dividend Compulsorily and Fully Convertible Preference Shares, as the case may be}) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- f) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.
- g) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- h) Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.
- i) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- j) Ensure that the Demographic Details are updated, true and correct, in all respects.

**Don'ts:**

- a) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- b) Do not pay the amount payable on application in cash, by money order or by postal order.
- c) Do not send your physical CAFs to the Lead Managers to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
- d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.



- e) Do not instruct your respective banks to release the funds blocked under the ASBA Process.

**Grounds for Technical Rejection under the ASBA Process**

In addition to the grounds listed under "Grounds for Technical Rejection" on page [●], applications under the ASBA Process are liable to be rejected on the following grounds:

- a) Application for Rights Entitlements or additional shares in physical form.
- b) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- c) Sending CAF to a Lead Managers / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- d) Renounee applying under the ASBA Process.
- e) Insufficient funds are available with the SCSB for blocking the amount.
- f) Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- g) Account holder not signing the CAF or declaration mentioned therein.

**Depository account and bank details for Equity Shareholders applying under the ASBA Process**

**IT IS MANDATORY FOR ALL THE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR ZERO DIVIDEND COMPULSORILY AND FULLY CONVERTIBLE PREFERENCE SHARES IN DEMATERIALIZED FORM. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF.**

**EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.**

**Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.**

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF and not the bank account linked to the DP ID. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of bank account.**

**Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of the Company, the SCSBs or the Lead Managers shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.**



In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

#### **Underwriting**

The present Issue is not underwritten save as mentioned in the document where the Promoters group intends to subscribe to the issue in the event of the issue remaining undersubscribed.

#### **Issue Schedule**

<b>Issue Opening Date:</b>	[●]
<b>Last date for receiving requests for SAFs:</b>	[●]
<b>Issue Closing Date:</b>	[●]

The Board may however decide to extend the issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

#### **Allotment Advices / Refund Orders**

The Company will issue and dispatch allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the allotted Zero Dividend Compulsorily and Fully Convertible Preference Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest as prescribed under Section 73 of the Companies Act.

Investors residing at centers where clearing houses are managed by the Reserve Bank of India ("RBI") will get refunds through Electronic Clearing Service ("ECS") except where Investors are otherwise disclosed as applicable/eligible to get refunds through direct credit and real time gross settlement ("RTGS").

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Zero Dividend Compulsorily and Fully Convertible Preference Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and the Company issues letter of allotment, the corresponding share 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 or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

For more information, please see the section "Terms of the Issue" on page [●].

The letter of allotment / refund order exceeding Rs. 1,500 would be sent by registered post/speed post to the sole/first Investors registered address. Refund orders up to the value of Rs. 1,500 would be sent under certificate of posting. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter (refund advice) through 'Under Certificate of Posting' intimating them about the mode of credit of refund.



**As regards allotment/ refund to non-residents, the following further conditions shall apply:**

In case of non-residents, who remit their application monies from funds held in NRE/ FCNR accounts, refunds and/ or payment of interest/ dividend and other disbursement, if any, shall be credited to such accounts, details of which should be furnished in the CAF. Subject to the approval of the RBI, in case of non-residents, who remit their application monies through Indian Rupee draft purchased from abroad, refund and/ or payment of dividend/ interest and any other disbursement, shall be credited to such accounts (details of which should be furnished in the CAF) and will be made net of bank charges/ commission in US Dollars, at the rate of exchange prevailing at such time. The Company will not be responsible for any loss on account of exchange fluctuations for converting the Indian Rupee amount into US Dollars. The securities certificate(s) will be sent by registered post at the Indian address of the non-resident applicant.

**Payment of Refund**

Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 68 centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. Applicants having bank accounts at any of the 68 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS).

**Mode of Making Refunds**

The payment of refund, if any, would be done through various modes in the following order of preference:

1. **ECS** . Payment of refund would be done through ECS for applicants having an account at any of the 68 centres where clearing houses for ECS are managed by the Reserve Bank of India, namely Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur).

This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for Investors having a bank account at any centre where ECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through ECS), except where the Investor, being eligible, opts to receive refund through National Electronic Fund Transfer ("NEFT"), direct credit or RTGS.



2. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by the Company.
4. RTGS – Investors having a bank account at any of the 68 centres where such facility has been made available and whose refund amount exceeds Rs. 50 lacs, have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the refund bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
5. For all other Investors, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
6. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and is permitted by the SEBI from time to time.

#### **Printing of Bank Particulars on Refund Orders**

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor’s bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

#### **Allotment advice / Share Certificates/ Demat Credit**

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case the Company issues allotment advice, the relative shared certificates will be dispatched within one month from the date of the allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

#### **Option to receive Zero Dividend Compulsorily and Fully Convertible Preference Shares in Dematerialized Form**

Investors to the Zero Dividend Compulsorily and Fully Convertible Preference Shares of the Company issued through this Issue shall be allotted the Zero Dividend Compulsorily and Fully Convertible Preference Shares in dematerialized (electronic) form at the option of the Investor.

The Company signed a tripartite agreement with NSDL on September 14, 2009 and with CDSL on September 23, 2009 which enables the Investors to hold and trade in eligible securities in a dematerialized form, instead of holding the same in the form of physical certificates.



In this Issue, the allottees who have opted for Zero Dividend Compulsorily and Fully Convertible Preference Shares in dematerialized form will receive their Zero Dividend Compulsorily and Fully Convertible Preference Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Zero Dividend Compulsorily and Fully Convertible Preference Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Zero Dividend Compulsorily and Fully Convertible Preference Shares in physical form. No separate CAFs for Zero Dividend Compulsorily and Fully Convertible Preference Shares in physical and/or dematerialized form should be made. If such CAFs are made, the CAFs for Zero Dividend Compulsorily and Fully Convertible Preference Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial allotment, allotment will be done in demat option for the Zero Dividend Compulsorily and Fully Convertible Preference Shares sought in demat and balance, if any, will be allotted in physical Zero Dividend Compulsorily and Fully Convertible Preference Shares.

**INVESTORS MAY PLEASE NOTE THAT THE ZERO DIVIDEND COMPULSORILY AND FULLY CONVERTIBLE PREFERENCE SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.**

Procedure for availing the facility for allotment of Zero Dividend Compulsorily and Fully Convertible Preference Shares in this Issue in the electronic form is as under:

- ➔ Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of the Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with the Company). In case of Investors having multiple folios in the Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.*
- ➔ For Equity Shareholders already holding Equity Shares of the Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Zero Dividend Compulsorily and Fully Convertible Preference Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF.
- ➔ It may be noted that the allotment of Zero Dividend Compulsorily and Fully Convertible Preference Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares of the Company are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of the Company.

Responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.

If incomplete / incorrect beneficiary account details are given in the CAF the Investor will get Zero Dividend Compulsorily and Fully Convertible Preference Shares in physical form.

The Zero Dividend Compulsorily and Fully Convertible Preference Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Zero Dividend Compulsorily and Fully Convertible Preference Shares to the applicant's depository account.

Renounees will also have to provide the necessary details about their beneficiary account for allotment of Zero Dividend Compulsorily and Fully Convertible Preference Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

**General instructions for Investors**

- a) Please read the instructions printed on the enclosed CAF carefully.



- b) Application should be made on the printed CAF, provided by the Company except as mentioned under the head "Application on Plain Paper" on page [•] and should be completed in all respects.
- The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.
- The CAF together with cheque/demand draft should be sent to the Bankers to the Issue/Collecting Bank or to the Registrar to the Issue and not to the Company or Lead Managers to the Issue.
- Investors at centres not covered by the branches of collecting banks can send their CAFs together with the cheque drawn at par on a local bank at New Delhi or demand draft payable at New Delhi to the Registrar to the Issue by registered post so that it reaches them at least 2 working days before the close of the issue. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.
- Applications where separate cheques/demand drafts are not attached for amounts to be paid for Zero Dividend Compulsorily and Fully Convertible Preference Shares are liable to be rejected.**
- c) Except for applications on behalf of the Central and State Government and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- d) Investors are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- e) All payment should be made by cheque/DD only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company.
- g) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with the Company, the same need not be furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.
- h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.



- i) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for allotment of Zero Dividend Compulsorily and Fully Convertible Preference Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Zero Dividend Compulsorily and Fully Convertible Preference Shares, subsequent issue and allotment of Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- j) All communication in connection with application for the Zero Dividend Compulsorily and Fully Convertible Preference Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agents of the Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
- k) SAFs cannot be re-split.
- l) Only the person or persons to whom Zero Dividend Compulsorily and Fully Convertible Preference Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.
- m) Investors must write their CAF number at the back of the cheque /demand draft.
- n) Only one mode of payment per application should be used. The payment must be by cheque/demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- o) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or postdated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (e) above).
- p) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

#### **Grounds for Technical Rejections**

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given;
- Age of first Investor not given;
- Except for CAFs on behalf of the Central or State Government and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories;
- If the Investors desires to have Zero Dividend Compulsorily and Fully Convertible Preference Shares in electronic form, but the CAF does not have the Investor's depository account details;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs by OCBs;
- CAFs accompanied by Stockinvest;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;



- CAFs that do not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from the US;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided;
- CAFs where the Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by renounees who are persons not competent to contract under the Indian Contract Act, 1872, including minors; and
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

Please read the Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are each an integral part of the Letter of Offer and must be carefully followed. CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

#### **Mode of payment for Resident Equity Shareholders/ Investors**

- All cheques / drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed 'A/c Payee only' and marked "RIL- Rights Issue";
- Investors at centres not covered by the branches of collecting banks are requested to send their CAFs together with the cheque drawn at par on a local bank at New Delhi or demand draft payable at New Delhi and marked "RIL- Rights Issue" to the Registrar to the Issue by registered post so that it reaches them at least 2 working days before the close of the issue. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

#### **Investment by FIIs**

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

The Issue of Zero Dividend Compulsorily and Fully Convertible Preference Shares under this Issue to a single FII should not exceed 10% of the post-issue paid up capital of the Company. In respect of an FII investing in the Zero Dividend Compulsorily and Fully Convertible Preference Shares on behalf of its sub-accounts the investment on behalf of each sub-account shall not exceed 5% of the total paid up capital of the Company.

#### **Investment by NRIs**

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.

Non-resident Indian applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The non-resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

#### **Procedure for Applications by Mutual Funds**

A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

#### **Mode of payment for Non-Resident Equity Shareholders/ Investors**

As regards the application by non-resident Equity Shareholders, the following conditions shall apply:

- Individual non-resident Indian applicants can obtain application form from the registered office of the Company.
- Payment by non-residents must be made by demand draft payable at New Delhi/cheque payable drawn on a bank account maintained at New Delhi or funds remitted from abroad in any of the following ways:



#### *Application with repatriation benefits*

- By Indian Rupee drafts purchased from abroad and payable at New Delhi or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque/draft on a Non-Resident External Account (NRE) or FCNR Account maintained in New Delhi; or
- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in New Delhi; or FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- Non-resident investors applying with repatriation benefits should draw cheques/drafts in favour of 'RIL- Rights Issue- NR' and must be crossed 'account payee only' for the full application amount, net of bank and postal charges.

#### *Application without repatriation benefits*

- As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in New Delhi or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at New Delhi. In such cases, the allotment of Zero Dividend Compulsorily and Fully Convertible Preference Shares will be on non-repatriation basis.
- All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of 'RIL- Rights Issue' and must be crossed 'account payee only' for the full application amount, net of bank and postal charges. The CAFs duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- Investors may note that where payment is made by drafts purchased from NRE/ FCNR/NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI.

#### **Notes:**

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

#### **Impersonation**

**As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act which is reproduced below:**

***"Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years".***

#### **Dematerialized dealing**

The Company signed a tripartite agreement with NSDL on September 14, 2009 and with CDSL on September 23, 2009 which enables the Investors to hold and trade in eligible securities in a dematerialized form.



The Company's existing Equity Shares bear the ISIN INE523K01012. ISIN for the Zero Dividend Compulsorily and Fully Convertible Preference Shares shall be allotted by the Depositories after the same have been allotted pursuant to this issue.

#### **Payment by Stockinvest**

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

#### **Disposal of application and application money**

No acknowledgment will be issued for the application moneys received by the Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Zero Dividend Compulsorily and Fully Convertible Preference Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Companies Act.

For further instruction, please read the CAF carefully.

#### **Utilisation of Issue Proceeds**

The Board of Directors declares that:

- a) All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Companies Act;
- b) Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and
- c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.
- d) The Company may utilize the funds collected in the Issue only after the basis of allotment is finalized.

#### **Undertakings by the Company**

The Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock exchanges where the Zero Dividend Compulsorily and Fully Convertible Preference Shares are to be listed will be taken within seven working days of finalization of basis of allotment.
3. The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by the Company.
4. The Company undertakes that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. The certificates of the securities or refund orders to the non-resident Indians shall be despatched within specified time.
6. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment.
7. At any given time there shall be only one denomination for the shares of the Company.
8. No further issue of securities shall be made till the securities offered through this offer document are listed or till the application moneys are refunded on account of non-listing, under subscription, etc
9. We shall comply with such disclosure and accounting norms specified by SEBI from time to time.

**Important**

- Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this Draft Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and super scribed 'Raunaq International Limited –Rights Issue' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Link Intime India Pvt. Ltd.  
A-40, 2nd floor, Naraina Industrial Area  
Phase-II, Near Batra Banquet Hall, New Delhi 110028  
Email: ril.rights@linkintime.co.in  
Ph.no. 011-41410492, 93  
Fax no. : 011-41410491  
Contact Person: Bharat Bhushan

- It is to be specifically noted that this Issue of Zero Dividend Compulsorily and Fully Convertible Preference Shares is subject to the risk factors mentioned in the section "Risk Factors" on page [•].
- The Issue will remain open for a minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.



## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA.

While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a nonresident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines/regulations prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.



## SECTION IX- MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

### ARTICLES OF ASSOCIATION OF RAUNAQ INTERNATIONAL LIMITED

Unless the context otherwise requires, words and expression contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which the Articles become binding on the Company.

The marginal notes hereto shall not effect the construction hereof and in these presents, unless there be something in the subject or context inconsistent therewith.

"The Act" means The Companies Act, 1956 and other statutory modifications or re-enactments thereof for the time being in force.

"The Company" means Raunaq International Limited.

"The Directors" means the Directors for the time being of the Company.

"The Board" or "The Board of Directors" means a meeting of the Directors duly called and constituted or as the case may be the Directors assembled at a Board, or the requisite number of Directors entitled to pass a circular resolution in accordance with these Articles.

"The Managing Director" means the Managing Director appointed as such for the time being of the Company.

"Capital" means the capital for the time being raised or authorised to be raised for the purposes of the Company.

"Debenture" includes Debenture Stock.

"The Office" means the Registered Office for the time being of the Company.

"Register" means the Register of Members to be kept pursuant to Section 150 of the Act.

"The Registrar" means the Registrar of Companies of the State in which the office of the Company is, for the time being, situated.

"Dividend" includes bonus.

"Month" means calendar month.

"Auditors" means the auditors of the Company for the time being and from time to time appointed in accordance with the Companies Act, 1956.

"Shares" means the Shares for the time being of the capital of the Company.

"Member" means the member of the Company as defined in section 41 of the Companies Act, 1956 or any amendment thereof.

"Meeting" or "General Meeting" means a meeting of the Members.

"Annual General Meeting" means a General Meeting of the Members held in accordance with the provisions of Section 166 of the Act.

"Extra-Ordinary General Meeting" means an Extra-Ordinary **General Meeting** of the Members duly called and constituted and any adjourned holding thereof.

"Persons" words importing persons shall, where the context requires, include bodies corporate and companies as well as individuals.

"Secretary" includes a Temporary or Assistant Secretary and any person or persons appointed by the Board to perform any of the duties of Secretary.



"Seal" means the Common Seal of the Company.

"Proxy" includes Attorney duly constituted under a power of Attorney.

"Special Resolution" shall have the meaning assigned thereto by Section 189 of the Act.

"Year" means the Calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2 (17) of the Act.

"In writing" and "Written" includes printing, lithography and other modes of representing or reproducing words in a visible form. Words importing the singular number shall include the plural number and vice versa.

2. Saved as reproduced herein the regulations contained in Table "A" in the First Schedule to the Act shall not apply to the Company.
3. Save as permitted by Section 77 of the Act, the funds of the Company shall not be employed in the purchase of, or lent on the security of shares of the Company and the Company shall not give, directly or indirectly, any financial assistance, whether by way of loan, guarantee, the provision of security or otherwise, for the purpose of or in connection with any purchase of or subscription for shares in the Company or any Company of which it may, for the time being be a subsidiary. This Article shall not be deemed to affect the powers of the Board of the Company to enforce repayment of loans to members or to exercise a lien as provided by Article 33.

#### **SHARES**

4. \*The Share Capital of the Company is Rs. 40 crores (Rupees Forty crores) divided into 3,50,00,000 (Three crores Fifty Lacs) Equity shares of Rs.10 (Rupees Ten) each and 5,00,000 (Five lacs) Cumulative Redeemable Convertible or Non-convertible Preference Shares of Rs. 100 (Rupees One hundred) each with power to the Board of Directors of the Company to increase and reduce the capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Companies Act, 1956, for the time being in force and 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 the regulations of the Company.

\*Amended by EGM dt. 22.11.1994

5. Subject to the provision of these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such persons on such terms and conditions and at such times, either at par or at a premium and for such consideration as the Board thinks fit. Provided that an option or right to call of shares shall not be given to any person except with the sanction of the Company in General Meeting and that where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, then, subject to the provisions of Section 81 (IA) of the Act, the Board shall issue such shares in the manner set out in Section 81 (1) of the Act.
6. As regards allotments made from time to time the Company shall duly comply with section 75 of the Act.
7. If the Company shall offer any of its shares to the public for subscription:-
  - (a) No allotment thereof shall be made, unless the amount stated in the prospectus as the minimum subscription has been subscribed, and the sum payable on application thereof has been paid to and received by the company; but this provision shall no longer apply after the first allotment of shares offered to the public for subscription;
  - (b) the amount payable on application on each share shall not be less than 5 per cent of the nominal amount of the share; and



(c) The Company shall comply with the provisions. of sub-section (4) of Section 69 of the Act.

8. The Company may exercise the power of paying commission conferred by Section 76 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said section and the commission shall not exceed <sup>5</sup> percent of the price at which any shares, in respect whereof the same is paid, are issued or 2.5 per cent of the price at which any debentures are issued (as the case may be). Such commission may be satisfied by payment in cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.
9. With the previous authority of the Company in General Meeting and the sanction of the Court and upon otherwise complying with Section 79 of the Act, the Board may issue at a discount shares of a class already issued.
10. If, by the conditions of the allotment of any share, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who for the time being shall be the member registered in respect of the share or by his executor or administrator.
11. Members who are registered jointly in respect of a share shall be severally as well as jointly liable for the payments of all installments and calls due in respect of such share.
12. Save as herein otherwise provided, the Company shall be entitled to treat the member registered in respect of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction, or as by statute required, be bound to recognize (even when having notice thereof) any equitable, contingent, future or partial interest, trust or other claims to or interest in such share on the part of any other person.
13. Shares may be registered in the name of any person, company or other body corporate. Not more than four persons shall be registered jointly as members in respect of any shares. No shares shall, however, be registered in the name of partnership, or a person of unsound mind.

#### **SHARE CERTIFICATES**

14. Subject to the provisions of the Companies (Issue of share Certificates) Rules, 1960 the certificate of title to shares and duplicates thereof when necessary shall be issued under the seal of the company which shall be affixed in the presence of two Directors and of the Secretary or some other person appointed by the Board for the purpose and two Directors and the Secretary or other person shall sign such share certificates, provided that at least one of the aforesaid two Directors shall be other than Managing or Whole time Director, where the composition of Board so permits.
- 14Aa) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing securities, rematerialize its securities held in the Depositories and offer its fresh securities in a dematerialized form pursuant to the Depositories Act, 1996, any rules framed thereunder, and any amendments, modifications, re-promulgation or re-enactment thereof.
- b) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is a beneficial owner of the securities can at anytime opt out of depository, if permitted and in the manner provided by law and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of security, and on receipt of the information, the depository shall enter in its record, the name of the allottee as beneficial owner of the securities.



- c) All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956 ("the Act") shall apply to a depository in respect of the securities held by it, on behalf of the beneficial owners.
- d) (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of affecting transfer of ownership or security on behalf of the beneficial owner.
- (ii) Save as otherwise provided in (i) above the depository as the Registered owner of the securities shall not have any voting rights or other rights in respect of securities held by it.
- (iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a depository.
- e) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository the records of a beneficial owner may be served by such depository on the Company by means of electronic mode, by floppy discs and pen drive etc.
- f) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor or transferee both of whom are entered as beneficial owners, in records of depository.
- g) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- h) Nothing contained in these Articles regarding the necessity of having distinctive number of securities issued by the Company shall apply to securities held with a depository.
- i) The Register and Index of beneficial owner maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and security holders for the purpose of such securities.
- 14B Subject to the provisions of Section 109A of the Act and any regulations made in that behalf, the Company shall be entitled to accept nominations from its holders of securities.
15. Every member shall be entitled, without payment, to one certificate for all the shares of each class registered in his name, or, if the Board so approves, to several certificates each for one or more of such shares. Unless the conditions of Issue of any shares otherwise provide, the Company shall within three months after the date of allotment and on surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (save in the case of Issue against letters of acceptance or of renunciation or in case of Issue of bonus shares), or within two months after receipt of the application for registration of the transfer of any of its shares, as the case may be, complete and have ready for delivery the certificates of such shares. Every certificate of shares shall specify the name of the person in whose favour the certificate is issued the shares to which it relates and the amount paid up thereon. Particulars of every certificate issued shall be entered in the Register of Members maintained in the form set out in the Act, or in a form as near thereto as circumstances admit, against the name of the person to whom it has been issued, indicating the date of issue. In respect of any share registered in the joint names of several members, the Company shall not be bound to issue more than one certificate, and delivery of a certificate to one of several members registered jointly in respect thereof shall be sufficient delivery to all such members.



16. Subject to the provisions of Section 84 of the Act, if any certificate becomes defaced, torn or old, decrepit, worn out or where the cages on its reverse side for recording transfers have been duly utilised, then upon surrender thereof to the Company, the Board may order the same to be cancelled and may issue a new certificate in lieu thereof; and if any certificate be lost or destroyed, then, upon proof of such loss or destruction to the satisfaction of the Board, and on such indemnity as the Board thinks fit being given, and after such publicity at the cost of the person applying, as the Board may direct, a new certificate in lieu thereof shall be given to the party entitled to the shares to which such lost or destroyed certificate shall relate. The company shall not charge any fee for registration of transfer of shares and debentures; for sub-division and consolidation of share and debenture certificates and for sub-division of Letters of Allotment and Split, Consolidation, Renewal and Pucca Transfer Receipts into denominations corresponding to the market units of trading, for sub-division of renounceable Letters of Right; for issue of new certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilised; for registration of any Power of Attorney, Probate, Letters of Administration or similar other documents. The Company will charge such fees as may be decided by the Board for issue of new certificates in replacement of those that are torn, defaced, lost or destroyed. For sub-division and consolidation of share and debenture certificates and for sub-division of Letters of Allotment and Split Consolidation, Renewal and Pucca Transfer Receipts into denominations other than those fixed for the market units of trading. The Board may in its discretion forgo recovery of any fee chargeable under this Article.
17. Where a new share certificate has been issued in pursuance of Article 16, particulars of every such certificate shall also be entered in a register of duplicate certificates indicating against the name of the person to whom the certificate is issued, the number and date of issue of the certificate in lieu of which the new certificate is issued.

#### **CALLS**

18. The Board may, from time to time, subject to the terms on which any shares may have been issued, and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Board authorizing such call is passed at a meeting of the Board .
19. Not less than thirty days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
20. If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the member for the time being, in respect of the share for which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate as shall, from time to time, be fixed by the Board, from the day appointed for the payment thereof to the time of the actual payment. The Board shall be at liberty to waive payment of any such interest either wholly or in part.
21. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times, whether on account of the amount of the share or by way of premium, every such amount shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of call shall relate to such amount or installment accordingly.
22. On the trial or hearing of any action or suit brought by the Company against any member or his representative to recover any debt or claim any money due to the Company in respect of his share; it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose, on the Register as a member or one of the members in respect of the shares for which such claim is made, and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever, but the proof of matters aforesaid shall be conclusive evidence of the debt.



23. The Board may if it thinks fit, receive from any member willing to advance the same, all or any part of the money due upon the shares held by him beyond the sums actually called for, and upon the money so paid in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been paid, the Company may pay interest at such rate not exceeding 12 per cent per annum as the member paying such sum in advance and the Board may agree upon. Money so paid in excess of the amount of calls shall not rank for dividends or to participate in profits. The Board may at any time repay the amount so advance upon giving to such member not less than 3 months' notice in writing. But it shall not be the right of the member making such payment in advance of call to seek or to claim a refund or repayment thereof.
24. A call may be revoked or postponed at the discretion of the Board. 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, but no member shall be entitled to such extension save as a matter of grace and favour.

#### **FORFEITURE**

25. If any member fails to pay any sum payable in respect of any call or any installment on or before the appointed day for payment thereof, the Board may at any time thereafter during such time as the said sum or any installment remains unpaid, serve a notice on such member requiring him to pay the same together with any Interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
26. The notice shall be for a day, not being earlier than thirty days from date of the notice, and place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment on or before the time, and at the place appointed, the shares in respect of which such call or installment was payable shall be liable to forfeiture.
27. If the requirement of any such notice as aforesaid be not complied with, any share in respect of which such notice has been given may, at any time thereafter before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
28. When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register, but no forfeiture shall in any manner be invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
29. Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.
30. The Board, may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof, upon such conditions as it thinks fit.
31. A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall notwithstanding such forfeiture, remain liable to pay and shall forth-with pay to the Company all calls or installments, interest and expenses owing upon or in respect of such share at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment; at such rate not exceeding 12 per cent as the Board shall think fit, and the Board may enforce the payment thereof, or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.



32. A duly verified declaration in writing that the declarant is a Director or the Managing Director of the Company, and that certain shares in the Company, have been duly forfeited on a date for stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any given for the share on any sale or other disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or otherwise disposed of, and such person shall not be bound to see to the application of the purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.

#### **LIEN**

33. The Company shall have a first and paramount lien upon every share not being fully paid up, registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such share, whether the time for the payment thereof shall have actually arrived or not, and no equitable interest in any share shall be created except upon the footing and condition that Article 12 hereof is to have full effect. Such lien shall extend to all dividends from time to time declared in respect of such share. Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the Company's lien, if any, on such share.
34. For the purpose of enforcing such lien the Board may sell the share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator or other legal representative, as the case may be, and default shall have been made by him or them in payment of the moneys called or payable at a fixed time in respect of such share for seven days after the date of such notice.
35. The net proceeds of any such sale shall, after payment of the cost of such sale, be applied towards satisfaction of the amount in respect of which the lien exists and the residue, if any, shall be paid to the person entitled to the share at the date of the sale.
36. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered to in the Register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings, nor to application of the purchase- money, and after his name has been entered in the Register in respect of such share the validity of the sale shall not be impeached by any person on any ground whatsoever and the remedy of any person aggrieved by such sale shall be in damages only and against the Company exclusively.
37. Where any share has been sold by the Board pursuant to these Articles and the certificate in respect thereof has not been delivered to the Company by the former holder of such share, the Board may issue a new certificate for such share, distinguishing it in such manner as it may think fit from the certificate not so delivered. Where in any such case the certificate in respect of the share forfeited and/or sold is not delivered, and a new certificate for such share has been issued, the original certificate shall be treated as cancelled and no claim or title based on such certificate shall be binding on the Company.

#### **TRANSFER AND TRANSMISSION OF SHARES**

38. Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate or, if no such certificate is in existence, the letter of allotment of the share. The instrument of transfer of any share shall specify the name, address and occupation, if any, of the transferee, and the transferee's father's/husband's name, and the transferor shall be deemed to remain a member in respect of such share until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness, who shall add his address and occupation.



39. Application for the registration of the transfer of a share may be made either by the transferor or the transferee provided that, where such application is made by the transferor, no registration shall, in the case of a partly paid share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to provisions of these Articles, the Company shall, unless objection is made by the transferee, within two weeks from the date of receipt of the notice enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of transfer was made by the transferee.
40. The instrument of transfer of any share shall be in such form, as may from time to time, be prescribed by the Act or by any regulation made thereunder and the instrument of transfer shall be in writing and all the provisions of Section 108 of the Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers and of the Registration thereof.
41. The Board may, subject to the right of appeal conferred by Section 111 decline to register: (a) the transfer of a share not being fully paid share to a person of whom they do not approve, or; (b) any transfer of shares on which the Company has a lien.
- Provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any person or persons indebted to the Company on any account whatsoever except a lien on the shares.
42. No transfer shall be made to or registered in the name of a person of unsound mind or a partnership.
43. Every instrument of transfer shall be left at the office of the Company for registration, accompanied by the certificate of the share, being the subject of the instrument of transfer or, if no such certificate is in existence, by the Letter of Allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. Every instrument of the transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.
44. If the Board refuses, whether in pursuance of Article 41 or otherwise, to register the transfer of, or the transmission by operation of law of the right to any share, the Company shall, within two months from the date on which the instrument of transfer or the intimation of such transmission, as the case may be, was lodged with the Company, send to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, notice of such refusal.
45. No fee shall be payable to the Company in respect of the transfer or transmission of any shares in the Company.
46. If any member of the Company dies, and the Company, through any of its Principal Officers, within the meaning of Section 84 of the Estate Duty Act, 1953, has knowledge of the death, it shall not be lawful for the Company to register the transfer of any shares standing in the name of the deceased member unless the Company is satisfied that the transferee has acquired such transfer for valuable consideration or there is produced to it a certificate from the Controller, Deputy Controller or Assistant Controller of Estate Duty that either the estate duty in respect thereof or the money due as the case may be has been paid or will be paid. Where the Company has come to know through any of its Principal Officers of the death of any member, the Company shall within a month of the receipt of such knowledge, furnish to the Assistant Controller, or Deputy Controller of Estate Duty, who is exercising the functions of the Income Tax Officer in the case of the Company such particulars as may be prescribed by the Estate Duty Rules, 1953.
47. In the case of the death of a member, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased 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; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which has been jointly held by him with other person.



48. The Executors or Administrators or Holders of a succession certificate or the legal representatives of a deceased member (not being one of two or more joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognize such executors or administrators or holders of succession certificate or the legal representatives unless such Executors or Administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be, from a duly constituted Court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to the indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article. 50 register the name of any person who claims to be absolutely entitled to the shares standing in the name of the deceased member as a member.
49. Any committee or guardian of a lunatic or minor member or any person becoming entitled to or to transfer any share in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board, be registered as a member in respect of such share or may subject to the regulations as to transfer hereinbefore contained, transfer such share. This Article hereinafter referred to as "The Transmission Article."
50. (1) If the person becoming entitled under the Transmission Article shall elect to be registered as a member in respect of the share himself he shall give the Company notice in writing signed by him stating that he so elects.
- (2) If the person aforesaid shall elect to transfer the share, he shall testify this election by executing an instrument of transfer of the share.
- (3) All the limitations, restrictions and provisions of these Articles pertaining to the right of transfer and registration of instruments of transfer of shares, shall be applicable to such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice or transfer was a transfer signed by that member.
51. A person so becoming entitled under the Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of the member shall, subject to the provisions of Article 63 and of Section 106 of the Act, be entitled to the same dividends and other advantages to which he would be entitled if he were the member in respect of the share . Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the shares, and if the notice is not complied with within 90 days, the Board may thereafter with old payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.
52. The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right, title or interest in the said shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice purporting to prohibit registration of such transfer and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company.

#### **INCREASE AND REDUCTION OF SHARE CAPITAL**

53. The Company in General Meeting may from time to time alter the conditions of its Memorandum of Association to increase its capital by the creation of new shares and of such amount as the resolution shall prescribe.



54. In the event of the Company creating and/or issuing further Preference Shares in future ranking in all respects pari passu with the Preference Shares first issued, it would do so only with the consent in writing of the holders of not less than 3/4th of the Preference Shares then outstanding or in accordance with a special resolution passed at a General Meeting of such Shareholders specially convened for the purpose.
55. Section 81 of the Act shall apply to all further issues of capital.
56. Before the issue of any new shares, the Company in General Meeting may make provision as to the allotment and issue of the new shares, and in particular may determine to whom the same shall be offered in the first instance and whether at par or at a premium or subject to the provisions of Section 79 of the Act, at a discount. In default of any such provision or so far as the Act shall permit, the new shares may be issued in conformity with the provisions of Article 5.
57. Except so far as is otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered part of the then existing capital of the Company and shall be subject to all the provisions herein contained in respect of payment of calls and installments, transfer and transmission, forfeiture, lien and otherwise.
58. If, owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have the offer of such shares, any difficulty shall arise in the apportionment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares be determined by the Board.
59. The Company may from time to time, by special resolution reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorised by law. The Share Premium Account may, subject to the provisions of Section 78 of the Act, be applied by the Company;
- (a) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
  - (b) in writing off the preliminary expenses of the Company;
  - (c) in writing of the expenses, or the commission paid or discount allowed on any issue of shares or debentures of the Company; or
  - (d) in providing for the premium payable on the redemption of any Redeemable Preference Shares or of any Debentures of the Company.

#### **ALTERATION OF SHARE CAPITAL**

60. The Company in General Meeting may alter the conditions of its Memorandum of Association for the following purposes:
- (a) to consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (b) to subdivide its existing shares or any of them into shares of smaller amounts than is fixed by the Memorandum, subject to the provisions of Section 94 (1) (d) of the Act;
  - (c) to cancel any shares which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of shares so cancelled.
61. Where any share capital is subdivided, the provisions of Section 85, 87, 88 and 106 of the Act, shall be given full effect.
62. Subject to the provisions of Section 100 to 105 inclusive of the Act, the Board may accept from any member the surrender, on such terms and conditions as shall be agreed, of all or any of his shares.



## **VARIATION OF SHAREHOLDERS' RIGHTS**

63. If at any time the share capital is divided into different classes of shares the rights attached to each class, unless otherwise provided by the terms of issue of the shares of that class, may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of that class, in accordance with Section 106 of the Act. To every such separate General Meeting the provisions of these Articles relating to General Meetings shall apply, but so that necessary quorum shall be members at least holding or representing by proxy three-fourths of the issued shares of the class but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those members who are present shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and, on a poll shall have one vote for each share of the class of which he is the holder. This Article is not by implication to curtail the power of modification which the Company would have if this Article was omitted. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution together with a copy of the statement of material facts annexed under Section 173 to the notice of the meeting in which such resolution has been passed, to the Registrar.

## **BORROWING POWER**

64. Subject to and in compliance with provisions of Section 292 & 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 either from the Directors or any other person 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 moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of 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.
65. The Board may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future) and including uncalled capital for the time being, and debentures, debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
66. Any debenture, debenture-stock, bonds or other securities may be issued at discount, premium or otherwise and with any special privileges as to redemption, surrender and drawings, appointment of directors and otherwise. Debentures with the right of allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.
67. Save as is provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer, in the same form and on the same terms and conditions as are applicable to the transfer of shares, duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of debentures.
68. If the Board refuses to register the transfer of any debenture the Company shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.
69. If any Director or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or person so becoming liable, as aforesaid from any loss in respect of such liability.

## **GENERAL MEETINGS OF MEMBERS**



70. In addition to any other meetings, General Meeting of the Company shall be held in each year within such intervals as are specified in Section 166 (1) of the Act, and, subject to the provisions of Section 166 (2) of the Act, at such times and places as may be determined by the Board. Each such general meeting shall be called an "Annual General Meeting" and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall be called an "Extraordinary General Meeting."
71. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall, on the requisition of such number of members as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up capital of the Company as at that date carried the right of voting in regard to the matter to be considered at the meeting, forthwith proceed to call an Extraordinary General Meeting, and in the case of such requisition the following provisions shall apply:
- (1) The requisition shall state the matters for the consideration of which the meeting is to be called shall be signed by the requisitionists and shall be deposited at the office. The requisition may consist of several documents in like form each signed by one or more requisitionists.
  - (2) Where two or more distinct matters are specified in the requisition, the requisition shall be valid only in respect of those matters in regard to which the requisition has been signed by the member or members herein before specified.
  - (3) If the Board does not, within twenty-one days from the date of deposit of a valid requisition in regard to any matters, proceed to call a meeting on a day not later than 45 days from the date of deposit, the requisitionists or such of them as are able to do by virtue of Section 169 (6) (b) of the Act may themselves call the meeting, but any meeting so called shall not be held after three months from the date of such deposit.
  - (4) Any meeting called under this Article by the requisitionists shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board, but shall be held at the office.
  - (5) Where two or more persons hold any shares jointly, a requisition or notice calling a meeting signed by one or only some of them shall, for the purpose of this Article, have the same force and effect as if it had been signed by all of them.
  - (6) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly call a meeting shall be repaid to the requisitionists by the Company and any sum so repaid shall be deducted by the Company from any sums due or to become due from the Company to such of the Directors as are in default.
72. The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.
73. Save as is provided in sub-section (2) of Section 171 of the Act. not less than twenty-one days' notice shall be given of every General Meeting of the Company. Every notice of the meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat. Where any such business consists of "special business" as hereinafter defined there shall be annexed to the notice a statement complying with the provisions of Section 173 (2) & (3) of the Act.

Notice of every meeting of the Company shall be given to every member of the Company, to any person entitled to share in consequence of the death or insolvency of a member and to the Auditors of the Company, in the manner hereinafter provided for the giving of notices to such persons.

Provided that where the notice of a General Meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement of material facts has been forwarded to the members of the Company.



The accidental omission to give any such notice to or the non-receipt thereof by any member or other person to whom it should be given shall not invalidate the proceeding of the meeting.

### **PROCEEDINGS AT GENERAL MEETINGS**

74. The ordinary business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the reports of the Directors and of the Auditors, to elect Directors in the place of those retiring by rotation, to appoint auditors and to fix their remuneration and to declare dividends. All other business transacted at an Annual General Meeting and all business transacted at any other meeting shall be deemed special business. No General Meeting shall be competent to discuss or transact any special business which has not been specifically stated in the notice of the meeting.
75. No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as is herein otherwise provided, five members present in person shall be a quorum.
76. Any act or resolution which, under these articles and the act is permitted or required to be done or passed by the Company in General Meeting, shall be sufficiently done or passed if effected by an Ordinary Resolution as defined in Section 189 (1) of the Act unless either the Act or the Articles specifically require such act to be done or resolution to be passed by a specific majority or by Special Resolution as defined in Section 189 (2) of the Act.
77. The Chairman of the Board shall be entitled to take the chair at every General Meeting. If there be no such Chairman or if at any meeting the Chairman is not present, within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, then the members present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the Chair, then the members present shall, on a show of hands or on a poll if properly demanded, elect one of their number being a member entitled to vote, to be Chairman of the Meeting.
78. If within half-an-hour from the time appointed for the meeting, a quorum be not present, the meeting, if called upon the requisition of members, shall stand dissolved; but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and such time and place as the Board may by notice appoint and if at such adjourned meeting a quorum be not present, the members present, not being less than two, shall be a quorum and may transact the business for which the meeting was called.
79. Every question submitted to a meeting shall be decided in the first instance by a show of hands.
- In the case of an equality of votes, both on show of hands and on a poll, the Chairman of the meeting shall be entitled to a second or casting vote.
80. At any general meeting, unless a poll is, before or on the declaration of the results of the voting on any resolution on a show of hands, demanded by the Chairman of the meeting on his own motion or by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution, not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than Fifty Thousand Rupees has been paid up, a declaration by the Chairman that the resolution has or has not been carried, either unanimously, or by a particular majority, and on entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against the resolution.
81. (1) If a poll be demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a chairman of the meeting and in any other case at such time, not being later than forty-eight hours from the time when the demand was made, at such place as the Chairman may direct.
- (2) The demand for a poll may be withdrawn at any time by the person who made the demand.



- (3) Where a poll is to be taken the Chairman of the meeting shall appoint two scrutineers, at least one 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 scrutinize the votes.
  - (4) On a poll a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast all his votes in the same way.
  - (5) The demand for a poll shall not prevent the meeting from transacting any business except the business in respect of which a poll has been demand.
82. (1) The Chairman of a General Meeting may 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 adjournment took place.
- (2) When a meeting is adjourned, it shall not be necessary to give any notice of adjournment or of the business to be transacted at the adjourned meeting.
83. Save as hereinafter provided, on a show of hands every member present in person shall have one vote and every person present either as a Proxy (as defined in Article 89) or as a duly authorised representative of a body corporate shall if he is not entitled to vote in his own right, have one vote and upon a poll the voting rights of member shall be as specified in Section 87 of the Act, provided that no company or body corporate shall vote by proxy, so long as a resolution of its Board of Directors under the provisions of section 187 of the Act, is in force and the representative named in such resolution is present at the General Meeting at which the vote by proxy is tendered.
84. A company or a body corporate (hereinafter in this Article called "member company") which is a member of the Company, may vote by proxy or by representative duly appointed in accordance with Section 187 of the Act. A person duly appointed by resolution in accordance with the provisions of Section 187 of the Act to represent such member company shall not by reason of such appointment be deemed to be a proxy, and the lodging with the Company at the office or the production at the meeting of a copy of such resolution duly signed by one director of such company and certified by him as being a true copy of the resolution be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the member company which he represents, as that member company could exercise.
85. Any person entitled under the Transmission Article to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the member registered in respect of shares, provided that 48 hours at least before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote, he shall satisfy the Board of his right to transfer such shares, unless the Board shall have previously admitted his right to vote at such meetings in respect thereof. A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
86. Where there are members registered jointly in respect of any share, anyone 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 members be present at any meeting either personally or by proxy, that one of said members so present whose name stands first on the Register 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 to be members registered jointly in respect thereof.
87. On a poll votes may be given either personally or by proxy, or, in the case of a body corporate, by a duly authorised representative.
88. 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 and the hand of its officer or Attorney duly authorised.



A person may be appointed a proxy though he is not a member of the Company and every notice convening a meeting of the Company shall state this and that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy who is appointed for a specified meeting only shall be called a Special Proxy. Any other proxy shall be called a General Proxy.

89. The instrument appointing a proxy and power of attorney or other authority; if any, under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the office not less than 48 hours before the time for holding the meeting at which the Person named in the instrument purports to vote in respect thereof, and in default the instrument of proxy shall not be treated as valid.
90. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company not less than forty-eight hours before the time for holding the meeting at the office before the vote is given; provided nevertheless, that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.
91. 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.
92. No member shall be entitled to exercise any voting rights either personally or by Proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, or has exercised, any right of lien.
93. No objection shall be raised as to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any objection as to the qualification of any voter, whether on a show of hands or on a poll, shall be determined by the Chairman of the meeting.

#### **DIRECTORS**

94. Until otherwise determined by Special Resolution, the number of Directors of the Company shall not be less than three and not more than twelve.
95. The Board shall have power at any time and from time to time to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for reappointment.
96. A Director shall not be required to acquire any qualification shares but nevertheless shall be, entitled to attend and speak at any General Meeting of the Company and at any separate meeting of the holders of any class of shares in the Company.
  - (a) The Board of Directors shall have powers from time to time and at any time to appoint any person who is in the employment of the Company as 'Executive Director' or 'Administrative Director' or with such other designation as the Board may, from time to time, determine on such terms and conditions as to remuneration and otherwise as the Board may deem fit and their discretion to remove or suspend such person from the said office. Any person so appointed shall not be a Director of the Company for any of the purposes of the Act, nor he shall have any of the powers or be subject to any of the duties of a Director. The Use of a Word 'Director' in the said designation shall not be construed as constituting such person a Director of the Company for any of the purposes of the Act. Subject to aforesaid, every person so appointed shall exercise such powers and discharge such duties as the Board of Directors may from time to time determine.



97. Where any investment and finance corporations, such as, Industrial Development Bank of India, Industrial Finance Corporation of India, The Industrial Credit and Investment Corporation of India Ltd., Life Insurance Corporation of India, Unit Trust of India or any other Corporation or Bank or the State or Central Government of India obtain shares of the Company, make loans to the Company or give guarantees in connection with the grant of a loan to or the supply of machinery for the Company, or where the Company enters into a contract with any person or persons for borrowing any money or for providing any guarantee or for technical collaboration or assistance or enters into any other arrangement, any such body or person shall be entitled to appoint a Director or Directors of the Company if that be agreed to as a condition of the grant of a loan or giving of such guarantee or the acquiring of shares or of any other arrangement.

The provisions of these Articles as to retirement of Directors shall not apply to him/them. The Directors so appointed shall have the same powers and privileges as other Directors of the Company. The said Director shall hold office at the pleasure of any such corporation or Government or persons which shall have full power to remove any of the Directors appointed by it and to appoint any other person in place of such Director.

98. If it is provided by any Trust Deed, securing or otherwise, in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate Director of the Company then in the case of any and every issue of such debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is hereinafter referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be subject to retirement by rotation.

99. The fee payable to a Director for attending a meeting of the Board of Committee thereof shall be such as may be determined by the Board of Directors from time to time within the ceiling prescribed under the Companies Act, 1956 or Rules made thereunder.

All other remuneration, if any, payable by company to each Director, whether in respect of his services as a Director in the whole or part-time employment of the Company shall be determined in accordance with and subject to the provisions of these articles and of the Act. The Director shall be entitled to be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attending Board and Committee meetings and otherwise in the execution of their duties as Directors, in accordance with the rules to be framed by the board in this behalf. In the case of Directors nominated by Financial Institutions or State or Central Government under Article 99 hereof, the fees and expenses for attending the meeting of the Board or a Committee thereof, if desired by such Financial Institutions or State or Central Government, may be reimbursed to such Financial Institutions or State or Central Government.

100. If any Director, being willing, shall be called upon to perform extra services or to make any special exertions for any of the purposes of the Company or in giving special attention to the business of the Company or as a member of a Committee of the Board, subject to sections 198, 309 and 310 of the Act, the Board may remunerate the Director so doing, either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.
101. The continuing Director may act notwithstanding any vacancy in their body; but so that if the number falls below the minimum above fixed, The Board shall not, except for the purpose of filling vacancies or convening a General Meeting, act so long as the number is below the minimum.
102. The office of a Director shall Ipso facto become vacant if:
1. (a) he is found to be of unsound mind by a Court of competent jurisdiction; or
  - (b) he applies to be is adjudicated an insolvent; or
  - (c) he is adjudged an insolvent; or



- (d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or
  - (e) he fails to pay any call in respect of the shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government has, by notification in the official gazette, re-moved the disqualification incurred by such failure; or
  - (f) he absents himself from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or
  - (g) he (whether by himself or by any person for his benefit or his account) or any firm of which he is a partner, or any private company of which he is a Director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or
  - (h) he acts in contravention of Section 299 of the Act; or
  - (i) he becomes disqualified by an order of Court under Section 203 of the Act; or
  - (j) he is removed from office in pursuance of Section 284 of the Act; or
  - (k) by notice in writing to the Company he resigns his office; or
  - (l) any office or place of profit under the Company or under any subsidiary of the Company is held in contravention of Section 314 of the Act when by operation of that Section he is deemed to vacate office.
2. Notwithstanding any matter or things in sub-clauses (i), (b) and (d) of sub-clause (1) the disqualification referred to in those sub-clauses shall not take effect:
- (a) for thirty days from the date of adjudication, sentence or order; or
  - (b) where an appeal or petition is preferred within the thirty days aforesaid against adjudication, sentence or conviction resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or
  - (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed would, result in the removal of the disqualification, until such further appeal or petition is disposed of.
103. Save as permitted by section 314 of the Act, no Director of the Company, no partner, or relative of Director, no firm in which a Director or his relative is a partner, no private company of which such a Director is a director or member and no Director, or manager of such a private company shall without the consent of the Company accorded by special resolution, hold any office or place of profit carrying a total monthly remuneration of such sum as may be prescribed under the Companies Act, 1956 or rules made thereunder, except that of Managing Director, Manager, Legal and Technical Advisor, Banker or Trustees for the holder of debentures of the Company, under the Company, or under any subsidiary of the Company, unless the remuneration received from such subsidiary in respect of such office or place of profit is paid over to the Company or its holding Company.
104. A Director of the Company may be or become a Director of any Company promoted by this Company or in which it may be interested as vendor, shareholder or otherwise, and no such Director shall be accountable for any benefits received as director or member of such company.



105. Subject to the provisions of Section 297 of the Act a Director shall not be disqualified from contracting with Company either as vendor, purchaser or otherwise, of goods ,materials or services or from underwriting the subscription of any shares, or debentures of the Company, nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director, or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or Director, be avoided, nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director's holding office or of the fiduciary relation thereby established.
106. Every Director, who is in any way, whether directly or indirectly, concerned, or interested in a contract or arrangement entered into or to be entered into by on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 299 of the Act. A general notice, renewable in the last month of each financial year of the company that a Director is a Director or a member of any specified body Corporate or is a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate or firm shall be sufficient disclosure of concern or interest in relation to any contract or arrangement so made and, after such general notice it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or firm, provided such general notice is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
107. No Director shall, as a Director, take any part in the discussion or vote on any contract or arrangement in which he is in any way, whether directly or indirectly, concerned, or interested, nor shall his presence count for the purpose of forming a quorum at a time of such discussion or vote. This prohibition shall not apply to (a) any contract of indemnity against any loss which the Directors or any of them may suffer by reason of becoming or being sureties or a surety for the Company, or (b) any contract or arrangement entered into or to be entered into by the Company with a public company, or with a private company which is a subsidiary of public company, in which the interest of the Director consists solely in his being director of such Company and the holder of not more shares in number or value therein that is requisite to qualify him for appointment as a director thereof, he having been nominated as such Director by the Company or in his being a member of the company holding not more than two per cent of the paid up share Capital of the Company.

#### **ROTATION OF DIRECTORS**

108. Not less than two- thirds of the total number of Directors shall be persons who are liable to retire by rotation.
109. At each Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.
110. The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those to retire shall in default of and subject to any agreement among themselves, be determined by lot.
111. Save as is permitted by Section 263 of the Act, every resolution of a General Meeting for the appointment of a Director shall relate to one named individual only.
112. The Company at the Annual General Meeting at which a Director retires by rotation may by resolution, fill the vacant office by appointing the retiring Director or some other person thereto.



If the place of the retiring Director is not so filled and the meeting has not expressly resolved to leave the vacancy unfilled, the meeting shall stand adjourned until the same day in the next week, at the same time and place, or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place. If at the adjourned meeting the place of the retiring Director is still not filled and that meeting has as yet not expressly resolved to leave the said vacancy unfilled, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless:

- (a) at the meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the vote and lost; or
  - (b) the retiring Director has by notice in writing addressed to the Company or the Board expressed his unwillingness to be reappointed; or
  - (c) he is not qualified or is disqualified for appointment; or
  - (d) a resolution whether special or ordinary is required for his appointment or reappointment by virtue of any provisions of the Act and has not been passed: or
  - (e) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.
113. The Company may, subject to the provisions of Section 284 of the Act, by ordinary resolution of which special notice according to Section 190 of the Act has been given, remove any Director before the expiration of his period of office and may, by ordinary resolution of which special notice has been given, appoint another person in his stead. The person so appointed shall hold office until the date up to which his predecessor would have held office if he had not been so removed. If the vacancy created by the removal of a Director under the provisions of this Article is not so filled by the meeting at which he is removed, the Board may at any time thereafter fill such vacancy under the provisions of Article 116.
114. If any Director appointed by the Company in General Meeting vacates his office as a Director before the expiry of his term of office, the vacancy may be filled by the Board at a meeting of the Board, but any person so appointed shall retain his office only so long as the vacating Director would have retained the same if no vacancy had occurred; provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 115.
115. 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 member intending to propose him as a Director has not less than fourteen 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 Rupees Five Hundred or such amount as is prescribed from time to time under the Companies Act, or Rules made thereunder which shall be refunded to such person or to such member, if the person succeeds in getting elected as a Director.

#### **ALTERNATE DIRECTORS**

116. The Board may appoint any person to act as alternate Director for a Director during the latter's absence for a period of not less than three months from the state in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate Director, shall be entitled to notice of meeting of the Board and to attend and vote thereat accordingly; but he shall not be required to hold any qualifying shares and Ipso facto vacate office if and when the absent Director returns to the state in which meetings of the Board are ordinarily held or the absent Director vacates office as a Director.

#### **PROCEEDINGS OF THE BOARD**



117. A Meeting of the Board of Directors shall be held once in every three months and at least four such meetings shall be held in every year. Notice of every meeting of the Board shall be given in writing to every Director for the time being in India, and at his usual address in India to every other Director. Period of notice shall be such as may be fixed by the Board. If no period is thus fixed by the Board reasonable period, having regard to all the circumstances then prevailing howsoever short it may be shall be deemed to be adequate.
118. A Director may at any time and the Managing Director or the Secretary shall, upon the request of a Director, convene a meeting of the Board.
119. The Board shall appoint one of their number to be the Chairman of the Board and may determine the period for which he will hold office. The Directors shall have the power to appoint anyone of their number to be the vice Chairman of the Board of Directors, who shall be entitled to take the Chair at any meeting from which the Chairman is absent. If at any meeting of the Board, neither the Chairman nor the vice -Chairman is present, the Directors present shall choose one of their number to be the Chairman for such meeting.
120. Subject to the provisions of Section 287 of the Act, The quorum necessary for the transaction of the business by the Board shall be one third of its total strength (any fraction contained in that one-third being rounded off as one), or two Directors, which ever is higher. For the purpose of this Article an alternate director shall be counted in a quorum at a meeting at which the Director for whom he is appointed is not present. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, the meeting shall be adjourned until such date and time as the Chairman of the Board shall appoint. Provided that where at any time the number of interested Directors exceeds or is equal to one-third 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.
121. A meeting of the Board at which a quorum be present shall be competent to exercise all or any of the authorities powers and discretions by or under these articles for the time being vested in or exercisable by the Board.
122. Questions arising at any meeting shall be decided by a majority vote and, in case of an equality of votes, the Chairman shall have a second or casting vote.
123. Subject to the restrictions contained in section 292 of the Act. the Board may, 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 discharge any such Committee of the Board either wholly or in part, and either as to persons or purposes; but every Committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment, shall have the like force and effects as if done by the Board.
124. The meetings and proceeding of any such Committee consisting of two or more directors shall be governed by the provisions contained in these Articles regulating the meetings and proceedings of the Board so far the same are applicable thereto and are not superseded by any regulations made by the Board under the last preceding Article 125.
125. All or any act 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 dis-qualification or had terminated by virtue of any provision 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.



126. Save in those cases where a resolution is required by Sections 262, 292, 297,372(5), 386 of the Act to be passed at meetings of the Board, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee thereof, as the case may be, duly called and constituted if a draft thereof in writing is circulated (together with the necessary papers, if any) to all the Directors or to all the members of the Committee, as the case may be then in India (not being less in number than the quorum fixed for a 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 such of them, as are then in India, or by a majority of such of them, as are entitled to vote on the resolution.

### **MINUTES**

127. (1) The Board shall, in accordance with the provisions of Section 193 of the Act, cause Minutes to be kept by making within thirty days of the conclusion of every meeting of the Board or of every Committee of the Board, entries thereof in books kept for the purpose with their pages consecutively numbered, each page of every such book being initialed or signed and last page of the record of proceedings of each meeting in such books being dated and signed, in the case of minutes of proceedings of a meeting of the Board or Committee thereof, by the Chairman of the said Meeting or the Chairman of the next succeeding meeting, and in the case of minutes or proceedings of a General Meeting, by the Chairman of the same meeting within the aforesaid period of thirty days or in event of the death or inability of the chairman within that period, by a Director duly authorised by the Board for the purpose, provided that in no case shall the minutes or proceedings of a meeting be attached to such books as aforesaid by pasting or otherwise.

The minutes shall contain particulars:

- (a) of the names of the Directors present at each meeting of the Board and of any Committee of the Board and in the case of each resolution passed at the meeting, the names of the Directors, if any dissenting from or not concurring in the resolution;
- (b) of all orders made by the Board and Committee of the Board;
- (c) of all appointments of officers made at any of the meetings of the Board or Committee of the Board.

The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

Provided that no matter need be included in any such Minutes which the Chairman of the meeting, in his absolute discretion, considers to be :

- (a) defamatory, or could reasonably be regarded as, defamatory of any person;
  - (b) irrelevant or immaterial to the proceedings; or
  - (c) detrimental to the interests of the Company.
- (2) Minutes of any meeting of the Board or Committee thereof, or of the Company in General Meeting, if kept in accordance with the provisions of Section 193 of the Act, shall be evidence of the proceedings recorded in such Minutes. The Minute Books of General Meetings of the Company shall be kept at the office and shall be open to inspection by members on any working day between the hours of 10.30 am. and 12.30 p.m.

### **POWERS OF THE BOARD**



128. Subject to the provisions of the Act, the control of the Company shall be vested in the Board, who shall pay all expenses incurred in promoting and registering the Company, and be entitled to exercise all such powers and to all such acts and things as the company is authorised to exercise and do; provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or by any other Statute or by the Memorandum of Company or by these Articles or otherwise, to be exercised or done by the Company in General Meetings provided further that in exercising any such power or doing such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
129. Subject to the provisions of the Act and in particular, to the prohibitions and restrictions contained in Section 292 thereof the Board may, from time to time, entrust to and confer upon any Director for the time being; such of the powers exercisable under these presents by the Board as it may think fit and may confer such powers for such times, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks fit; and it may confer such powers either collaterally with, or to the exclusion of and in substitution for all or any of the Powers of the Board in that behalf and may, from time to time revoke, withdraw, alter or vary all or any such powers.
130. Subject to the provisions of the Act, the Board may from time to time, as it may think fit, delegate to such person or persons as it may choose any of the powers hereby conferred upon the Board other than the powers to make call on members in respect of money unpaid on their shares and to issue debentures.
131. Subject to and in compliance with the provisions of Section 268 and 269 of the Act the Board shall have the powers to appoint from time to time, any of its member as Managing Director and/or Whole time Director of the Company upon such terms and conditions as the Board thinks fit, and further subject to the terms of any agreement entered into with such Managing Director or Whole time Director, the Board may revoke such appointment and subject to the provisions of Article 134, the Board may by resolution vest in such Managing Director/ whole time Director such of the power hereby vested in the Board generally as it think fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine. The remuneration of Managing Director/Whole time Director may be by way of monthly payment, or participation in profits, or partly in one and partly in the other, or any other mode not expressly prohibited by the Act. Subject to the provisions of the Act, the Board may appoint any person as Manager for such term, at such remuneration and upon such conditions as it may think fit and any person so appointed may be removed by the Board.
132. The Managing Director/Whole time Director as the case may be shall not exercise the powers to:-
- (a) make calls on shareholders in respect of money unpaid on their shares in the Company;
  - (b) issue debentures;  
  
except to the extent specified in the resolution passed at the Board meeting under Section 292 of the Act, the Managing Director/Whole time Director as the case may be, shall also not exercise the powers to;
  - (c) borrow money;
  - (d) invest the funds of the company; and
  - (e) make loans.
133. The Company shall not appoint or employ or continue the appointment or employment of, a person as its Managing or Whole time Director who-



- (a) is an undischarged insolvent, or has at any time been adjudged an insolvent;
  - (b) suspends, or has at any time suspended payment to his creditors, or makes, or has at any time made, a composition with them; or
  - (c) is or has at any time been convicted by a Court in India of an offence involving moral turpitude.
134. A Managing director and / or Whole time Director shall not while he continues to hold that office be subject to retirement by rotation, unless his terms of appointment specially provided that he would be liable to retire by rotation. If he ceases to hold the office of director, he shall ipso facto and immediately cease to be a Managing or Whole time Director.
135. The Board may at any time and from time to time by power of Attorney under Seal, appoint any person to be the Attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those which may be delegated by the Board under the Act) and for such period and subject to such conditions as the Board may from time to time think fit. Any such appointment may, if the Board thinks fit, be made in favour of any Company or of the members, directors, nominees, or officers of any company or firm, or in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such Attorney as the Board thinks fit.

#### **APPOINTMENT OF SECRETARY**

136. The Board may, from time to time, appoint for such term, at such remuneration and upon such conditions as they think fit, and at their discretion remove, a person (hereinafter called "the Secretary") to perform any functions which by the Act or by the Articles for the time being of the Company has to be performed by the Secretary, and to execute any other duties which may from time to time be assigned to the Secretary by the Board. When there is no Secretary capable of acting, the directors may appoint an assistant or deputy secretary or any other officer of the company to perform the duties of the secretary and who shall for the purposes of these Articles be deemed to be a Secretary. The Board may also at any time appoint some person (who need not be the Secretary) to keep any of the registers required to be kept by the Company. A Director may be appointed Secretary of the Company.

#### **THE SEAL**

137. The Board shall provide for the safe custody of the Seal. The Seal shall not be affixed to any instrument except by the authority of the Board or of a Committee of the Board authorised by the Board in that behalf and every instrument to which the Seal shall be affixed shall be signed by a Director and the Secretary of the Company or by a second Director or by such other person as the Board may appoint for the purpose.

#### **ANNUAL RETURN**

138. The Company shall comply with the provisions of Sections 259 and 161 of the Act regarding the preparation and filing of Annual Return.

#### **RESERVES**



139. The Board may, from time to time, before recommending any dividend, set apart any and such portion of the profits of the Company as it thinks fit as Reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company, for equalization of dividends, for repairing, improving or maintaining the plant or any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interests of the Company and may, subject to the provisions of Section 372 of the Act, invest the several sums so set aside upon such investments, (other than shares of the Company) as it may think fit, and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company, and may divide the Reserves into such special funds as it thinks fit, with full power to employ the Reserves or any part thereof in the business of or for the purposes of the Company, and that without being bound to keep the same separate from the other assets.
140. All moneys carried to the Reserves which shall nevertheless remain profits of the Company, subject to due provisions being made for actual loss or depreciation, for the payment of dividends and all other moneys of the Company, not immediately required for the purposes of the Company. subject to the provisions of Section 370 and 372 of the Act, may be invested by the Board in or upon such investment or securities as it may select or may be used as working capital or may be kept at any Bank on deposit or otherwise as the Board may, from time to time think proper.
141. The Company in General Meeting may, upon the recommendation of the Directors, resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company, standing to the credit of the Reserves or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend or representing premiums received on the issue of share and standing to the credit of the Share Premium Account be capitalized and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportion on the footing that they become entitled thereto as capital and that all or any part of such capitalized funds be applied on behalf of such members in paying up in full any unissued shares, debentures or debenture stock of the Company which shall be distributed accordingly or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the said capitalized sum. Provided that any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Account may for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.
142. The Company in General Meeting may upon the recommendation of the Directors resolve that any surplus money arising from the realization of any capital assets of the Company or any investments representing the same or any other undistributed profits of the Company not subject to the charge for income tax, be distributed among the members on the footing that they receive the same as capital.
143. For the purpose of giving effect to any resolution under Article 143, 144 and 154, the Board may settle any difficulties which may arise in regard to the distribution as it thinks expedient and, in particular, it may issue fractional certificates, fix the value for distribution for any specific assets and determine that cash payments shall be made to the members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board. Where required a proper contract shall be filed in accordance with Section 75 of the Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund.

#### **DIVIDENDS**



144. Subject to the rights of members entitled to shares, if any, with preferential or special rights attached thereto, the profits which the Company from time to time decides to distribute, in respect of any year or other period shall be applied in the payment of a dividend on the Equity shares of the Company, but so that a partly paid-up share shall only entitle the members in respect thereof to such proportion of the distribution upon a fully paid up share as the amount paid thereon bears to the nominal amount of such share and where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest confer a right to participate in profits.
145. The Company in general meeting may declare a dividend to be paid to the members according to their rights and interests in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.
146. No larger dividend shall be declared than is recommended by the Board, but the Company in general meeting may declare a smaller dividend.
147. Subject to revisions of Section 205 of the Act, no dividend shall be payable except out of the profits of the Company or out of the moneys provided by the Central or State government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.
148. The declaration of the Board as to the amount of the profits of the Company shall be conclusive.
149. The Board may, from time to time, pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.
150. The Board may deduct from any dividend payable to any member all sums of money, if any presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
151. Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each of member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend and the dividend may be set off against the call.
152. No dividend shall be payable except in cash; provided that nothing in this article shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on the shares held by the members of the Company.
153. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company.
154. No dividend shall be paid in respect of any share except to member registered in respect of such share or to his bankers. But nothing contained in this Article shall be deemed to require the bankers of a member to make separate application to the Company for the payment of the dividend.
155. Any one of several persons who are members registered jointly in respect of such share may give effectual receipts for all dividends, bonuses and other payment in respect of such share.
156. Notice of any dividend, whether interim or otherwise, shall be given to the persons entitled to share therein in the manner hereinafter provided.
157. Unless otherwise directed in accordance with Section 53 (2) of the Act, any dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque or warrant sent through post to the registered address of the member or in the case of members registered jointly, to the registered address of the member first named in the Register or to such person and such address as the member or members, as the case may be, may in writing direct and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.



158. Any dividends remaining unclaimed shall be regulated in accordance with the provisions of sections 205 A and 205 B of the Act or any statutory modification thereof.

#### **INTEREST OUT OF CAPITAL**

159. Where any shares are issued for the purpose for raising funds to defray the expenses of the construction of any works or buildings, or the provisions of any plant. which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period, at the rate and subject to the conditions and restrictions imposed by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building or the provision of plant.

#### **BOOK AND DOCUMENTS**

160. The Board shall cause to be kept in accordance with section 209 of the Act proper books of account with respect to :
- (a) all sums of a money received and expended by the Company and the matters in respect of which the receipt and expenditures take place;
  - (b) all sales and purchases of goods by the Company; and
  - (c) the assets and the liabilities of the Company.
161. The books of account shall be kept at the office or at such other place or places in India as the Board may decide, and where the Board so decides, the Company shall, within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place. The books of account shall also be open to inspection by any Director during business hours provided that the books of account shall also be open to inspection by the Registrar or by any officer of Government authorised by the Central Government in this behalf.
162. The Board shall, from time to time, determine whether and to what extent and at what times and places, and under what conditions the books of accounts and books and documents of the Company, other than those referred to in Articles 139 and 189 or any of them, shall be open to the inspection of the members not being Directors, and no member, not being Director, shall be entitled to require or receive any information concerning the business, nor shall have any right of inspecting any books of account, or document of the Company except as conferred by law or authorised by the Board or by the Company in General Meeting; and no member, not being a Director shall be entitled to require or receive any information concerning the business, trading or customers of the Company or any trade secret or secret process used by the Company.
163. The books of account of the Company shall be preserved in good order for a period of not less than eight years from the date of incorporation of the Company and, after the said period of eight years, the books of account of the Company relating to a period of not less than eight years immediately preceding the current year shall be preserved in good order.

#### **BALANCE SHEET AND ACCOUNTS**

164. At every Annual General Meeting the Board shall lay before the Company a Balance Sheet and Profit and Loss Account made up in accordance with the provisions of Section 210 of the Act and such Balance Sheet and Profit and Loss Account shall comply with the requirements of Section 210, 211, 212, 215 and 216 and of Schedule VI to the Act so far as they are applicable to the Company but, save as aforesaid, the Board shall not be bound to disclose greater details of the result or extent of the trading transaction of the Company than it may deem expedient.
165. There shall be attached to every Balance Sheet laid before the company a report by the Board in accordance with Section 217 of the Act.



166. A copy of every Balance Sheet (including the Profit and Loss Account, the Auditor's Report and every document required by law to be annexed or attached to the Balance sheet) shall, as provided by Section 219 of the Act, not less than twenty one days before the meeting, be sent to every such member, debenture-holder, trustee and other person to whom the same is required to be sent by the said Section.
167. The Company shall comply with Section 220 of the Act as to filing of copies of the Balance Sheet, Profit and Loss Account and documents required to be annexed or attached thereto with the Registrar.

#### **AUDIT**

168. At least once in every year the Books of Account of the Company shall be examined by one or more Auditors.
169. 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 of the Company provided that (a) the Company may at a General Meeting remove any such Auditor or all or any of such Auditors and appoint in his or their places any other person or persons who have been nominated for appointment by any member of the Company of whose nomination notice has been given to the members of the Company not less than 14 days before the date of meeting and (b) if the Board fails to exercise its power under this sub-section the Company in general meeting may appoint the first Auditor or Auditors.
170. The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from the conclusion of the meeting until the conclusion of the next Annual General Meeting and shall, within seven days of the appointment, give notice thereof to every Auditor so appointed. The appointment, remuneration, rights and duties of the Auditor or Auditors shall be regulated by Section 224 to 257 of the Act.
171. Where the Company has a branch office the provisions of Section 228 of the Act shall apply.
172. All notice and other communications, relating to any general meeting of the Company, which any member of the Company is entitled to have sent to him, shall also be forwarded to the Auditor of the Company and the Auditor shall be entitled to attend any general meeting and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditor.
173. The Auditor's Report (including the Auditor's separate, special or supplementary report, if any) shall be read before the Company in general meeting and shall be open to inspection by every member of the Company.
174. Every Balance Sheet and Profit and Loss account when audited and adopted by the Company in general meeting shall be conclusive except as regards any error discovered therein within three months next after the adoption thereof. Whenever any such error is discovered within that period, the account shall forthwith be corrected and henceforth shall be conclusive.

#### **NOTICE AND DOCUMENTS**

175. (1) A notice or other by document may be given by the Company to 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, (within India) supplied by him to the Company for the giving of notice to him.  
  
(2) Where a notice or other document is sent by post:-



- (a) Service thereof shall be deemed to have been effected by properly addressing, prepaying postage, and posting a letter containing the notice or notices document provided that where a member has intimated to the Company in advance that notice or documents should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sufficient sum to defray the expenses of doing so, service of the notice of document shall not be deemed to be effected unless it is sent in the manner as intimated by the member:
  - (b) such services shall be deemed to have been effected;
    - (i) in the case of notice of meeting at the expiration of forty -eight hours after the letter containing the same is posted, and
    - (ii) in any other case, at the time at which the letter would be delivered in the ordinary course of post.
176. A notice or other document advertised in a newspaper circulating in the neighbourhood of the office shall be deemed to be duly served, on the day on which the advertisement appears, on every member who has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him.
177. A notice or other document may be served by the Company on the members registered jointly in respect of a share by giving the notice to the member named first in the Register in respect of the share.
178. A notice or other document may be served by the Company on the persons entitled to share, in consequence of the death or insolvency of a member, by sending it through the post in a prepaid letter addressed to the representatives of the deceased member, by name or by title, and to assignee; in the case of the insolvent, at the address in Indian supplied for the purpose by the person claiming to be so entitled, or, until such an address has been so supplied, by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.
179. Any notice required to be given by the Company to the members or any of them, and not expressly provided for by these Articles or by the Act, shall be sufficiently given if given by advertisement.
180. Any notice required to be, or which may be given by advertisement, shall be advertised once in one or more newspapers circulating in the neighbourhood of the Office.
181. Any notice given by advertisement shall be deemed to have been given on the day on which the advertisement shall first appear.
182. Every person who, by operation of law, transfer or any other means, shall become entitled to any share shall be bound by every notice in respect of such shares duly given to the person from whom he derives his title to such shares, until such time as his name and address are entered in the Register.
183. Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such members be then deceased and whether or not the company has notice of his demise, whether registered solely or jointly with other persons, for all purposes of these presents be deemed to be sufficient service of such notice or document on his executors or administrators and all persons, If any, jointly interested with him in any such share.



184. In the event of a winding up of the Company, every member of the Company who is not for the time being in the place where the office of the Company is located shall be bound, within eight weeks after the passing of an effective resolution to wind up the Company voluntarily, or the making of an order for the winding-up of the Company, to serve notice in writing on the company, stating the name of some householder residing in the neighborhood of the office upon whom all summons, notices, process, orders and judgments in relation to or under the winding up of the Company may be served, and, in default of such nomination, the Liquidator of the Company shall be at liberty, on behalf of such member, to appoint some such person, and service upon any such appointee whether appointed by the member or the Liquidator shall be deemed to be good personal service on such member for all purposes, and where the Liquidator makes any such appointment he shall, with all convenient speed, give notice thereof to such member by advertisement in some daily newspaper circulating in the neighborhood of the office or by a registered letter sent by post and address to such member at his address as registered in the register and such notice shall be deemed to be served on the day on which the advertisement appears or the letter would be delivered in the ordinary course of the post. The provisions of the Article shall not prejudice the right of the Liquidator of the Company to serve any notice or other document in any other manner prescribed by these Articles.

### **KEEPING OF REGISTERS AND INSPECTION**

185. The Company shall keep and maintain at the office, as required by the Act, the following Registers:-
- (1) A Register of Charges pursuant to Section 143 of the Act.
  - (2) A Register of Members pursuant to Section 150 and, whenever the Company has more than fifty members, unless such Register of Members is in a form which itself constitutes an index, an index of members pursuant to Section 151 of the Act.
  - (3) A Register of Debenture-holders pursuant to Section 152 and whenever the Company has more than fifty Debenture-holders unless such Register of Debenture-holders itself constitutes an index of Debenture holders pursuant to Section 152 (2) of the Act.
  - (4) A Register of Contracts pursuant to Section 301 of the Act.
  - (5) A Register of Directors, Managing Director, Manager and Secretary pursuant to Section 303 of the Act.
  - (6) A Register of Directors' Shareholders pursuant to Section 307 of the Act.
  - (7) A Register of Loans, etc. made by the Company to companies under the same management pursuant to Section 370 of the Act.
  - (8) A Register of Investments made by the Company in shares and debentures of bodies corporate in the same group pursuant to Section 372 of the Act.
  - (9) A Register of Investment not held by the Company in own name pursuant to Section 49 (7) of the Act.
  - (10) A Register of Renewed and Duplicate certificates pursuant to Rules 7(2) of the Companies (Issue of Share Certificates) Rules 1960 or any statutory modification or re-enactment thereof, and;
  - (11) A Register of Minutes of every General Meeting of the Company.
186. The Company shall comply with the provisions of Section 39, 118, 163, 196, 219, 301, 302, 304, 307, 370, and 372 or any other provision 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 charges, if any, prescribed by the said sections.



187. When under any provisions of the Act any person, whether a member of the Company or not, is entitled to inspect any register, return, certificate, deed, instrument or document required to be kept or maintained by the Company, the person so entitled to inspection shall be permitted to inspect the same during the hours of 10.30 a.m. and 12.30 p.m. or during such hours as the Directors may from time to time prescribe on such business day as the Act requires them to be open for inspection.
188. The Company may, after giving not less than seven days previous notice by advertisement in some newspaper circulating in the district of the office, close the Register of Member or the Register of Debenture-holder, as the case may be for any period/periods not exceeding in the aggregate forty-five days in each year, but not exceeding thirty days at anyone time.

#### **RECONSTRUCTION**

189. On any sale of the undertaking of the company the Board or the Liquidators on a winding - up may, if authorised by a Special Resolution, accept fully paid or partly paid up shares, debentures or securities of 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 permit) or the Liquidators (in a winding-up) may distribute such shares or securities, or any other property of the Company amongst the members without realizations 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 securities or property at such price 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 these Articles.

#### **SECRECY CLAUSE**

190. Every Director, Auditor, Manager, Secretary or Trustee for the Company, its members or debenture holders, members of a committee, officer, servant, agent, accountant or other person employed in or about the business of the Company shall, if so required by the Board or by the Managing Director before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company with its customers and the state of 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 any General Meeting or by a court of law and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.
191. No member or other person (not being a Director) shall be entitled to enter upon the property of the Company or to inspect or examine the premises or properties of the Company without the permission of the Board.

#### **WINDING-UP**

192. If the Company shall be wound up and the assets available for distribution among the members as such be insufficient to repay the whole of the paid -up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid up at the commencement of the winding -up on the shares held by them respectively. And if in a winding -up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up the excess shall be distributed among the members in proportion to the capital at the commencement of the winding-up, paid-up or which ought to have been paid-up on the shares held by them respectively, But this Article is to be without prejudice to the rights of members registered in respect of shares issued upon special terms and conditions.



193. If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a special Resolution, divide among the members in specie or in kind, the whole or any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the members or any of them, as the liquidator, with the like sanction, shall think fit but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

#### **INDEMNITY**

194. (a) Subject to the provisions of Section 201 of the Act, every Director, Managing Director, Secretary or other officer of the Company or any person employed by the Company and any person appointed as Auditor, Legal Adviser shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Managing Director, Secretary, officer, Employee, Auditor or Legal Adviser by reason of any contract entered into or act or deed done by him as such.
- (b) Subject to the aforesaid every Director, Managing Director, Secretary or other officer or Employee of the Company shall be indemnified against any liability incurred by him in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act, in which relief is given to him by the Court.
195. Subject to the provisions of Section 201 of the Act no Director, Managing Director, Secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer, or for joining in any receipt or other Act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the money of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, Company or Corporation, with whom any moneys, securities or effect shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office, or in relation thereto, unless the same happens through his own dishonesty.



## **SECTION X- OTHER INFORMATION**

### **MATERIAL CONTRACTS & DOCUMENTS FOR INSPECTION**

The Contracts referred to in Para (A) below which are or may be deemed material, have been entered into by the Company. The contracts together with the documents referred to in paragraph (B) below, copies of all of which have been attached to the copy of this Draft Letter of Offer may be inspected at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day from the date of this Draft Letter of Offer until the closing of the subscription list.

#### **A. MATERIAL CONTRACTS**

1. Copy of Memorandum of Understanding dated January 04, 2010 between Raunaq International Limited and D and A Financial Services (P) Limited (Lead Manager), Lead Manager to the Issue.
2. Copy of Memorandum of Understanding dated December 28, 2009 between Raunaq International Limited and Link Intime India Pvt. Ltd., Registrar to the Issue.

#### **B. DOCUMENTS FOR INSPECTION**

1. Memorandum of Articles and Articles of Association of Raunaq International Limited.
2. Certificate of Incorporation of the Company dated April 24, 1965.
3. Fresh Certificate of Incorporation of the Company dated May 01, 1976.
4. Copies of the resolutions passed by the Board of Directors of the Company at its meeting held on October 28, 2009 for the proposed Rights Issue.
5. Consents of the Directors, Auditors, Lead Manager to the Issue, Legal Advisor to the Issue, Bankers to the Company and Registrars to the Issue, to include their names in the Draft Letter of Offer to act in their respective capacities.
6. The Report of the Auditors, M/s. V. P. Jain & Associates as set out herein dated January 02, 2010 in relation to the restated financials of the Company for the last five financial years.
7. Letter dated January 02, 2010 from the Auditors of the Company, M/s. V. P. Jain & Associates confirming Tax Benefits as mentioned in this Draft Letter of Offer.
8. Certificate of Sources and Deployment Funds Certificate dated January 02, 2010 from Chandra & Associates, Chartered Accountants.
9. Copies of Annual reports of the Company for the year ended March 31, 2005, March 31, 2006, March 31, 2007, March 31, 2008 and March 31, 2009.



10. Copies of listing applications made to DSE for permission to list the Zero Dividend Compulsorily and Fully Convertible Preference Shares offered through this Draft Letter of Offer and for an official quotation of the Zero Dividend Compulsorily and Fully Convertible Preference Shares of the Company.
11. Copies of in-principle listing permission received from DSE vide their letter no. [•] dated [•].
12. Letter No. [•] dated [•] issued by SEBI for the Issue.
13. Due Diligence Certificate dated January 04, 2010 issued by D and A Financial Services (P) Limited.
14. Copy of tripartite agreement dated September 14, 2009 between the Company, National Securities Depository Limited (NSDL) and Registrar to the Company.
15. Copy of tripartite agreement dated September 23, 2009 between the Company, Central Depository Services (India) Limited (CDSL) and Registrar to the Company.
16. Copy of Agreements in respect of the registered office of the Company.
17. Copy of Agreements in respect of the other properties/offices of the Company.
18. Copies of the offer documents of the previous Public Issue made in 1976.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



## DECLARATION

All the relevant provisions of the Companies Act, 1956, and the Guidelines issued by the Government of India or the Regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules or Regulations made there under or guidelines issued, as the case may be. We further certify that all the disclosures made in this Draft Letter of Offer are true and correct.

### SIGNED BY THE DIRECTORS OF THE COMPANY

**Mr. Surinder Pal Kanwar**

Chairman and Managing Director

**Mr. Sachit Kanwar**

Executive Director and Compliance Officer

**Mr. Maharaj Kumar Vig**

Director

**Mr. Pradeep Kumar Mittal**

Director

**Mr. Nagar Venkatraman Srinivasan\***

Director

**Dr. Sanjeev Kumar**

Director

**Mr. Venkataraman Gokarnesan**

Director

**Mr. Gautam Mukherjee**

Director

**Mr. Rajan Malhotra**

CEO

**Mr. Kamal Kishore Miglani**

Senior Manger (Finance & Accounts)

Place: New Delhi

Date: January 04, 2010

\*through his duly constituted attorney