

DRAFT RED HERRING PROSPECTUS

Dated: [•], 2006

Please read Section 60B of the Companies Act, 1956

(To be updated upon filing with ROC)

100% Book Building Issue**TRANSWARRANTY FINANCE LIMITED**

(Originally incorporated as Trans Warranty Finance Limited on August 09, 1994 vide registration no. 11-80220 and received the Certificate for Commencement of Business on August 30, 1994 from the Registrar of Companies, Maharashtra, Mumbai. The name of our Company was changed to Transwarranty Finance Limited w.e.f. July 08, 2005. For details of changes in the address of our registered office, please refer to page no. [•] of this Draft Red Herring Prospectus)

Registered and Corporate Office: 403, Regent Chambers, Nariman Point, Mumbai – 400021

Tel No: +91 22 2204 7965/66/6630 6090/91; **Fax No:** +91 22 6630 6655;

Website: www.transwarranty.com; **Email:** ibank@transwarranty.com

Contact Person: Mr. Sreedhar Hirimbi, Company Secretary and Compliance Officer

PUBLIC ISSUE OF 6,000,000 EQUITY SHARES OF FACE VALUE RS. 10/- EACH OF TRANSWARRANTY FINANCE LIMITED (HEREINAFTER REFERRED TO AS THE "COMPANY" OR "ISSUER") AT A PRICE OF RS. [•] FOR CASH AT A PREMIUM OF RS. [•] AGGREGATING RS. [•] MILLION (HEREAFTER REFERRED TO AS "THE ISSUE") COMPRISING A RESERVATION OF 100,000 EQUITY SHARES OF FACE VALUE RS. 10/- EACH FOR ELIGIBLE EMPLOYEES ON A COMPETITIVE BASIS AT A PRICE OF RS. [•] FOR CASH AT A PREMIUM OF RS. [•] AGGREGATING RS. [•] MILLION AND NET ISSUE TO PUBLIC OF 59,00,000 EQUITY SHARES OF FACE VALUE RS. 10/- EACH (HEREINAFTER REFERRED TO AS THE "NET OFFER TO THE PUBLIC"). THE ISSUE WOULD CONSTITUTE 42.86% OF THE POST ISSUE PAID UP CAPITAL OF THE COMPANY.

PRICE BAND: Rs. [•] TO Rs. [•] PER EQUITY SHARE OF FACE VALUE OF RS.10/- EACH

ISSUE PRICE IS [•] TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [•] TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

In case of revision in the Price Band, the Bidding Period/Issue Period will be extended for three additional days after revision of the Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to Bombay Stock Exchange Ltd. and The National Stock Exchange of India Ltd. by issuing a press release, and by indicating the change on the websites of the Book Running Lead Manager and at the terminals of the Syndicate. This Issue is being made through the 100% Book Building Process wherein at least 50% of the Net Issue shall be allocated on a proportionate basis to QIBs as specified in the Disclosure and Investor Protection Guidelines, 2000 of the Securities and Exchange Board of India ("SEBI") (including 5% of the QIBs' portion that would be specifically reserved only for Mutual Funds and Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for QIBs). Further, upto 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs. 10/- per Equity Share and the Issue Price is [•] times of the face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Manager ("BRLM") on the basis of assessment of market demand for the Equity Shares by way of book building process) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or the adequacy of this document. We have not obtained any grading for this Issue of Equity Shares. Specific attention of investors is drawn to the statement of Risk Factors beginning from page no. viii of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares issued through this Draft Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange (NSE). In-principle approval for listing of the Equity Shares of our Company from BSE and NSE has been received vide their letters dated [•] and [•]. For the purpose of this issue, the Designated Stock Exchange is BSE.

BOOK RUNNING LEAD MANAGER (BRLM)	REGISTRAR TO THE ISSUE
 IDBI Capital Market Services Limited 5th Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021 Tel: +91-22-6637 1226/28 Fax: +91-22-2288 5850 Website: www.idbicapital.com E-mail: tfl ipo@idbicapital.com	 Intime Spectrum Registry Limited C -13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400078. Tel: +91-22-2596 0320 Fax: +91-22-2596 0329 Website: www.intimespectrum.com E-mail: transwarrantyipo@intimespectrum.com
ISSUE PROGRAMME	
BID/ISSUE OPENS ON: [•], 2006	BID/ISSUE CLOSES ON: [•], 2006

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SECTION I - DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

CONVENTIONAL/GENERAL TERMS

“TFL” or “the Company” or “our Company” or “Transwarranty Finance” or “Transwarranty Finance Limited ” or “we” or “us” or “our” or “Company” unless the context otherwise requires, refers to Transwarranty Finance Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 with its registered office at 403, Regent Chambers, Nariman Point, Mumbai – 400021.

Term	Description
AGM	Annual General Meeting
Articles/Articles of Association/ AoA	Articles of Association of the Company
Auditors	The statutory auditors of the Company in this case being Haridas Associates, Chartered Accountants
Board of Directors/ Board	The Board of Directors of the Company or a committee thereof
Companies Act	The Companies Act, 1956, as amended from time to time and the regulations framed there under
Corporate Office	403, Regent Chambers, Nariman Point, Mumbai – 400021.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Director(s)	Director(s) of the Company unless otherwise specified
EGM	Extraordinary General Meeting of the Company
Equity Shares	Equity shares of the Company of face value of Rs. 10/- each unless otherwise specified in the context thereof
Face Value	Face Value of Equity Shares of the Company being Rs. 10/- each
FEMA	Foreign Exchange Management Act, 1999 as amended from time to time and the regulations framed there under
Financial Year/ Fiscal/FY	Period of twelve months ended March 31 of that particular year
I.T. Act	The Income Tax Act, 1961, as amended from time to time and the regulations framed there under
Memorandum/ Memorandum of Association /MoA	The Memorandum of Association of the Company

ISSUE RELATED TERMS

Term	Description
Allotment	Unless the context otherwise requires, issue of equity shares pursuant to this Issue
Allottee	The successful Bidder to whom the Equity Shares are being/or have been issued or transferred
Banker(s) to the Issue	The Bankers with whom the Escrow Account for the issue shall be opened, in this issue being [•].
Bid	An indication to offer made during the Bidding Period by a prospective investor to subscribe to Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue



Bid Closing Date/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper and Hindi national newspaper
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase the Equity Shares of the Company and which will be considered as the application for allotment of the Equity Shares in terms of this Draft Red Herring Prospectus
Bid Opening Date/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper and a Hindi national newspaper.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus
Bidding Period/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is made
BRLM	Book Running Lead Manager to the Issue, in this case being IDBI Capital Market Services Limited having its registered office at 5th Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021.
BSE	Bombay Stock Exchange Limited
CAN/Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids, will be accepted.
Compliance Officer	In this case being Mr. Sreedhar Hirimbi, our Company Secretary
Cut-off price	Cut-off price refers to any price within the Price Band. A Bid submitted at Cut-off price is a valid Bid at all price levels within the Price Band
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Designated Date	The date on which funds are transferred from the Escrow Account of the Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders
Designated Stock Exchange	Designated Stock Exchange shall mean Bombay Stock Exchange Ltd.
Draft Red Herring Prospectus	Means the Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the RoC at least three days before the opening of the Issue. It will become a Prospectus After filing with the RoC after the pricing and allocation
Eligible Employee	Means Permanent Employee/Director of our Company and/or our Subsidiary Companies as on the date of submission of the Bid-cum-Application Form.
Employees	Permanent Employees of our Company as on date of filing this Draft Red Herring Prospectus
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheque or draft in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s) and the BRLMs for collection of the Bid Amounts and refunds (if any) of the amounts collected to the Bidders



Escrow Collection Bank(s)	The Banks at which the Escrow Account of the Company will be opened. In this case being [●].
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed thereunder.
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995)) registered with SEBI under applicable laws in India
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
IDBI Capital	IDBI Capital Market Services Limited
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offer
Issue/Offer/Public Issue	The fresh issue of 6,000,000 new Equity Shares of Rs. 10/- each at the Issue Price by the Company under this Draft Red Herring Prospectus
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by the Company in consultation with the BRLMs on the Pricing Date
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
Net Issue/Net Offer to the Public	The Issue of Equity Shares other than the Reservation for Eligible Employees
Non Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and whose Bid Amount is more than Rs. 100,000/-.
Non Institutional Portion	The portion of the Issue being up to 15% of the Net Issue i.e. 885,000 Equity Shares of Rs. 10/- each available for allocation to Non Institutional Bidders
Non Resident/ NRI/Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000
NSE	National Stock Exchange of India Limited
Pay-in Date	The last date specified in the CAN sent to Bidders
Pay-in-Period	This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until The Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in Date
Price Band	Being the price band of a minimum price (Floor Price) of Rs. [●] and the maximum price (Cap Price) of Rs. [●] and includes revisions thereof
Pricing Date	The date on which the Company in consultation with the BRLM finalizes the Issue Price
Promoter	Mr. Kumar Nair
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Qualified Institutional Buyers/QIBs	Public financial institutions as specified in Section 4A of the Companies Act, foreign institutional investors, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with IRDA, provident funds



	and pension funds with a minimum corpus of Rs. 250 million
QIB Margin	An amount representing 10% of the Bid amount
QIB Portion	The portion of the Issue being atleast 50% of the Net Issue i.e. 2,950,000 Equity Shares of Rs. 10/- each available for allocation to QIBs
Refund Banker	Refund Banker, in this case being [•]
Registered Office	Registered Office of our Company situated at 403, Regent Chambers, Nariman Point, Mumbai – 400021.
Registrar/Registrar to the Issue	Registrar to the Issue, in this case being Intime Spectrum Registry Limited
Retail Bidders/ Retail Individual Bidders/Retail Investors	Individual Bidders (including HUFs and NRIs) who have not Bid for an amount more than or equal to Rs. 100,000/- in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being up to 35% of the Net Issue i.e. 2,065,000 Equity Shares of Rs. 10/- each available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC/ROC	Registrar of Companies, in this case being Registrar of Companies, Maharashtra, Everest Building, 100, Marine Drive, Mumbai – 400002.
Red Herring Prospectus	Means the Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the opening of the Issue. It will become a Prospectus after filing with the RoC after the pricing and allocation
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
Stock Exchanges	BSE & NSE
Subsidiaries	Subsidiaries of our Company being Transwarranty Capital Private Limited, Transwarranty Forex and Commodities Private Limited, Transwarranty Credit Care Private Limited
Syndicate/Member of the Syndicate	The BRLM and Syndicate Members
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLM.
TRS or Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The BRLM and Syndicate Members
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date



INDUSTRY/COMPANY RELATED TERMS

Term	Description
AMFI	Association of Mutual Funds of India
DGCX	Dubai Gold and Commodities Exchange
DICGC	Deposit Insurance and Credit Guarantee Corporation
DMCC	Dubai Metal & Commodity Centre
FEDAI	Foreign Exchange Dealers Association of India
NCDEX	National Commodities and Derivatives Exchange
MCX	Multi Commodity Exchange
TAPL	Transwarranty Advisors Private Limited
TCCPL	Transwarranty Credit Care Private Limited
TCPL	Transwarranty Capital Private Limited
TFCPL	Transwarranty Forex & Commodities Private Limited
TFCD	Transwarranty Forex & Commodities DMCC, UAE
TFDC	Transwarranty Forex and Derivatives Company
TPL	Transwarranty Private Limited
VSAT	Very Small Aperture Terminal

ABBREVIATIONS

Abbreviation	Full Form
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BPO	Business Process Outsourcing
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
D/E Ratio	Debt Equity Ratio
DP	Depository Participant
DRHP	Draft Red Herring Prospectus
EBDITA	Earnings Before Depreciation, Interest, Tax and Amortization
EPS	Earnings Per Equity Share
FCNR Account	Foreign Currency Non Resident Account
FI/FI(s)	Financial Institution(s)
FY/Fiscal	Financial Year ending March 31
Gol/Govt.	Government of India
HUF	Hindu Undivided Family
INR/Rs.	Indian National Rupee
IPO	Initial Public Offering
MoU/MOU	Memorandum of Understanding
Mn.	Million
NAV	Net Asset Value
NBFC	Non Banking Finance Company
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depositories Limited
PAN	Permanent Account Number
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PLR	Prime Lending Rate
RoNW/RONW	Return on Net Worth
RBI	The Reserve Bank of India constituted under RBI Act
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time.
UAE	United Arab Emirates
UIN	Unique Identification Number
US	United States



SECTION II – RISK FACTORS

CERTAIN CONVENTIONS - USE OF MARKET DATA

In this Draft Red Herring Prospectus, unless the context otherwise requires, unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our financial statements prepared and restated in accordance with Indian GAAP, the Companies Act and SEBI Guidelines included elsewhere in this Draft Red Herring Prospectus. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "lacs" means "one hundred thousand" and the word "million" means "ten lac" and the word "Crore" means "ten million". Throughout this Draft Red Herring Prospectus, all figures have been expressed in Rs. in million, unless otherwise stated. Unless otherwise stated, all references to "India" contained in this Draft Red Herring Prospectus are to the Republic of India.

Industry data used throughout this Draft Red Herring Prospectus has been obtained from industry publications and other authenticated published data. 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. Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources

For additional definitions, please refer to the section titled 'Definitions and Abbreviations' on page no. [•] of this Draft Red Herring Prospectus. In the section titled 'Description of Equity Shares and Terms of the Articles of Association of our Company' on page no. [•] of this Draft Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company.



FORWARD LOOKING STATEMENTS

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

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- General economic and business conditions in India;
- Our ability to successfully implement our growth strategy and expansion plans;
- Our ability to respond to technological changes;
- Changes in Indian or international interest rates
- Changes in laws and regulations relating to the industry in which we operate;
- Changes in political and social conditions in India;
- The loss of our key employees and staff;
- Any adverse outcome in the legal proceedings in which our Company is involved; and
- The loss or shutdown of operations of our Company at any times due to strike or labour unrest or any other reason.

For further discussion of factors that could cause our actual results to differ, please refer to the section titled ‘Risk Factors’ beginning from page no. [•] of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until the grant of listing and trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to this Issue.



RISK FACTORS

An investment in Equity Shares involves a high degree of risk. The investor should carefully consider all of the information provided in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Company's Equity Shares. If any of the following risks actually occur, Company's business, results of operations and financial condition could suffer, the trading price of the Company's Equity Shares could decline and the investors may lose all or part of their investment.

Note:

The risk factors are as envisaged by the management along with the proposals to address the risk if any. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any risks mentioned herein under:

In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sums of the amount listed are due to rounding off. Any percentage amounts, as set forth in "Risk Factors", "Management's discussion and analysis of financial condition and results of operations" and elsewhere in this Draft Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of the amounts disclosed in the financial statements prepared in accordance with the Indian Accounting Standards.

A. INTERNAL RISK FACTORS

i) Risks related to the Objects of the Issue:

- 1. Objects of the Issue, for which funds are being raised, have not been appraised by any bank or financial institution. We have also not entered into any agreement/MoU with any vendors for the purchase of property and expansion of branches.**

"Objects of the Issue" as stated on the page no. [●] of this Draft Red Herring Prospectus is entirely at the discretion of our management and is not subject to monitoring by any independent agency. All the figures included under the "Objects of the Issue" are based on our management's estimates. There has been no independent appraisal of the project.

We are also planning to acquire property in Mumbai to locate our head office out of the issue proceeds. The expenditure estimated to be incurred to the same is Rs.50 million. We have not yet identified the said premises to be financed out of this Issue proceed.

We have not entered into any definitive agreements or received any quotations from any vendors for opening new branches. The expenditure towards these objects is estimated to be Rs.32.60 million and will be financed out of the proceeds of this Issue.

For more information please refer to section titled "Objects of the Issue" on page [●] of this Draft Red Herring Prospectus.

- 2. Objects of the issue include investments in our Subsidiaries**

Our Company plans to utilize Rs.96.40 million raised through this Issue to invest in developing our businesses through our subsidiaries, viz. Equity Broking and Merchant Banking through Transwarranty Capital Private Limited, Commodity and Forex Broking business through Transwarranty Forex and Commodities Private Limited, institutional wealth management by creation of private equity/venture fund through Transwarranty Credit Care Private Limited and International Commodities Broking business through the proposed subsidiary, Transwarranty Forex & Commodities DMCC - UAE. The business in relation to all the subsidiaries is relatively new to our Company. Thus, a part of the funds raised through the proposed Fresh Issue will be utilized for activities, which are relatively new activities for our Company, and for which we have no prior track record.



Further, as a part of the Objects of the Issue, the FEDAI registered partnership firm, Trans Warranty Forex and Derivatives Company is proposed to be merged with our forex and commodities subsidiary, Tranwarranty Forex and Commodities Private Limited. Our said subsidiary has not yet initiated any process to enable the merger and the same would also require approval from the concerned statutory authorities.

For more information please refer to section titled "Objects of the Issue" on page [•] of this Draft Red Herring Prospectus.

3. Our company has not yet identified the target to make strategic Investments and acquisition

Our Company plans to utilize Rs.100.00 million raised through this Issue to make strategic investments and acquisitions. Our company has not yet identified the targets to be acquired out of the issue proceeds. Our Company has had only preliminary discussions for some investments and/or acquisition and has not signed any agreement or MOU. Hence, this strategic investment is subject to our ability to conclude a transaction successfully and obtaining the necessary approvals for the same.

For more information please refer to section titled "Objects of the Issue" on page [•] of this Draft Red Herring Prospectus.

ii) Risks related to the Company:

1. Registered Office of our Company is situated in the premises, which is owned by our Group Company.

The registered and corporate office of our Company is located in the premises owned by Transwarranty Pvt. Ltd. (whose 100% of the equity share capital is held by Mr. Kumar Nair and family). In respect of this premises, our Company has entered into a Business Service Agreement dated May 17, 2005 for a period of 36 months with effect from March 1, 2005. The compensation payable for occupation of this premises is Rs. 1,12,000/- per month. Our Managing Director will be deemed to be interested to the extent of said compensation.

2. Our success depends largely on our senior management and our ability to attract and retain our key personnel. Any significant changes in the key managerial personnel, may affect the performance of our Company.

Our success depends on the continued services and performance of the members of the senior management team and other key employees. Competition for senior and experienced personnel in the industry is intense at present. The loss of the services of our senior management or other key personnel could seriously impair our ability to continue to manage and expand our business, which may adversely affect our financial condition. Further, we do not maintain any 'key man' life insurance for our senior members of our management team or other key personnel, except our managing director.

3. Performance of our Subsidiaries is subject to the certain type of risk.

Our Subsidiary companies, Transwarranty Capital Private Limited and Transwarranty Forex & Commodities Private Limited face the risks associated with margin lending in their business. Our subsidiaries require clients to deposit a minimum initial margin, and if the client is not able to pay the balance amount to them before the pay-in date of the exchange for the said transaction, they, at times extend significant credit to clients at market related interest rates or interest free for the purchase of shares.

In case of highly volatile market or adverse movements in share/commodities prices, it is possible that the clients may not honour their commitment, which may result in losses. Such an event would be detrimental to business and profitability of the subsidiaries.



By permitting customers to purchase securities on margin, our subsidiaries are subject to risks inherent in extending credit, especially during periods of rapidly declining markets in which the value of the collateral held by us could fall below the amount of a customer's indebtedness.

Some of the clients of our broking subsidiary companies place orders over the phone. We face the risk of making errors in punching the orders. This entire risk is borne by us.

If any of the following risks actually occur, our Company's business, value of investment in subsidiaries, results of operations and financial condition could suffer.

4. We have entered into agreement with Citi Financial Consumer Finance India Limited for retailing of banking products for them for a period of 3 years.

We have earned an income of Rs. 4.82 million, which constitutes 9% of the total income for the financial year 2006 on account of BPO activities carried out by our Company for Citi Financial Consumer Finance India Limited. Our Company has entered into an agreement with Citi Financial Consumer Finance India Limited for a period of 3 years renewable with mutual consent. The agreement also provides for termination by each party by giving notice of such number of days as is prescribed in the agreement.

Non-Renewal or early termination of the agreement may adversely affect our financial position.

5. Our client relationships form the cornerstone of our advisory business from which we derive the majority of our income. These relationships are formed and nurtured by our relationship managers. Hence any events jeopardizing these relationships including the loss of our relationship managers will lead to decline in our revenues and profits.

Our business is dependent on our team of relationship managers who directly manage client relationships. We encourage dedicated relationship managers to service specific clients since we believe that this leads to long-term client relationships, a trust based business environment and over time, better cross-selling opportunities. While a particular relationship manager or an operating group of relationship managers contribute(s) a meaningful percentage of the business, the business would suffer materially if a substantial number of relationship managers either become ineffective or leave the organization. Such an event would be detrimental to our business and profits.

6. Our Company and our Directors are involved in certain legal proceedings

There are no outstanding litigations or disputes against our Company, which would have any financial implication on our Company. However, we have filed 4 criminal complaints against various parties to protect the interest of various lenders, wherein there is no financial liability on us.

Further, there are two suits filed for dishonour of cheques against our Chairman in his erstwhile capacity as a director on the board of another company, not related to our company or our subsidiaries/group companies.

All of the legal proceedings/claims are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate tribunals. For more information regarding litigation, please refer to the section entitled "Outstanding Litigations, Material Developments and Other Disclosures" on page [•] of this Draft Red Herring Prospectus.



7. Contingent Liabilities, Guarantees and Capital Commitments. The Contingent liabilities of our Company as on March 31, 2006 are as follows:

Our company has provided Corporate Guarantee in favour of ICICI Bank Limited to the extent of Rs.35 million for the credit facilities sanctioned by the bank to our subsidiary company, Transwarranty Capital Pvt. Ltd. and our group company, Transwarranty Advisors Pvt. Ltd.

8. Following of our Subsidiaries/Group Companies are loss making:

Particulars	Rs. in million			
	FY 2004	FY 2005	FY 2006	Accumulated losses as on March 31, 2006
Transwarranty Forex & Commodities Private Limited	(1.29)	(0.03)	(0.41)	(1.92)
Transwarranty Credit Care Private Limited	0.19	1.17	0.18	(0.20)
Transwarranty Private Limited	(1.41)	(0.46)	(1.36)	(6.25)
Transwarranty Advisors Private Limited	2.11	(0.01)	(1.86)	(4.53)

9. We may face competition from other established players in the industry

Our company, having a very small presence in the Investment Banking and Corporate Advisory Sector, may face the competition from the established players in the industry having their global reach.

10. If we are unable to manage the rapid growth required by our business strategy, the result of our operations will be adversely affected.

We have experienced and are currently experiencing a period of significant growth. We currently anticipate hiring an additional 100 employees during the current fiscal year, most of who will be hired into our relationship management, technology, sales, research, marketing and customer support teams. This growth has placed, and the future growth we anticipate in our operations will continue to place, a significant strain on our managerial, operational, financial and information systems resources. As part of this growth, we will have to implement new operational and financial systems and procedures and controls, expand our office facilities, train and manage our employee base and maintain close coordination among our technical, accounting, finance, marketing, sales and research staffs. If we are unable to manage our growth effectively, we will be unable to implement our growth strategy, upon which the success of our business depends.

11. Our Promoter and Promoter Group will hold 56.09% of the post issue equity shares, and will effectively control our company and may have interests which conflicts with those of our other shareholders or holders of our equity shares.

Our Promoter and Promoter Group together will hold 56.09% of post-Issue Equity Shares. As a result of their shareholding they will have the ability to influence most matters, which require the approval of our shareholders. In addition they collectively have the ability to block any special resolution by our shareholders, including the alterations of our Articles of Association, issuance of additional shares of capital stock, commencement of any new line of business and similar significant matters.



12. Material changes in the regulations that govern us could cause our business to suffer and the price of our Equity Shares to decline.

Non Banking Finance Companies in India are subject to detailed supervision and regulation by the RBI. In addition, we are subject generally to changes in Indian law, as well as to changes in Government regulations and policies and accounting principles. See the section titled "Regulations and Policies" on page [•] of this Draft Red Herring Prospectus. Any changes in the regulatory framework affecting NBFCs or capital adequacy requirements could adversely affect the profitability of our business, our future financial performance and the price of our Equity Shares, by requiring a restructuring of our activities, increasing costs or otherwise.

13. Your holdings may be diluted by additional issuances of equity by us, which may adversely affect the market price of our Equity Shares.

Any future issuance of our Equity Shares may dilute the holdings of investors in our Equity Shares, which could adversely affect the market price of our Equity Shares. Additionally, sales of a large number of our Equity Shares by our principal shareholder could adversely affect the market price of our Equity Shares. The perception that any such sale may occur could also adversely affect the market price of our Equity Shares.

14. Tax benefits may not be available to us or our shareholders unless prescribed conditions are fulfilled.

As described in section titled "Statement on Tax Benefits" on page [•] of this Draft Red Herring Prospectus, certain tax benefits are only available upon satisfaction of prescribed conditions under the relevant tax laws. To the extent that such conditions are not fulfilled, the tax benefits may not be available to us or our shareholders.

B. EXTERNAL RISK FACTORS

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

Our performance and the quality and growth of our business are necessarily dependent on the health of the overall Indian economy. A slowdown in the Indian economy could adversely affect our business. India's economy could be adversely affected by a general rise in interest rates, weather conditions adversely affecting agriculture, deterioration of infrastructure or various other factors affecting the growth of industrial, manufacturing and services sector. In addition, the Indian economy is in a state of transition. The share of the services sector of the economy is increasing while that of the industrial, manufacturing and agricultural sectors is declining. It is difficult to gauge the impact of these fundamental economic changes on our business.

In a robust demonstration of its nascent strengths, the Indian economy, after growing at 8.5 per cent and 7.5 per cent in the two previous years, has exceeded 8.1 per cent in the year 2005-06. Growth of Gross Domestic Product (GDP) at constant prices in excess of 8.0 per cent has been achieved by the economy in only five years of recorded history, and two out of these five are in the last three years. Some significant dimensions of the dynamic growth in recent years are: a new industrial resurgence; a pick up in investment; modest inflation in spite of spiraling global crude prices; rapid growth in exports and imports with a widening of the current account deficit; laying of some institutional foundations for faster development of physical infrastructure; progress in fiscal consolidation; and the launching of the National Rural Employment Guarantee (NREG) Scheme for inclusive growth and social security. The growth trend for the last three years appears to indicate the beginning of a new phase of cyclical upswing in the economy from 2003-04.



2. Political instability or changes in the government could delay further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our financial results and prospects

Since 1991, successive Indian governments have pursued policies of economic liberalization. The role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The leadership of India has changed a number of times since 1996. The Indian National Congress in coalition leads the current central government, which came to power in May 2004, with several political parties. Although the current government has announced policies and taken initiatives that support the economic liberalization policies that have been pursued by previous governments, the rate of economic liberalization has been affected by the coalition nature of the government. If there was to be any slowdown in the economic liberalisation or a reversal of steps already taken, it could have an adverse affect on our business.

3. Financial difficulties and other problems in certain financial institutions in India could cause our business to suffer and the price of our Equity Shares to go down.

We are exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years. Some co-operative banks (which tend to operate in rural sector) have also faced serious financial and liquidity crises. There has been a trend towards consolidation with weaker banks and NBFCs being merged with stronger entities. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect our business, our future financial performance, our shareholders' funds and the market price of our Equity Shares.

4. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares will trade and may also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence. In addition, any deterioration in relations between neighbouring countries might result in investor concern about stability in the region, which could adversely affect the market price of our Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the market price of our Equity Shares.

Natural calamities could have a negative impact on the Indian economy, particularly the agriculture sector, and cause our business to suffer

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. For example, as a result of drought conditions in the country in Fiscal 2002, the agricultural sector GDP recorded a decline of 7.2% during Fiscal 2003 (Source: Central Statistical Organisation Ministry of Statistics and Programme Implementation). The erratic progress of the monsoon in 2004 affected sowing operations for certain crops. Further, prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting our rural and semi-urban focused business and the market price of our Equity Shares.



5. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse affect on our business and financial performance, our ability to raise financing for onward lending and the price of our Equity Shares.

6. Substantial competition could harm our financial performance.

We face substantial competition in each of the markets we serve. The market for selling financial services including online brokerage services, on the Internet is new, rapidly evolving and intensely competitive. The market for retail distribution of personal financial products is equally competitive. We expect competition in each of the market we service to continue and intensify in the future. An increase in competition and number of competitors could adversely impact our market share and in turn our profitability.

7. Changes in rules promulgated by the Securities & Exchanges Board of India, the various Indian stock exchanges and other self-regulatory organizations; and changes in the interpretation or enforcement of existing law and rules may adversely impact our and our subsidiaries business.

The Financial Services and Capital Market industry in the India is subject to extensive regulation. Brokers, NBFCs and Merchant Banks are subject to regulations covering all aspects of the securities business. Our subsidiary companies ability to comply with all the applicable laws, rules, regulations and bye-laws of SEBI, the stock exchanges etc is largely dependent on their internal compliance procedures, as well as their ability to attract and retain qualified compliance personnel. They could be subject to disciplinary or other actions in the future due to claimed noncompliance, which could have an adverse effect on their and our business, financial condition and operating results.

8. Political instability in India owing to the currently prevalent coalition politics could cause delays and changes in key policy decisions thereby adversely affecting business and economic conditions in India generally and our business in particular.

During the past decade India has been witness to the vagaries of coalition politics wherein the government at the center has been formed by a clutch of political parties with varied ideologies coming together for the sake of power. Though most of the governments have taken initiatives that support continued economic liberalization, we cannot assure you that these liberalization policies will continue in the future. With the increasing influence of the Left parties in the decision-making process the rate of economic liberalization could change, and specific laws and policies affecting technology companies, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally (and our business in particular) and also adversely affect the outlook for the capital market and financial markets.

9. Any increase in regional hostilities between India and neighboring countries, could adversely affect Indian economy and cause our business to suffer.

India has from time to time experienced instances of social and civil unrest and hostilities with neighboring countries. Any escalation in regional tension and conflicts in the future could influence the Indian economy and have an adverse effect on our business, our future financial performance and the market for securities of Indian companies, including our equity shares.



10. Regional conflicts in South Asia could adversely affect the Indian economy, disrupt the operation and cause our business to suffer.

South Asia has from time to time experienced instances of civil unrest and hostilities among neighboring countries. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel and transportation more difficult. Such regional tensions could create a greater perception that investments in Indian companies involve a higher degree of risk. This, in turn, could have an adverse effect on the market for Indian companies, including our equity shares and on the market for our services.

11. After this Issue, the market price of our shares may be highly volatile.

After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop. The prices of our Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:

- Volatility in the Indian and global securities market;
- Our results of operations and performance, in terms of market share;
- Performance of our competitors, the Indian financial services industry and the perception in the market about investments in the financial services sector
- Performance of the Indian economy;
- Changes in Government policies;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant developments in India's economic liberalization and deregulation policies; and
- Significant developments in India's fiscal and environmental regulations.



C. NOTES TO RISK FACTORS

1. Public Issue of 6,000,000 Equity Shares of Rs.10/- each at a price of Rs. [●] for cash aggregating Rs. [●] million comprising reservation of 100,000 Equity Shares of Rs.10/- each for eligible employees on a competitive basis at a price of Rs. [●] for cash aggregating Rs. [●] million and Net Issue to the public of 5,900,000 Equity Shares of Rs.10/- each (hereinafter referred to as the “Net Offer to the Public”).
2. The book value per Equity Share of Rs. 10/- was Rs. 12.99 as at March 31, 2006.
3. The average cost of acquisition of Equity Shares of face value of Rs. 10/- each by our Promoters, is as follows:

Name of the Promoter	Average Cost of Acquisition of shares (Rs.)
Mr. Kumar Nair	Rs. 10.00 per share

4. The Networth of our Company as on March 31, 2006 was Rs. 103.90 million.
5. For details of related party transactions, please refer to the section titled ‘Related Party Transactions’ on page no. [●] of this Draft Red Herring Prospectus.
6. All information shall be made available by the BRLM 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.
7. Investors are advised to refer to the section titled ‘Basis of Issue Price’ on page no. [●] of this Red Herring Prospectus before making an investment in this Issue.
8. In terms of clause 2.2.2 of the SEBI (DIP) Guidelines, 2000, this Issue is being made through a 100% Book Building Process wherein a minimum of 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”) (including 5% of the QIBs’ portion that would be specifically reserved only for Mutual Funds and Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for QIBs). Further, upto 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
9. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to Retail Individual Bidders, Non-Institutional Bidders and QIBs. For more information, please refer to the section titled ‘Issue Procedure’ beginning from page no. [●] of this Draft Red Herring Prospectus.

Investors are free to contact the BRLM or the Compliance Officer for any clarification or information or for any complaint pertaining to the Issue. For contact details, please refer to the cover page of this Draft Red Herring Prospectus.



SECTION III – INTRODUCTION

SUMMARY

This is only a summary and does not contain all information that one should consider before investing in the equity shares offered by the Company. Investors should read the entire Draft Red Herring Prospectus, including the information on the section titled 'Risk Factors' beginning from page no. [•] and the section titled 'Financial Statements' and related notes beginning from page no. [•] of this Draft Red Herring Prospectus before deciding to invest in the equity shares offered by our Company.

INDUSTRY SUMMARY

Macroeconomic Overview

In a robust demonstration of its nascent strengths, the Indian economy, after growing at 8.5 per cent and 7.5 per cent in the two previous years, has exceeded 8.1 percent growth in the year 2005-06. Growth of Gross Domestic Product (GDP) at constant prices in excess of 8.0 per cent has been achieved by the economy in only five years of recorded history, and two out of these five are in the last three years.

Security Markets Overview

Primary Markets

Primary Markets create a flow of new securities to the securities market. This is achieved through public offerings of debt or equity or a composite structure of debt and equity to the investors. The following table indicates growth of primary markets in the last 5 years:

(Rs. million)		
Year	No. of Issues	Issue Amount #
2001	15	3,223
2002	6	19,815
2003	15	21,937
2004	34	305,108
2005	72	227,536
2006*	48	111,501

Source: Prime Database

Amount mobilized through Initial Public Issue and Follow on Public Issue

* Till April 2006 only

Secondary Markets

There are 23 exchanges in the country, which offer screen based trading system. The trading system is connected using the VSAT technology from over 357 cities. There were 9,368 trading members registered with SEBI as at end March 2004. The trading volumes on exchanges have been witnessing phenomenal growth over the past decade. Growth of volume traded in Secondary Market (National Stock Exchange) is given in table below:

Unit	1999-00	2000-01	2001-02	2002-03	2003-04	2004-Jan 05
Capital Market Segment						
No of trades	984	1676	1753	2398	3780	3626
Traded Qty No in Lakhs	242704	329536	278408	364065	713301	624314
Turnover Rs Cr	839052	1339510	513167	617989	1099535	927027
No. of listed companies	720	785	793	818	909	958

Source: www.nseindia.com



Indian Commodity Exchange Overview:

The market is developing at a very fast pace with the setting up of Multi Commodity Exchange (MCX), National Commodities and Derivatives Exchange (NCDEX) and National Multi Commodity Exchange of India Ltd. (NMCE). As a result, more awareness is being created across India with a lot of investors participating in the commodities market. Growth of volume traded on Commodities Exchanges is given in table below:

Rs. in Million		
Year / Month	MCX Turnover	NCDEX Turnover
2003-04	23,174.90	14,902.50
2004-05	16,65,263.90	26,63,355.80
2005-06*	3,381,396.41	6,605,407.10

Source: Company, MCX, NCDEX

* Till November 2005

Indian Mutual Fund Industry:

The Indian Mutual Fund Industry has grown remarkably in the last few years. After the mutual fund industry came under the purview of SEBI, new regulations have attracted various private players including global players to enter the Indian market. There are 30 funds and 466 schemes and total asset under management is Rs. 2,055,602 million (including fund of funds) as on November 2005.

BUSINESS OVERVIEW

Our Company was established as a financial services and investment banking company in the year 1994 by Mr. Kumar Nair. Mr. Kumar Nair has over two decades of wide experience in the financial sector. Mr. Kumar Nair, a Chartered Accountant by profession was part of Capital Markets team in Kotak Mahindra Finance Limited. Our Company is a Reserve Bank of India registered Non Banking Financial Services Company (NBFC) with active business in trade finance, corporate finance and investment banking activities. Our company provides corporate finance, trade finance, foreign exchange advisory and other corporate advisory to our institutional and corporate clients and BPO activities to Citi Financial Consumer Finance India Limited. A snap shot of our past performance is as below:

Rs in million			
Revenue	Year ended 31 st March, 2004	Year ended 31 st March, 2005	Year ended 31 st March, 2006
Trade Finance	4.46	8.24	4.29
Corporate Finance	6.46	6.78	16.90
Investment Banking	-	-	25.72
Financial Services BPO	1.33	2.22	4.82
Foreign Exchange Advisory	0.59	1.20	0.47
Other income	0.12	1.45	0.63
Hire purchase income	0.60	-	-
Total Income	13.56	19.89	52.83

Business Activities

We along with our subsidiaries are a full-fledged financial services provider. Since the activities are diverse and governed by different regulatory authorities, the businesses are structured under our Company as the flagship company and its subsidiary companies with around 51% shareholding.



Our Company

Our current business is to provide corporate advisory services, foreign exchange advisory, investment banking and wealth management services to corporates, retail and institutional clients across India. The company is also running a 50 seat financial services BPO for the Citi Financial Consumer Finance India Limited for sourcing of personal loans for them. We design structured finance products by using innovative financial models and structures and execute the same for leading companies in India including companies belonging to the Godrej, Tata, Mahindra group and a large number of mid cap and large cap companies from a wide cross section of industries. Our Company derives its revenues from three major sources namely, Corporate Finance, Investment Banking & Advisory Services and Trade Finance.

Our Subsidiaries

Transwarranty Capital Private Limited

TCPL is a member of Bombay Stock Exchange (BSE) in the Capital Market Segment and is also a member of National Stock Exchange (NSE) in both the Capital Market and Futures and Options Segment and is also a SEBI registered Merchant Banker.

Transwarranty Forex & Commodities Private Limited

TFCPL is a member of the Multi Commodities Exchange (MCX). The company has applied for membership in the National Commodities & Derivatives Exchange (NCDEX). The FEDAI approved interbank foreign exchange broking business firm, Trans Warranty Forex & Derivatives Company is proposed to be merged into Transwarranty Forex & Commodities Private Limited.

Transwarranty Credit Care Private Limited

TCCPL is positioned as the institutional wealth management vehicle in the form of private equity/venture fund, which shall be activated after obtaining the necessary approvals from SEBI.

Transwarranty Forex & Commodities DMCC, UAE (Proposed)

The group has recently acquired membership of Dubai Gold and Commodities Exchange (DGCX). A new company by name Transwarranty Forex & Commodities DMCC, UAE (TFCD) is proposed to be incorporated with registration at Dubai. TFCD will be positioned as the international derivatives, currency futures and commodities broking arm of the group.

OUR COMPETITIVE STRENGTH

Some of our key strengths are as under:

Our Promoters have a strong knowledge of the financial sector

Our promoter and Managing Director Mr. Kumar Nair has close to 2 decades of experience in the financial services and capital market sector. He is a Chartered Accountant by profession and was with Kotak Mahindra Finance Limited for 9 years. He was last positioned as Vice President of Kotak Mahindra Finance Limited.

We are a fully integrated financial Service provider

Our Company along with its subsidiaries are a fully integrated financial services provider, providing customised financial services such as Retail & Institutional broking of Equity, Merchant Banking activities, Commodities broking, Debt broking and Derivative products, Forex operations, Wealth Management, distribution of Mutual Funds and IPOs, Advisory Services, Trade Finance, Corporate Finance, and Project Finance.

We have some of the esteemed Indian corporates as our clients

We are considered to be one of the best in structured finance products for designing complex and innovative financial models and structures and executing the same for leading companies in India including companies belonging to the Godrej, Tata, Mahindra group and a large number of mid cap and large cap companies from a wide cross section of industries.



THE ISSUE

Equity Shares offered:	6,000,000 Equity Shares of Rs. 10/- each
Out of which:	
Employee Reservation Portion ⁽¹⁾	100,000 Equity Shares of Rs. 10/- each.
Net Issue to the Public:	5,900,000 Equity Shares of Rs. 10/- each
Qualified Institutional Buyers (QIBs) Portion ⁽²⁾ (Allocation on a proportionate basis) Out of which a) Reservation for Mutual Funds b) Balance for all QIBs including Mutual Funds Non Institutional Portion ⁽³⁾ (Allocation on a proportionate Basis) Retail Portion ⁽³⁾ (Allocation on a proportionate basis)	2,950,000 Equity Shares of Rs. 10/- each constituting at least 50% of the Net Issue 147,500 Equity Shares of Rs. 10/- each constituting reservation up to 5% of the QIB portion 2,802,500 Equity Shares of Rs. 10/- each constituting balance of the QIB portion 885,000 Equity Shares of Rs. 10/- each constituting up to 15% of the Issue 2,065,000 Equity Shares of Rs. 10/- each constituting up to 35% of the Issue
Equity Shares outstanding prior to the Issue	8,000,000 Equity Shares of Rs. 10/- each
Equity Shares outstanding after the Issue	14,000,000 Equity shares of Rs. 10/- each
⁽¹⁾ For the purpose of the Employee Reservation Portion, Eligible Employee means Permanent Employee/Director of our Company and/or our subsidiary companies as on the date of submission of the Bid-cum-Application Form. ⁽²⁾ As per recent amendments to the SEBI Guidelines, allocation to QIBs is proportionate as per the terms of this Draft Red Herring Prospectus. 5% of the QIBs portion would be specifically reserved only for Mutual Funds and Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for. Further attention of all QIBs is required towards the following: - Once a QIB has applied for our issue, the QIB will not be allowed to withdraw the application, after the Bid Issue/Closing date. - Each QIB including Mutual Funds will be required to deposit 10% margin money with application. ⁽³⁾ Subject to valid bids being received at or above the Issue Price, under-subscription, if any, in the Retail and Non Institutional categories would be allowed to be met with spill over interse from any other category, at the sole discretion of our Company in consultation with the BRLM.	
Use of Issue proceeds	For detailed discussion on the objects of the issue, please refer to the section titled 'Objects of the Issue' on page no. [●] of this Draft Red Herring Prospectus for additional information.



SUMMARY OF FINANCIAL DATA

The following tables set forth certain summary financial data derived from our restated unconsolidated financial statements as of and for fiscal years ended March 31, 2002, 2003, 2004, 2005 and 2006. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines. The restated financial statements have been restated as described in the Auditors' Report included therewith, in the section titled "Financial Statements" beginning on page [•] of this Draft Red Herring Prospectus. The financial information represented in the table below for fiscal 2002, 2003, 2004, 2005, and 2006 have been audited by the Auditors.

The summary financial and operating data presented below should be read in conjunction with our financial statements, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page [•] of this Draft Red Herring Prospectus.

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rupees in million)

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
A. Fixed Assets:					
Gross Block	4.31	3.67	3.63	3.90	4.77
Less: Depreciation	1.94	2.68	2.15	2.71	3.09
Net Block	2.37	0.99	1.47	1.20	1.68
Capital Work in Progress	-	-	-	-	-
Total Fixed Assets (A)	2.37	0.99	1.47	1.20	1.68
B. Investments (B)	3.49	6.65	6.24	57.70	103.24
C. Current Assets, Loans and Advances					
Inventories	0.20	-	-	-	-
Sundry debtors	2.32	2.17	2.10	0.74	41.58
Cash and bank balances	0.96	1.05	1.41	23.34	0.14
Loans and advances	25.71	16.41	12.40	13.50	14.69
Total (C)	29.18	19.63	15.91	37.57	56.42
D. Liabilities and Provisions					
Secured loans	0.88	0.70	0.49	-	0.67
Unsecured loans	6.53	4.94	5.08	3.34	2.10
Deferred tax liability	-	-	0.20	0.22	0.22
Current liabilities	9.22	2.98	1.57	2.38	39.34
Provisions	3.58	3.72	0.79	2.30	15.10
Total (D)	20.21	12.35	8.14	8.24	57.43
E. Net Worth (A+B+C-D)	14.84	14.92	15.48	88.24	103.90
F. Represented by:					
1. Share Capital					
Equity share capital	9.16	9.16	9.16	9.16	80.00
2. Share application money	-	-	-	70.84	-
3. Reserves and Surplus	5.69	5.77	6.32	8.24	23.90
4. Miscellaneous expenditure	0.01	0.01	-	-	-
5. Debit balance in profit and loss account	-	-	-	-	-
Net Worth (1+2+3-4-5)	14.84	14.92	15.48	88.24	103.90



SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rupees in million)

For the year ended	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Income					
Trade Finance	4.04	3.67	4.46	8.24	4.29
Corporate Finance	2.30	3.77	6.46	6.78	16.90
Investment Banking	-	-	-	-	25.72
BPO Services	-	-	1.33	2.15	4.82
Foreign Exchange & Derivatives	-	-	0.59	1.20	0.47
Hire Purchase Income	4.19	3.21	0.60	0.07	-
Lease Income	0.39	0.33	0.00	0.00	-
Other Income	0.12	0.12	0.12	1.45	0.63
Total	11.03	11.09	13.55	19.88	52.83
Expenditure					
Operational Expenses	0.55	0.49	1.13	0.77	0.37
Personnel Expenses	2.86	2.95	4.59	5.34	8.03
Interest and Bank Expenses	-	-	-	-	-
Other Expenses	3.39	3.07	3.91	8.11	6.42
Loss on Share Trading	0.03	-	-	-	-
Total	6.82	6.51	9.63	14.23	14.83
Profit/(loss) before interest, depreciation and tax	4.21	4.58	3.93	5.66	38.00
Depreciation/amortization	0.49	1.33	0.72	0.55	0.38
Profit/(loss) before interest and tax	3.72	3.25	3.21	5.10	37.62
Finance costs	3.00	2.95	1.33	0.50	0.12
Profit/(loss) before tax	0.72	0.30	1.88	4.61	37.50
Provision for taxes on income					
Current tax	0.25	0.11	0.65	1.62	12.72
Deferred tax	-	-	0.09	0.02	(0.01)
Profit/(loss) after tax	0.47	0.19	1.14	2.98	24.79
Prior period adjustments	-	-	(0.07)	(0.27)	-
Profit/(loss) for the year	0.47	0.19	1.07	2.70	24.79
Adjustments for:					
Change in the basis of charging depreciation	-	-	-	-	-
Amortization of miscellaneous expenditure	-	-	-	-	-
Impact of prior period items	-	-	-	-	-
Impact of Auditor's qualification	-	-	-	-	-
Total impact of adjustments	-	-	-	-	-
Net Profit/(loss) as restated	0.47	0.19	1.07	2.70	24.79



Net Profit/(loss) as restated	0.47	0.19	1.07	2.70	24.79
Profit/(loss) brought forward from previous year	0.11	0.14	0.14	0.16	1.58
Amount available for appropriation	0.59	0.33	1.21	2.86	26.37
Appropriations:					
Reserve u/s 45 IC of RBI Act	0.00	0.04	0.23	0.00	5.55
Deferred tax liability as of April 1, 2002					
Proposed dividend					
On preference shares					
On equity shares	0.00	0.00	0.46	0.69	8.00
Tax on dividend	0.00	0.00	0.06	0.10	1.12
General Reserves	0.45	0.15	0.30	0.50	1.00
Balance carried to balance sheet, as restated	0.14	0.14	0.16	1.58	10.70

Note: The above statement should be read with the Notes on adjustments and significant accounting policies & notes to the accounts for restated unconsolidated financial statements as appearing in Annexure to the report included in the section titled 'Auditors' Report' on page no. [•] of this Draft Red Herring Prospectus are integral part of this statement.



GENERAL INFORMATION

TRANSWARRANTY FINANCE LIMITED

(Originally incorporated as Trans Warranty Finance Limited on August 09, 1994 vide registration no. 11-80220 and received the Certificate for Commencement of Business on August 30, 1994 from the Registrar of Companies, Maharashtra, Mumbai. The name of our Company was changed to Transwarranty Finance Limited w.e.f. July 08, 2005. For details of changes in the address of our registered office, please refer to page no. [•] of this Draft Red Herring Prospectus)

Registered Office & Corporate Office	403, Regent Chambers, Nariman Point, Mumbai – 400021 Tel No: +91 22 2204 7965/66 / 6630 6090/91; Fax No: +91 22 6630 6655; Website: www.transwarranty.com ; E-mail: ibank@transwarranty.com Contact Person: Mr. Sreedhar Hirimbi, Compliance Officer
Registrar of Companies	Registrar of Companies, Maharashtra, Everest Building, 100, Marine Drive, Mumbai – 400002
Registration no. of Company	11 – 80220

OUR BOARD OF DIRECTORS

Name of Director	Designation
Mr. Suresh N. Talwar	Non-Executive Chairman*
Mr. Kumar Nair	Managing Director
Mr. Jay Chandran	Director*
Mr. Raghu R. Palat	Independent Director
Mr. Pravin Khatau	Independent Director

* Alternate Director to Mr. Jay Chandran

For more details on our Directors, please refer to the section titled 'Our Management' on page no. [•] of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Sreedhar Hirimbi

Transwarranty Finance Limited
403, Regent Chambers,
Nariman Point, Mumbai – 400021
Tel No: +91 22 2204 7965/66 / 6630 6090/91
Fax No: +91 22 6630 6655;
E-mail: accounts@transwarranty.com

The Investors are requested to contact the Compliance Officer in case of any pre-issue/post-Issue related problems such as non-receipt of letter of allotment/share certificate/refund orders/demat credits not made, etc.

Legal Advisor to the Issue:

Crawford Bayley & Co.

State Bank Building, 4th Floor,
N.G.N Vaidya Marg,
Fort, Mumbai – 400 023.
Tel: +91-22-2266 3713
Fax: +91-22-2266 0355
E-mail: maitri.deshmukh@crawfordbayley.com
Contact Person: Ms. Maitri Deshmukh



Bankers to the Company

ICICI Bank Limited

Free Press House,
Free Press Journal Marg,
Nariman Point, Mumbai – 400 021
Tel: +91-22-2285 3594/95
Fax: +91-22-5653 8755
E-mail: raghunathan.s@icici.com

Catholic Syrian Bank

53, East & West Building,
Mumbai Samachar Marg,
Fort, Mumbai- 400023
Tel: +91-22-2270 3405, 2266 0116
Fax: +91-22-2263 2120
E-mail: mumbaiifb@csb.co.in

The Federal Bank Limited

12/227, Nariman Bhavan,
First Floor, Nariman Point,
Mumbai- 400021
Tel: +91-22-2284 4532, 2283 6410, 2281 2335/2336.
Fax: +91-22-2202 8726
E-mail: bbyh@federalbank.co.in

ISSUE MANAGEMENT TEAM

Book Running Lead Manager

IDBI Capital Market Services Ltd.

5th Floor, Mafatlal Centre,
Nariman Point, Mumbai - 400021
Tel: +91- 22 - 6637 1226/28
Fax: +91- 22 - 2288 5850
Website: www.idbicapital.com
E-mail: tfl.ipo@idbicapital.com
Contact Person: Mr. Saurabh Jain/Mr. Indrajit Bhagat

Registrar to the Issue

Intime Spectrum Registry Limited

C – 13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078.
Tel: +91-22-2596 0320
Fax: +91-22-2596 0329
Website: www.intimespectrurum.com
E-Mail: transwarrantyipo@intimespectrum.com
Contact Person: Mr. Salim Shaikh

Syndicate Member

[•]

Bankers to the Issue and Escrow Collection Banks

[•]



Refund Banker to the Issue

[•]

Auditors of the Company

Haridas Associates

Chartered Accountants,
3, Air View Society
Off Nanda Patkar Road,
Vile Parle (E), Mumbai – 400 057
Tel: 91-22- 2612 3749
Fax: 91-22- 2617 6995
Email: shahvm@vsnl.com
Contact Person: Mr. U. Ramchandran

Credit Rating

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

IPO Grading

We have not obtained any grading for this Issue of Equity Shares.

Trustees

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

Monitoring Agency

There is no requirement for a monitoring agency in terms of clause 8.17 of the SEBI (DIP) Guidelines.



BOOK BUILDING PROCESS

Book Building refers to the process of collection of bids from investors on the basis of this Red Herring Prospectus including the Price Band. This Issue Price is fixed after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. Our Company
2. Book Running Lead Manager, in this case being IDBI Capital Market Services Limited.
3. Syndicate Members, who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. The Syndicate Members will be appointed by the BRLM.
4. Registrars to the Issue, in this case being Intime Spectrum Registry Limited.

The Equity Shares are being offered to the public through the 100% Book Building Process in accordance with the SEBI Guidelines, wherein (i) a minimum of 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") (including 5% of the QIBs' portion that would be specifically reserved only for Mutual Funds and Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for QIBs); (ii) upto 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders; and (iii) upto 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Our Company will comply with these Guidelines for this Issue. In this regard, our Company has appointed IDBI Capital Market Services Limited as the Book Running Lead Manager to procure subscriptions to the Issue.

The process of book building, under SEBI Guidelines, is relatively new and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue. QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. For more details, please refer to the section titled 'Terms of the Issue' beginning from page no. [•] in this Draft Red Herring Prospectus.

Steps to be taken by the Bidders for bidding:

- Check whether he/she is eligible for bidding;
- Bidder necessarily needs to have a demat account;
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form; and
- Ensure that the Bid-cum-Application Form is accompanied by the Permanent Account Number or by Form 60 or Form 61 as may be applicable together with necessary documents providing proof of address. For more details, please refer to the section titled 'Issue Procedure' beginning from page no. [•] of this Draft Red Herring Prospectus. Bidders are specifically requested not to submit their General Index Register number instead of the Permanent Account Number, as the Bid is liable to be rejected.

Illustration of Book Building and Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue)

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs.60/- to Rs.72/- per share, issue size of 5,000 equity shares and receipt of nine bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of our Company at various prices and is collated on the basis of bids from various investors.



No. of Equity Share Quoted	Bid Price (Rs.)	Cumulative no. of shares	% to the total bids received
1700	72	1700	22%
1500	71	3200	19%
1000	70	4200	13%
200	69	4400	3%
500	68	4900	6%
2000	65	6900	25%
1000	62	7900	13%

The price discovery is a function of demand at various prices. The highest price at which we are able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 65/- in the above example. We, in consultation with the BRLM will finalize the issue price at or below such cut off price i.e. at or below Rs. 65/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Underwriting Agreement

After allocation of our Equity shares but prior to filing of the Prospectus with ROC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion is intentionally left blank and will be completed prior to filing of the Prospectus with ROC)

Name and Address of the Underwriters	Indicated Number of Equity Underwritten	Amount Underwritten (Rs. in mn.)
[•]	[•]	[•]

The above-mentioned amount is indicative underwriting and this would be finalized after pricing and actual allocation. The above underwriting agreement is dated [•].

In the opinion of the Board of Directors of our Company, the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under section 12(1) of the SEBI Act or registered as brokers with the stock exchange (s). The above Underwriting Agreement has been accepted by the Board of Directors of our Company at their meeting held on [•] and our Company has issued letters of acceptance to the underwriters.

Allocation among the Underwriters may not be necessarily in the proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the syndicate members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount.



CAPITAL STRUCTURE

The share capital of our Company as on the date of filing of this Draft Red Herring Prospectus with SEBI is as set forth below:

	Particulars	Aggregate Nominal Capital (Rs.)	Total Value at Issue Price (Rs.)
A.	Authorized Capital 15,000,000 Equity Shares of Rs. 10/- each	150,000,000	
B.	Issued Subscribed and Paid-Up Capital Before the Issue 8,000,000 Equity Shares of Rs. 10/- each fully paid-up	80,000,000	
C.	Present Issue in terms of this Draft Red Herring Prospectus 6,000,000 Equity Shares of Rs.10/- each at a premium of Rs. [•]/- per share	60,000,000	[•]
	Out of which:		
	Reservation for Eligible Employees 100,000 Equity Shares of Rs. 10/- each at a premium of Rs. [•]/- per share	1,000,000	[•]
D.	Net Issue to Public in terms of this Draft Red Herring Prospectus 5,900,000 Equity Shares of Rs. 10/- each at a premium of Rs. [•]/- per share	59,000,000	[•]
E.	Equity Capital After the Issue 14,000,000 Equity Shares of Rs. 10/- each.	140,000,000	[•]
F.	Share Premium Account		
	Before the Issue	Nil	
	After the Issue	[•]	

History of changes made in the Authorised Share Capital

Date of change	Authorized Share Capital pursuant to change
Incorporation	500,000 Equity Shares of Rs. 10/- each aggregating to Rs. 5 million
29.11.1996	1,000,000 Equity Shares of Rs. 10/- each aggregating to Rs. 10 million
30.03.2005	8,000,000 Equity Shares of Rs. 10/- each aggregating to Rs. 80 million
11.05.2006	15,000,000 Equity Shares of Rs. 10/- each aggregating to Rs. 150 million



Notes to the Capital Structure:

1. Share Capital History

Date of Allotment	Number of Equity Shares	Cumulative No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment of Consideration	Reasons for allotment (bonus, swap, etc.)
09.08.1994	70	70	10	10	Cash	Initial Subscribers to the Memorandum
30.09.1994	135,000	135,070	10	10	Cash	Preferential Allotment
31.03.1995	49,930	185,000	10	10	Cash	Preferential Allotment
06.07.1995	35,000	220,000	10	10	Cash	Preferential Allotment
09.11.1995	39,650	259,650	10	10	Cash	Preferential Allotment
25.03.1996	200,000	459,650	10	10	Cash	Preferential Allotment
05.10.1996	36,500	496,150	10	10	Cash	Preferential Allotment
26.12.1996	99,500	595,650	10	10	Cash	Preferential Allotment
31.03.1997	219,350	815,000	10	10	Cash	Preferential Allotment
01.10.1997	34,000	849,000	10	10	Cash	Preferential Allotment
27.12.1997	6,400	855,400	10	10	Cash	Preferential Allotment
26.11.1998	60,850	916,250	10	10	Cash	Preferential Allotment
30.04.2005	7,083,750	8,000,000	10	10	Cash	Preferential Allotment
Total		8,000,000				

2. Promoters Contribution and Lock-in

a. 3 Years lock-in

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post-issue Equity Share capital of our Company shall be locked up by our Promoters for a period of three years from the date of allotment in this Issue. The Equity Shares, which are being locked-in, are not ineligible for computation of Promoters' contribution under Clause 4.6 of the SEBI Guidelines. The details of the promoters' Equity Shares locked-in for a period of three years are as follows:

Name of the Promoter	Date of Allotment/ Acquisition	Date when made fully Paid-up	Consideration (Cash, bonus, kind, etc.)	No. of Equity Shares	Face Value (Rs.)	Issue/ Acquisition Price (Rs.)	% of Post-Issue paid-up capital	Lock-in Period (in years)
Kumar Nair	06.05.2006	N.A	Cash	2,800,000	10	10	-	-
	Total			2,800,000	-	-	20.00%	3 Years

b. 1 Year lock-in

Name of the Promoter	Date of Allotment/ Acquisition	Date when made fully Paid-up	Consideration (Cash, bonus, kind, etc.)	No. of Equity Shares	Face Value (Rs.)	Issue/ Acquisition Price (Rs.)	% of Post-Issue paid-up capital	Lock-in Period (in years)
Kumar Nair	09.08.1994	09-08-1994	Cash	10	10	10	-	-
	31.03.1995	N.A.	Cash	10	10	10	-	-
	31.03.1995	31-03-1995	Cash	2,930	10	10	-	-
	25.03.1996	N.A.	Cash	1,950	10	10	-	-
	31.03.1997	N.A.	Cash	3,900	10	10	-	-
	01.04.2000	N.A.	Cash	167,650	10	10	-	-
	29.03.2006	N.A.	Cash	39,000	10	10	-	-
	06.05.2006	N.A.	Cash	4,462,400	10	10	-	-
	Total			4,677,850	-	-	33.41%	1 Year



- c. Other than the lock-in on the promoters' shares as stated above, the entire Pre-issue capital of our Company will be locked in for a period of one year from the date of allotment in this issue.
- d. In terms of clause 4.16.1 (b) of the SEBI Guidelines, locked in Equity Shares held by the Promoters may be transferred to and amongst the Promoters/ Promoter group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

Further, in terms of clause 4.16.1 (a) of the SEBI Guidelines, locked in Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

- e. In terms of clause 4.15 of the SEBI Guidelines, locked-in securities held by promoters may be pledged only with banks or Financial Institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan.

3. Pre and Post Issue Shareholding Pattern of our Company

Shareholders' Category	Pre-issue		Post-issue	
	No. of shares	%	No. of shares	%
Promoters				
Kumar Nair	7,477,850	93.47	7,477,850	53.41
Sub-total (A)	7,477,850	93.47	7,477,850	53.41
Promoter Group				
Leena Nair	267,460	3.34	267,460	1.91
Anita Plakkot	50,000	0.63	50,000	0.36
C. Chandran	28,950	0.36	28,950	0.21
Sheila Satish	9,990	0.12	9,990	0.07
C. D. Padmini Devi	8,900	0.11	8,900	0.06
K. Karthikeyan	7,650	0.10	7,650	0.05
K. Indira Devi	1,950	0.02	1,950	0.01
Sub-total (B)	374,900	4.69	374,900	2.68
Total Promoter and Promoter Group C = (A) + (B)	7,852,750	98.16	7,852,750	56.09
Others (D)	147,250	1.84	147,250	1.05
Public Issue (E)	-	-	6,000,000	42.86
Grand Total F = (C) + (D) + (E)	8,000,000	100.00	14,000,000	100.00



4. Particulars of top ten shareholders as on the date of filing of this Draft Red Herring Prospectus with SEBI are as follows:

Sr. No.	Name of the Shareholders	No. of Shares
1.	Kumar Nair	7,477,850
2.	Leena Nair	267,460
3.	Anita Plakkot	50,000
4.	Abraham K. J.	30,000
5.	C. Chandran	28,950
6.	Prasad Varghese	25,000
7.	Haridas T. V.	18,000
8.	Ratnakar Rai	12,500
9.	S. N. Talwar	10,000
10.	Anil Nambiar	10,000
11.	Roby S. Sasidharan	10,000

5. Particulars of top ten shareholders ten days prior to the date of filing this Draft Red Herring Prospectus with SEBI are as follows:

Sr. No.	Name of the Shareholders	No. of Shares
1.	Kumar Nair	7,477,850
2.	Leena Nair	267,460
3.	Anita Plakkot	50,000
4.	Abraham K. J.	30,000
5.	C. Chandran	28,950
6.	Prasad Varghese	25,000
7.	Haridas T. V.	18,000
8.	Ratnakar Rai	12,500
9.	S. N. Talwar	10,000
10.	Anil Nambiar	10,000
11.	Roby S. Sasidharan	10,000

6. Particulars of top ten shareholders two years prior to the date of filing this Draft Red Herring Prospectus with SEBI are as follows:

Sr. No.	Name of the Shareholders	No. of Shares
1.	Kumar Nair	276,450
2.	Jewel Equifin Private Limited	172,150
3.	Leena Nair	102,450
4.	Transwarranty Forex & Commodities Private Limited (earlier known as Warranty Securities (India) Pvt. Ltd.)	71,500
5.	K. Sukumar	53,450
6.	Deluxe Equifin Pvt. Ltd.	40,060
7.	Abraham K. J.	30,000
8.	C. Chandran	28,950
9.	Prasad Varghese	25,000
10.	Haridas T. V.	18,000



7. The Promoters/Promoter Group and Directors of our Company have not purchased or sold the Equity Shares of our Company during the period of six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI, other than those mentioned below -

Date	Name of Transferor	Name of Transferee	No. of Equity Shares	Face Value (Rs.)	Consideration (Rs.)
29.03.2006	Mr. K. Sukumar	Mr. Kumar Nair	15,000	10	10
29.03.2006	Ms. Vinita Nambiar	Mr. Kumar Nair	7,500	10	10
29.03.2006	Mr. K. Sukumar	Mr. Kumar Nair	16,500	10	10
06.05.2006	Dunhill Shareshoppe Pvt. Ltd.	Mr. Kumar Nair	1,920,200	10	10
06.05.2006	Deluxe Equifin Pvt. Ltd.	Mr. Kumar Nair	2,786,700	10	10
06.05.2006	Jewel Equifin Pvt. Ltd.	Mr. Kumar Nair	2,376,850	10	10
06.05.2006	Transwarranty Credit Care Pvt. Ltd.	Mr. Kumar Nair	232,210	10	10
06.05.2006	Transwarranty Forex & Commodities Pvt. Ltd.	Mr. Kumar Nair	71,500	10	10
07.05.2006	Mr. Kumar Nair	Mr. Pravin Kapadnis	2,500	10	10
07.05.2006	Mr. Kumar Nair	Ms. Anita Nair	2,500	10	10
07.05.2006	Mr. Kumar Nair	Mrs. Poonam Ankolekar	2,500	10	10
07.05.2006	Mr. Kumar Nair	Mr. Prashant Palan	2,500	10	10
07.05.2006	Mr. Kumar Nair	Mr. Roby Sasidharan	10,000	10	10
07.05.2006	Mr. Kumar Nair	Mr. K. Unnikrishnan	3,050	10	10
07.05.2006	Mr. Kumar Nair	Mrs. Anita Plakkot	34,500	10	10
07.05.2006	Mr. Kumar Nair	Mrs. Leena Nair	65,010	10	10
15.05.2006	Mr. Kumar Nair	Mr. Manish Ghia	2,500	10	10

8. The total number of members of our Company as on the date of filing this Draft Red Herring Prospectus is 29.
9. Our Company has not availed any bridge loan against the proceeds of this Issue.
10. The Promoters, Directors and BRLM to the Issue have not entered into any buy-back, standby or similar arrangements for any of the securities being issued through this Draft Red Herring Prospectus.
11. In this Issue, in case of over-subscription in all categories, minimum 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers. Out of this, not less than 5% will be allocated to Mutual Funds on a proportionate basis. Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for Qualified Institutional Buyers. Further, up to 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price.
12. Subject to valid bids being received at or above the Issue Price, under-subscription, if any, in the Retail and Non Institutional categories would be allowed to be met with spill over interse from any other category, at the sole discretion of our Company in consultation with the BRLM.
13. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Net Issue, i.e., 5,900,000 Equity Shares, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.



14. There are no outstanding warrants, options or right to convert debentures, loans or other instruments into our Equity shares.
15. Our Company may place Equity Shares with certain investors or make firm allotment in issue to certain investors prior to filing of the Red Herring Prospectus with the RoC. In such a case, the size of the Net Issue to Public would stand reduced to the extent of such placement.
16. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that we may issue options to our employees pursuant to the ESOP or, if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use equity shares as currency for acquisition or participation in such joint ventures.
17. Our Company does not have any outstanding Employees Stock Option Plan.
18. Our Company has not made any public issue since its inception.
19. Our Company undertakes that at any given time, there shall be only one denomination for the shares of our Company and our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
20. Our Company has not revalued its assets since inception.
21. An over-subscription to the extent of 10% of the Issue size can be retained for the purpose of rounding off to the nearer multiple of one Equity Share while finalizing the allotment.



OBJECTS OF THE ISSUE

FUNDS REQUIREMENT

The Issue is being made to raise funds for expansion of office premises for increasing the scale of operations, geographic expansion through opening of regional offices, making strategic investments or acquisitions of companies engaged in the business of financial services and/or banking, investments in subsidiaries for expansion of their respective businesses and to meet issue expenses. As a result of this Issue, the Company also expects to provide liquidity to its existing shareholders.

The main objects clause of the Memorandum of Association of the Company enables the Company to undertake the existing activities and the activities for which the funds are being raised through the present issue.

COST OF PROJECT AND MEANS OF FINANCE

The funds requirement and means of finance as estimated by our management are given below:

Sr. No.	Particulars	Rs. in Million	Rs. in Million
A.	Cost of Project:		
1.	Expansion of office premises for increasing the scale of operations	50.00	
2.	Strategic investments or acquisition of companies engaged in the business of financial services and banking	100.00	
3.	Geographic expansion through opening of regional offices and Overseas Branches	32.60	182.60
4.	Investment in Subsidiaries:		
	(a) Transwarranty Capital Pvt. Ltd		
	- Technology up-gradation	15.65	
	- Working capital	56.00	71.65
	(b) Transwarranty Forex & Commodities Pvt. Ltd.		
	- Acquisition and activation of NCDEX membership	4.00	
	- Merger of the foreign exchange broking firm – Trans Warranty Forex & Derivatives Company	3.00	7.00
	(c) Transwarranty Credit Care Pvt. Ltd.		
	- Activation of Private Equity/Venture Fund registration with SEBI.	2.00	2.00
	(d) Transwarranty Forex & Commodities DMCC - UAE		
	- Acquisition and activation of membership in the Dubai Gold & Commodities Exchange	15.75	15.75
5.	IPO Expenses		[•]
	Total		[•]
B.	Means of Finance:		
1.	Public Issue		[•]
	Total		[•]



DETAILED BREAK UP OF PROJECT COST

1. Expansion of office premises for increasing the scale of operations

The company presently operates from 1,000 sq. ft. office premises located in the Central Business District of Nariman Point in Mumbai. All the business groups of the company viz, Corporate Finance, Investment Banking, Trade Finance, Financial Services BPO are presently conducted from the above referred office premises. Since the business is expanding with increasing requirement for office premises, the company has decided to acquire office premises at various strategic locations in Mumbai.

2. Strategic investments or acquisitions of companies in related business including banking

We shall deploy upto Rs.100 million for the purpose of acquisitions of strategic stake in companies engaged in the business of financial services and/or banking. We plan to focus on growing the business through the inorganic route to enter new markets, new related businesses and significant capabilities and immediate scale. The investment through inorganic route will be in the form of acquisitions of full or partial stakes in other companies. Our Board looks at various opportunities periodically from the perspective of maximizing shareholder value and long-term growth potential of our company.

3. Geographic expansion through opening of Regional Offices and Overseas Branches

We propose to establish 6 regional offices, one each in Delhi, Kolkata, Ahmedabad, Chennai, Hyderabad and Bangalore and setting up of offices in London, Singapore and Dubai for the expansion of Corporate Finance, Trade Finance and Investment Banking Activities.

4. Investments in Subsidiaries

The Company proposes to make investments of Rs. 71.65 million in Transwarranty Capital Private Limited (TCPL), Rs. 7 million in Transwarranty Forex & Commodities Private Limited (TFCPL), Rs. 2 million in Transwarranty Credit Care Private Limited (TCCPL) and Rs.15.75 million in proposed subsidiary, Transwarranty Forex & Commodities DMCC – UAE (TFCD). This fund infusion in the subsidiaries will be in the form of subscription to their equity shares, unsecured loan or any combination thereof. This infusion will enable these companies to increase business in the equity, derivatives, commodities and foreign exchange broking both in India and internationally.

(a) Transwarranty Capital Private Limited (TCPL)

Transwarranty Capital Pvt. Ltd. is a member of Bombay Stock Exchange Limited and National Stock Exchange Limited and a SEBI registered Merchant Banker. The company is planning to expand geographically through franchisee and branches network. With the increasing volumes in the business, the company intends to upgrade its technology and augment the working capital base.

(i) Technology Upgradation

The company intends to upgrade its exiting technology infrastructure and build an Internet and phone trading solutions for offering additional service channels to its customers.

The up-gradation would include replacing the existing trading and database servers with high-end servers considering the increased volumes. The Company also proposes to upgrade the existing hardware including computer and other data processing equipment. The Company is planning to implement a high-end customer relationship management (CRM) for effectively monitoring and servicing client relationship.



The operational efficiency of our business is highly dependent on the use of modern technology. Speed of order execution and transparency of dealings are key factors to our success. With this in mind, we plan to upgrade our back office software solution to a web based back office software

The break up of the requirement of funds for technology upgradation is as follows:

Particulars	Rs. in million
Web based back office software	5.80
Internet trading software	0.50
Digital contract software	0.10
Hardware – Servers, Routers, Switches, Printers	6.41
Connectivity charges	2.84
Total	15.65

(ii) Augmenting Working Capital

The working capital requirement of the company arises on account of the gap in realization of cheques from clients and amount to be paid to the exchanges towards pay in on the settlement dates. With growing business this gap is widening creating large requirement for working capital

With the proposed expansion in the branch network and commencement of online trading, the company's trading volumes are expected to increase further. It is proposed to complement working capital currently met out of bank limits and internal accruals.

(b) Transwarranty Forex & Commodities Private Limited (TFCD)

(i) Acquisition and Activation of NCDEX Membership

In the commodities business, the company presently has membership in MCX and has applied for membership in the other major commodity exchange NCDEX.

(ii) Merger of the foreign exchange broking firm

The foreign exchange broking accreditation from FEDAI is presently in the group partnership firm Trans Warranty Forex & Derivatives Company, since the business was acquired through acquisition of the firm. We propose to merge this firm with Transwarranty Forex & Commodities Pvt. Ltd, which would require payment of additional deposit to FEDAI.

(c) Transwarranty Credit Care Private Limited (TCCPL)

The Company proposes to apply to SEBI for registration to launch a private equity/venture fund for institutional wealth management.

(d) Transwarranty Forex & Commodities DMCC – UAE (TFCD) (Proposed)

Acquisition and Activation of membership in the Dubai Gold & Commodities Exchange

The membership granted in the International Dubai Gold & Commodity Exchange (DGCX) requires formation of a subsidiary in the Dubai, United Arab Emirates. The subsidiary shall be registered in the UAE Free Trade Zone, Dubai Metal & Commodity Centre (DMCC)



5. Issue Expenses

The expenses shall include underwriting and lead management fees, brokerage, fees payable to registrar, advertising & marketing expenses, printing & stationery expenses, fees/charges payable to regulatory agencies and stock exchanges etc. The estimated issue expenses are as follows

Particulars	Rs. in million
Lead Management	[•]
Underwriting & Selling Commission	[•]
Fees payable to Registrar,	[•]
Legal Advisors & Auditors	[•]
Printing, Stationery & Postage	[•]
Advertisement and Marketing Other expenses	[•]
Total	[•]

MEANS OF FINANCE

The objects of the issue are proposed to be funded by equity by way of the proposed public issue as under:

Means of Finance	Rs. in million
Public Issue	[•]
Total	[•]

The excess proceeds, if any, from the present Issue would go towards general corporate purposes of our company.

INTERIM USE OF FUNDS

Pending utilization of funds as stated above, our Company intends to invest the proceeds of the fresh issue in high quality, interest/dividend bearing short term/long term liquid instruments including deposits with banks for the necessary duration. These investments will be authorised by our Company's Board or a duly authorised committee thereof.

MONITORING OF UTILIZATION OF FUNDS

Our Board will monitor the utilization of issue proceeds. No part of the Issue proceeds will be paid by us as consideration to our Promoters, Directors, key managerial personnel or companies promoted by our Promoters except in the course of normal business.



ISSUE STRUCTURE

Public Issue of 6,000,000 Equity Shares of face value Rs. 10/- each at a price of Rs. [•] for cash at a premium of Rs. [•] per Equity Share aggregating Rs. [•] million is being made through the 100% Book Building Process. The details of the Issue structure are tabulated below:

Particulars	Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity shares (available for allocation)*	Upto 100,000 Equity Shares	Net Issue to the Public less allocation to Non Institutional Bidders and Retail Individual Bidders	Upto 885,000 Equity Shares	Upto 2,065,000 Equity Shares
Percentage of Issue available for allocation	Upto 1.67% of the Issue Size	Minimum 50% of the Net Issue to the Public. 5% of the QIB portion shall be available for allocation to Mutual Funds participating in the 5% reservation in the QIB portion and will also be eligible for allocation in the remaining QIB portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Upto 15% of the Net Issue to the Public less allocation to QIBs and Retail Individual Bidders *	Upto 35% of the Net Issue to the Public less allocation to QIBs and Non Institutional Bidders *
Basis of allocation if respective category is oversubscribed	Proportionate	Proportionate as follows: (a) 147,500 Equity Shares constituting 5% of the Qualified Institutional Buyer Portion shall be allocated on a proportionate basis to Mutual Funds (b) 2,802,500 Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	[•] Equity shares	Such no. of Equity shares in multiples of [•] Equity Shares thereafter so that the bid amount exceeds Rs. 100,000/-	Such no. of Equity shares in multiples of [•] Equity Shares thereafter so that the bid amount exceeds Rs. 100,000/-	[•] Equity shares
Maximum Bid	Such number of Equity Shares so as to ensure that the bid does not exceed 100,000 Equity Shares.	Such number of Equity Shares not exceeding the Issue Size, subject to applicable limits	Such number of Equity Shares not exceeding the Issue Size, subject to applicable limits	Such number of Equity Shares in multiples of [•] Equity Shares whereby the bid amount does not exceed Rs. 100,000/-



Mode of allotment	Compulsorily in Dematerialized form	Compulsorily in Dematerialized form	Compulsorily in Dematerialized form	Compulsorily in Dematerialized form
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can apply**	Eligible employees, means permanent employees and directors of our company or of our subsidiary companies as on the date of submission of Bid-cum-Application Forms	Public financial institutions, as specified in section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, venture capital funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI and State Industrial Development Corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.250 million and pension funds with minimum corpus of Rs.250 million.	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, NRIs, societies	Individuals including NRIs and HUFs (in the name of the Karta) applying for such number of Equity Shares such that the bid amount does not exceed Rs. 100,000/-
Terms of Payment	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the members of the syndicate
Margin Money	Full bid amount on bidding	10% of the bid amount in respect of bids placed by the QIB bidder	Full bid amount on bidding	Full bid amount on bidding

* Subject to valid bids being received at or above the Issue Price, under-subscription, if any, in the Retail and Non Institutional categories would be allowed to be met with spill over inter se from any other category, at the sole discretion of our Company in consultation with the BRLM.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.



Withdrawal of the Issue

Our Company in consultation with the BRLM reserves the right not to proceed with this Issue any time after the Bid/Issue opening date but before allotment without assigning any reason thereof.

Bid/Issue Programme

BID/ISSUE OPENS ON [●]

BID/ISSUE CLOSES ON [●]

Bids and any revision in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) and uploaded till such time as permitted by BSE and NSE on the Bid/Issue Closing Date.

The Price Band will be decided by our Company in consultation with the BRLM

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid Opening Date/Issue Opening Date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band, subject to the Bidding Period/Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE by issuing a press release, and also by indicating the change on the web site of our Company and/or the BRLM and at the terminals of the Syndicate Member.



BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with BRLM on the basis of assessment of market demand for the Equity Shares by way of the Book Building process.

Qualitative Factors:

Our Promoters have a strong knowledge of the financial sector

Our Promoter and Managing Director Mr. Kumar Nair have 21 years of wide experience in the financial sector. He is a Chartered Accountant by profession and was with Kotak Mahindra Finance Limited for 9 years. He was last positioned as Vice President of Kotak Mahindra Finance Limited.

We are fully integrated financial Service provider

Our Company along with its subsidiaries are a fully integrated financial services provider, providing customised financial services such as Retail & Institutional broking of Equity, Merchant Banking activities, Commodities broking, Debt broking and Derivative products, Forex operations, Wealth Management, distribution of Mutual Funds and IPOs and Advisory Services.

We have some of the esteemed Indian corporates as our clients

We are considered to be one of the best in structured finance products for designing complex and innovative financial models and structures and executing the same for leading companies in India including companies belonging to the Godrej, Tata, Mahindra group and a large number of mid cap and large cap companies from a wide cross section of industries.

Quantitative Factors:

1. Adjusted Earnings Per Share (EPS)

Year ended	EPS (Rs.)	Weight used
March 31, 2004	1.17	1
March 31, 2005	2.95	2
March 31, 2006	3.10	3
Weighted Average	2.73	

2. Price/Earning (P/E) Ratio in relation to Issue Price of Rs. [•] per share:

- Based on year ended March 31, 2006 EPS of Rs. 3.10: [•]
- P/E for Finance and Investments Sector

Highest	151.1
Average	18.5
Lowest	0.9

(Source: Capital Market Vol.XXI/06, May 22 – June 04, 2006; Segment: Finance and Investments Sector)



3. Weighted Average Return On Net Worth (RoNW):

Year ended	RoNW (%)	Weight Used
March 31, 2004	6.90	1
March 31, 2005	15.53	2
March 31, 2006	23.86	3
Weighted Average	18.26	

4. Minimum RoNW required on increased Net Worth to maintain pre issue EPS (%): [•]

5. Net Asset Value (NAV) per Equity share:

Net Asset Value (NAV) per Equity share	Rs.
As on March 31, 2006	12.99
After the issue based on March 31, 2006 results	[•]

6. Comparison with Industry Peerset

Name of the Company	B.V. (Rs.)	EPS (Rs.)	P/E	RONW%
Transwarranty Finance Limited¹	12.99	3.10	[•]	23.86
Peer Group²				
Centrum Capital	22.4	1.9	55.9	8.7
Birla Global	41.5	7.4	36.4	42.2
India Infoline	24.6	5.9	31.9	42.7
Indiabulls Fin.	61.3	4.6	66.8	12.5

¹ B.V., EPS and RONW for our Company is as per the restated audited statements by M/s. Haridas Associates, Chartered Accountants. For details, please refer to the section titled 'Financial Statements' on page no. [•] of this Draft Red Herring Prospectus

² Information for the peer group has been taken from Capital Market Vol.XXI/06, May 22 – June 04, 2006; Segment: Finance and Investments Sector.

7. The Issue Price is [•] times of the Face Value of Rs. 10/- per Equity Share

The issue price will be determined on the basis of the demand from the investors in accordance with the SEBI Guidelines. The BRLM believes that the Issue price of Rs. [•] is justified in view of the above qualitative and quantitative parameters. Please refer to the section titled 'Risk Factors' beginning from page no. [•] of this Draft Red Herring Prospectus and the financials of our Company as set out in the section titled 'Financial Statements' on page no. [•] of this Draft Red Herring Prospectus to have a more informed view.



STATEMENT OF TAX BENEFITS

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

1. Key Benefits available to the Company under the Income-tax Act, 1961 ('the Act')

a) Dividend income:

- Dividend (both interim and final) income, if any, received by the Company on its investment in shares of another Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-O of the Act.
- Income received in respect of units of a Mutual Fund specified under Section 10(23D) of the Act shall be exempt from tax under Section 10(35) of the Act.

b) Capital gains:

- Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company or any other securities listed on a recognized stock exchange in India or units of UTI and specified Mutual Fund/zero coupon Bonds are considered as long-term capital assets if these are held for a period exceeding 12 months. Capital gains arising on transfer of long-term capital assets are considered as 'long-term capital gains'. Capital gains arising on transfer of these assets held for a period of 12 months or less are considered as 'short-term capital gains'.
- Section 48 of the Act, prescribes the mode of computation of capital gains. It provides for deduction of cost of acquisition/improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, for resident shareholders it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by the prescribed cost inflation index. The benefit of indexation is not available in respect of long-term capital gains arising from the transfer of long-term capital asset like bonds and debenture other than capital indexed bonds issued by the Government.
- Long-term capital gains arising on transfer of equity shares or units of an equity oriented fund (as defined) which has been set up under a scheme of a Mutual Fund specified under Section 10 (23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under Section 10 (38) of the Act provided the transaction is chargeable to STT.
- Under the provisions of Section 112(1)(b) of the Act, long-term capital gains which are not exempt under Section 10(38) are subject to tax at the rate of 20 per cent (plus applicable surcharge on tax and education cess on tax and surcharge), in case where indexation benefit is claimed. However, under the proviso to Section 112 (1), if the tax on long-term capital gains arising on transfer of listed securities or units or zero coupon bonds computed at the rate of 20 per cent (plus applicable surcharge on tax and education cess on tax and surcharge) after availing the benefit of indexation exceeds the tax on the long-term capital gain computed at the rate of 10 per cent (plus applicable surcharge on tax and education cess on tax and surcharge) without availing the benefit of indexation, then such excess tax is ignored for the purpose of computing the tax payable on the capital gains.
- On or after October 1, 2004, under the provisions of Section 111A of the Act, short-term capital gains arising on sale of equity shares or units of equity oriented mutual



fund (as defined) under Section 10 (23D), on a recognized stock exchange are subject to tax at the rate of 10 per cent (plus applicable surcharge on tax and education cess on tax and surcharge), provided the transaction is chargeable to Securities Transaction Tax ('STT').

- Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years short-term as well as long-term capital gains.
- Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years long-term capital gains.
- As per Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains which are not exempt under Section 10(38) of the Act shall not be chargeable to tax in the proportion of capital gains are invested in certain notified bonds within six months from the date of transfer. If the Company transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of its acquisition, the amount of gains exempted earlier would be chargeable to tax as long-term capital gains in such year. The bonds specified for this Section are bonds issued by National Bank for Agriculture and Rural Development (NABARD), National Highway Authority of India (NHAI), National Housing Bank (NHB), Rural Electrification Corporation Ltd. (REC) and Small Industrial Development Bank of India (SIDBI).
- As per Section 54ED of the Act and subject to the conditions specified therein, long term capital gains which are not exempt under Section 10(38) of the Act arising on transfer of listed securities or Mutual Fund units are not chargeable to tax in the proportion of the gains invested in acquiring equity shares forming part of an 'eligible issue of capital'. The investment needs to be made within six months from the relevant date of transfer. If the equity shares are transferred within a period of one year from the date of investment then the amount of capital gains so exempted earlier would be chargeable to tax as long-term capital gains in the year of such transfer. Eligible issue of capital means an issue of equity shares which satisfies the following conditions:
 - i. the issue is made by a public company formed and registered in India; and
 - ii. the shares forming part of the issue are offered for subscription to the public.

c) Share of Profit from Partnership Firms:

- Share of Profit, if any, received by the Company from its investment in Partnership Firms that are separately assessed to tax will be exempt from tax under Section 10 (2A) of the Act.

d) Depreciation/Business Loss:

- The Company shall be entitled to claim depreciation on tangible and intangible assets owned by it and used for the purposes of its business as explained in the Section 32 of the Act.
- Unabsorbed depreciation can be carried forward in future years.
- Business losses can be forward for eight years for set off against subsequent business profits.
- However, carry forward and set off of the business losses are subject to restrictions specified in Section 80 of the Act.



e) Preliminary Expenditure:

- The Company shall be eligible for amortization of preliminary expenditure as specified in section 35D of the Act being expenditure as specified in section 35D of the Act on public issue of share subject to meeting the conditions and limits specified in that section.

f) Minimum Alternate Tax:

Under Section 115 JAA of the Act, the Company can claim credit for the difference of tax paid for any assessment year under subsection 1 of section 115JB and the amount of tax payable by the company on its total income computed in accordance with the other provisions of the Act. Such credit shall be allowed to be carried forward and set off in accordance with the provisions of said section. The carried forward tax credit shall not be allowed beyond 5th assessment year immediately succeeding the assessment year in which tax credit becomes allowable.

g) Rebate:

- As per Section 88E of the Act, the STT paid in respect of the taxable securities transactions entered into in the course of business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains of Business or Profession' arising from taxable securities transactions.

h) Banking Cash Transaction Tax:

Under Section 36 (1) (xiii) of the Act, the Company is entitled to claim deduction of Banking Cash Transaction Tax paid on Taxable Banking Transactions entered into by it from April 1, 2005.

2. Key benefits available to the Members of the Company

2.1 Resident Members

a) Dividend income:

- Dividend (both interim and final) income, if any, received by the resident shareholder from the domestic company shall be exempt under Section 10(34) read with Section 115O of the Act.

b) Capital gains:

- Benefits outlined in Paragraph 1(b) above are also applicable to resident shareholders. In addition to the same, the following benefits are also available to resident shareholders:

Under Section 48 of the Act, if any shares are sold by the Resident shareholders after being held for period exceeding twelve months, the gains (in cases not covered under section 10(38) of the Act) if any will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.

Under section 10(38) of the Act, Long Term Capital Gains on sale of equity shares of the Company where the transaction of sale is chargeable to Securities Transaction Tax shall be exempt from tax.

In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost. According to the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a



rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20% with indexation benefit exceeds the tax on long-term gains computed at the rate of 10% without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge and education cess)

As per the provisions of section 111A of the Act, Short-term Capital Gains arising to the Shareholders from transfer of Equity shares in the company through a recognised stock exchange or from sale of units of any equity-oriented mutual fund are subject to tax @ 10% (plus applicable surcharge and education cess), if such a transaction is subjected to Securities Transaction Tax.

Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight assessment years immediately succeeding the assessment year for which the loss was first computed for claiming set-off against subsequent year's short-term as well as long-term capital gains.

Under Section 54EC of the Act and subject to the conditions and to the extent specified therein, Long term capital gains not exempt under section 10(38) of the Act and arising to the shareholders on transfer of their shares in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of section 54EC of the Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long-term capital gains not exempt under section 10(38) of the Act and arising to the shareholders on transfer of their shares in the company shall not be chargeable to tax to the extent such capital gains are invested in acquiring equity shares forming part of an 'Eligible issue of capital' within a period of six months after the date of such transfer and held for a period of at least one year. 'Eligible issue of capital' means any issue of equity shares which satisfies the following conditions namely:

- a. the issue is made by a public company formed and registered in India;
- b. the shares forming part of the issue are offered for subscription to the public.

If only a part of the capital gain is so invested, the exemption shall be proportionately reduced. Where the benefit of section 54ED of the Act has been availed of on investments in specified equity shares, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

- As per the provisions of Section 54F of the Act and subject to conditions specified therein, any long-term capital gains (other than on residential house but including those on shares) which are not exempt under Section 10(38) of the Act, arising to an individual or Hindu Undivided Family are exempt from capital gains tax if the net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for
- Construction of residential house within three years from the date of transfer. Provided that the individual should not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the



new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

c) Rebate:

- Benefits outlined in Paragraph 1(g) above are also applicable to resident shareholders.

2.2 Key Benefits available to Non-Resident/Non-Resident Indian Member

a) Dividend income:

- Dividend (both interim and final) income, if any, received by the non-resident/non-resident Indian shareholders from the domestic company shall be exempt under Section 10(34) read with Section 115-O of the Act.

b) Capital gains:

- Benefits outlined in Paragraph 2.1(b) above are also available to a non-resident/non-resident Indian shareholder except that under first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation is not available to non-resident shareholders.

c) Rebate:

- Benefits outlined in Paragraph 1(g) above are also applicable to the non-resident/non-resident Indian shareholder.

d) Tax Treaty Benefits:

- As per 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/non-resident Indian shareholder. Thus, a non-resident/non-resident Indian shareholder can opt to be governed by the beneficial provisions of an applicable tax treaty.

e) Capital gains tax – Options available to a non-resident Indian under the Act

Non-resident Indian: As per Section 115-C(e) of the Act, a 'non-resident Indian' means an individual, being a citizen of India or a person of Indian origin who is not a 'resident'. As per the Explanation to the said clause, a person shall be deemed to be of Indian origin if he, or either of his parents or any of his grandparents, was born in undivided India.

Where shares have been subscribed in convertible foreign exchange, the non-resident Indians [as defined in section 115C(e) of the Act], being shareholders of an Indian company, have the option of being governed by the provisions of Chapter XII-A of the Act, which, *inter alia*, entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

- As per the provisions of section 115D read with section 115E of the Act and subject to the conditions specified therein, long term capital gains (in cases not covered



under section 10(38) of the Act) arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge on tax and education cess on tax and surcharge), without indexation benefit.

- As per the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset (in cases not covered under section 10(38) of the Act) being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three year from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

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

2.3 Key Benefits available to Foreign Institutional Investors (FIIs)

a) Dividend income:

- Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt under Section 10(34) read with Section 115-O of the Act.

b) Capital Gains:

- Under Section 115AD, income (other than income by way of dividends referred in Section 115-O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable at the rate of 20% (plus applicable surcharge on tax and education cess on tax and surcharge).



- Under Section 115AD, capital gains arising from transfer of securities (other than units referred to in Section 115AB) which are not exempt under Section 10(38), shall be taxable as follows:
 - o Securities which are held for the period of up to or less than twelve months and where such transaction is chargeable to STT levied under Chapter VII of the Finance (No. 2) Act of 2004, shall be taxable at the rate of 10% (plus applicable surcharge on tax and education cess on tax and surcharge). Securities other than those held for the period of up to or less than twelve months and where such transaction is not chargeable to STT levied under Chapter VII of the Finance (No. 2) Act of 2004, shall be taxable at the rate of 30% (plus applicable surcharge on tax and education cess on tax and surcharge);
 - o Securities, which are held for the period of twelve months or more, shall be taxable at the rate of 10% (plus applicable surcharge on tax and education cess on tax and surcharge). Such capital gains would be computed without giving effect of indexation as provided in the first and second proviso to Section 48. In other words, the benefit of indexation, as mentioned under the two provisos would not be allowed while computing the capital gains.

c) Exemption of capital gains from income-tax

- Long-term capital gains arising on transfer of equity shares in the Company, which is held for the period of twelve months or more and where such transaction is chargeable to STT, shall be exempt from tax under Section 10(38) of the Act.
- Benefit of exemption under Section 54EC and 54ED shall be available as outlined in Paragraph 2.1(b) above.

d) Rebate:

- Benefit as outlined in Paragraph 1(g) above are also available to FIIs.

e) Tax Treaty Benefits:

- As per 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. Thus, a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

Note: There is a legal uncertainty over whether a FII can elect to be governed by the normal provisions of the Act, instead of the provisions of Section 115AD. Investors are advised to consult their tax advisors in this regard.

2.4. Key Benefits available to Mutual Funds

a) Dividend income:

- As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions. Under Section 10(34) of the Act, income earned by way of dividends from domestic company referred to in Section 115-O of the Act shall be exempt from income tax in the hands of the shareholders. Income received on units of a Mutual Funds specified under Section 10 (23D) of the Act will be exempt from tax under Section 10 (35) of the Act.



2.5 Key Benefits available to Venture Capital Companies/Funds

- As per the provisions of Section 10(23FB) of the Act, any income of a Venture capital Fund/Venture Capital Company set up to raise funds for investment in a venture capital undertaking shall be exempt from tax:
- Venture Capital Company means a company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and which fulfills the conditions as may be notified and prescribed by Securities and Exchange Board of India ('SEBI'); and
- Venture Capital Fund means a fund operating under a registered trust deed under the provisions of Registration Act, 1908 or operating as a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and which fulfills the conditions as may be notified and prescribed by SEBI.
- Venture capital undertaking means a venture capital undertaking as referred to in the Securities and Exchange Board of India (Venture Capital Funds) Regulations made under the Securities and Exchange Board of India Act and notified as such in the Official Gazette.

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.

4. The Gift Tax Act, 1957

Gift of shares of the company made on or after October 1, 1998 are not liable to tax.

Notes:

- a) 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.
- b) In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the applicable tax treaty.

For Haridas Associates
Chartered Accountants

Sd/-

Ramchandran U.
Partner
Membership No. 33269

Place: Mumbai
Date: 06-05-2006



SECTION IV - ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information presented in this section has been extracted from various publicly available documents and sources, including officially prepared materials from the Government and its various ministries and has not been prepared or independently verified by the Issuer or the BRLM.

MACROECONOMIC OVERVIEW

Resurgent India

In a robust demonstration of its nascent strengths, the Indian economy, after growing at 8.5 per cent and 7.5 per cent in the two previous years, has exceeded 8.1 percent growth in the year 2005-06. Growth of Gross Domestic Product (GDP) at constant prices in excess of 8.0 per cent has been achieved by the economy in only five years of recorded history, and two out of these five are in the last three years. After dipping below 1.0 per cent in 2004-05, mostly on account of erratic rainfall, agricultural and allied sector's growth in 2005-06 is projected at 2.3 per cent. Some significant dimensions of the dynamic growth in recent years are: a new industrial resurgence; a pick up in investment; modest inflation in spite of spiraling global crude prices; rapid growth in exports and imports with a widening of the current account deficit; laying of some institutional foundations for faster development of physical infrastructure; progress in fiscal consolidation; and the launching of the National Rural Employment Guarantee (NREG) Scheme for inclusive growth and social security.

The growth trend for the last three years appears to indicate the beginning of a new phase of cyclical upswing in the economy from 2003-04. The initial momentum to this new phase of expansion, in 2003-04, was provided by agriculture.

In contrast to the sharp fluctuations in agriculture, industry and services have continued to expand steadily. Indeed, since the beginning of the Tenth Plan in 2002-03, with annual growth of 7.0 per cent or more industry and services have acted as the twin engines propelling overall growth of the economy. Over a somewhat longer horizon, in the six years between 2000-01 and 2005-06 (AE), on average, services with a share of 52.0 per cent of GDP, contributed 65.0 per cent of GDP growth, and increased its share in GDP from 49.8 per cent to 54.1 per cent. During the same reference period, on average, with a share of 25.8 per cent of GDP, industry, by contributing 28.0 per cent of GDP growth, increased its share in GDP from 25.9 per cent to 26.2 per cent.

Industrial Sector

Overall industrial recovery that commenced from the second quarter of 2002-03 continues. After an acceleration of growth of industrial GDP at factor cost at constant 1999-2000 prices from 7.0 per cent in 2002-03 to 7.6 percent and 8.6 percent in the next two years, the industrial resurgence is manifest in the projected step up in its growth to 9.0 per cent in the current year. In the current year, industrial growth is driven by robust performances from manufacturing and construction sectors.

Within industry, while manufacturing growth has accelerated steadily from 7.1 per cent in 2003-04 to 9.4 percent in 2005-06, construction growth has been in double digits in each of the last three years. Substantive commercial bank credit flows to the housing and real estate and retail sectors continue to provide support to the boom in construction and consumer durables. On the negative side, a deceleration in the growth of mining and quarrying, partly due to a fall in the levels of crude oil production as a result of a fire accident in July 2005 at Mumbai High North Platform, has had a dampening impact on overall industrial growth.



Services Sector

Services sector growth continued to be broad-based. Among the three sub-sectors of services, 'trade, hotels, transport and communication services' continued to lead by growing at double-digit rates for the third successive year

Impressive progress in expanding railway passenger network and production of commercial vehicles, and fast addition to existing stock of telephone connections, particularly mobiles, played key roles in such growth. Growth in financial services (comprising banking, insurance and real estate services), which after dipping in 2003-04 had bounced back in the following year, maintained the momentum with progressive maturing of Indian financial markets and the ongoing construction boom.

A pick-up in investment, reflecting the high business optimism, not only strengthened industrial performance but also reinforced the growth outlook itself. The rally in Gross Domestic Capital Formation (GDCF) that had commenced in 2002-03 continues. GDCF, as a proportion of GDP at current market prices, had declined from 26.0 per cent in 1999-2000 to 23.0 percent in 2001-02 before the commencement of the industrial recovery in 2002-03. Climbing back to 25.3 per cent and 27.2 per cent in the two subsequent years, the ratio reached a high of 30.1 per cent in 2004-05.

SECURITY MARKETS OVERVIEW

Key Participants in the Securities Market

The securities market essentially has four types of participants viz.

- Issuer of Securities
- Investors
- Financial Intermediaries; and
- Regulators

The Issuers and Investors are the consumers of services rendered by the intermediaries and the investors are consumers (they subscribe for/and trade in securities) of securities issued by the Issuer as well. Those who deal in securities need an assurance that it is safe to do so and this reassurance is provided by the laws framed in relation to the securities markets, which in turn are enforced by the regulator. The regulator exercises control over the market and market practices through rules, regulations and guidelines for market participants and intermediaries. Intermediaries play an important role in the securities market by providing a critical link between the various market participants. The level of intermediation and efficacy of the regulatory framework often determine the efficiency of the market.

Segments of Securities Market

The securities market comprises of two broad segments

- Primary Markets
- Secondary Markets

Primary Markets

Primary Markets create a flow of new securities in the securities market. This is achieved through public offerings of debt or equity or a composite structure of debt and equity to the investors. Here the issuer of securities raises the funds to meet its fund requirements. Primary market offerings could either be in the form of public offerings or private placements. The issuers here could include corporates, Government, municipal corporations and in some cases existing shareholders and institutional investors offering their securities for sale. The product offerings by intermediaries in the primary markets include management of IPOs of issuers, mobilization of resources from retail and institutional investors, private placement of issues, debt syndications etc. Intermediaries in the primary market include merchant bankers, registrars and brokers.



The following table indicates growth of primary markets:

(Rs. million)

Year	No. of Issues	Issue Amount #
1989	106	2,342
1990	117	3,659
1991	135	6,687
1992	359	19,070
1993	612	53,064
1994	1089	71,179
1995	1419	97,221
1996	1159	53,811
1997	122	20,754
1998	17	3,133
1999	36	21,772
2000	128	30,553
2001	15	3,223
2002	6	19,815
2003	15	21,937
2004	34	305,108
2005	72	227,536
2006*	48	111,501

Source: Prime Database

Amount mobilized through Initial Public Issue and Follow on Public Issue

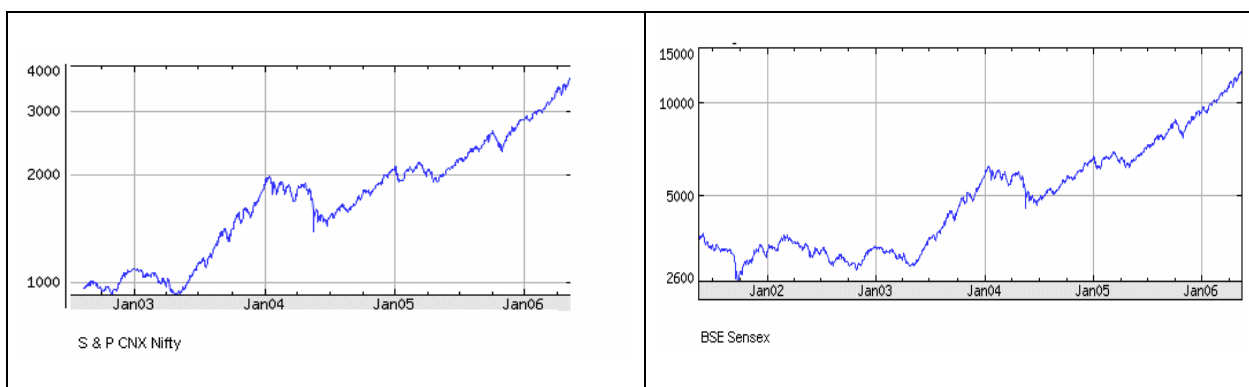
* Till April 2006 only

Secondary Markets

Secondary Markets provide a medium of exchange and enable investors to trade in the securities. An efficient securities market distinguishes financial investments from various forms of other illiquid investments. Stock Exchanges provide the platform and the mechanism for effecting transactions between different market participants. Secondary market comprises of trading in equities, bonds and derivatives. The depth of the market is determined by number of factors such as liquidity of the instruments traded, number of market participants, types of instruments traded, settlement practices etc. There are 23 exchanges in the country, which offer screen based trading system. The trading system is connected using the VSAT technology from over 357 cities. There were 9,368 trading members registered with SEBI as at end March 2004. The trading volumes on exchanges have been witnessing phenomenal growth over the past decade. The trading volume, which peaked at Rs.28,809,900 million in 2000-01, fell substantially to Rs. 9,689,093 million in 2002-03. However, the year 2003-04 saw a turnaround in the total trading volumes on the exchanges. It registered a volume of Rs.16,204,977 million. The National Stock Exchange (NSE) has increased the turnover ratio, which reflects the volume of trading in relation to the size of the market, after the advent of screen based trading system. NSE accounted for 85% of total turnover (volumes of all segments) in 2003-04.



S&P CNX Nifty and BSE Sensex for the past 4 years:



Source: BSE, NSE

Growth of Volume Traded in Secondary Market (National Stock Exchange):

Unit	1999-00	2000-01	2001-02	2002-03	2003-04	2004-Jan 05
Capital Market Segment						
No of trades	984	1676	1753	2398	3780	3626
Traded Qty No in Lakhs	242704	329536	278408	364065	713301	624314
Turnover Rs Cr	839052	1339510	513167	617989	1099535	927027
No. of listed companies	720	785	793	818	909	958
Wholesale Debt						
Market Segment						
No of Trades No.	46987	64470	144851	167778	189518	107666
Net Traded Value Rs Cr.	304216.24	428581.51	947191.22	1068701.54	1316096.24	759892.9
Futures & Options Segment						
No of Contracts No	90580	4196873	16768909	56886776	69322301	
Turnover Rs Cr.	2365	101925	439863	2130612	2248135	

Source: www.nseindia.com

Trends in the Capital Market

Over the past 10 years, Indian Capital Markets have seen a major consolidation. The percentage of Market Share of Top Brokers (NSE) is as under:

Volume (%) of Top Brokers					
Year/Month	5	10	25	50	100
2001-02	7	12	24	36	53
2002-03	10	16	29	42	59
2003-04	12	17	30	44	61
2004-05	14	20	35	49	65
April '05	14	22	37	52	67
May '05	15	23	38	52	68
June '05	15	23	38	53	68
July '05	15	23	38	53	69
August '05	16	23	37	51	68
Sep. '05	16	26	38	52	68
Oct. '05	16	25	40	55	71
Nov. '05	16	24	40	55	70

Source: www.nseindia.com



INDIAN COMMODITY EXCHANGE OVERVIEW

With the setting up of the commodities exchanges, the dynamics in the Commodities trading has also revolutionized. The market is developing at a very fast pace with the setting up of Multi Commodity Exchange (MCX), National Commodities and Derivatives Exchange (NCDEX) and National Multi Commodity Exchange of India Ltd. (NMCE). As a result, more awareness is being created across India with a lot of investors participating in the commodities market. Some of the commodities where trading takes place is gold, silver, copper, castor seed, gram (Chana), soya oil, sugar, rubber, etc.

(Rs. in Million)		
Year/Month	MCX Turnover	NCDEX Turnover
2002-03	-	-
2003-04	23,174.90	14,902.50
2004-05	16,65,263.90	26,63,355.80
April '05	5,29,878.87	5,80,378.90
May '05	6,00,520.36	5,44,601.80
June '05	8,39,803.26	6,69,650.80
July '05	9,73,333.75	7,46,999.90
August '05	1,22,688.36	9,96,917.00
Sep. '05	1,62,627.07	10,37,128.00
Oct. '05	76,309.96	10,11,129.90
Nov. '05	76,234.78	10,18,600.80

Source: Company, MCX, and NCDEX

INDIAN MUTUAL FUND INDUSTRY

The Indian Mutual Fund Industry has grown remarkably in the last few years. After the mutual fund industry came under the purview of SEBI, new regulations have attracted various private players including global players to enter the Indian market. There are 30 funds and 466 schemes and total asset under management is Rs. 2,055,602 million (including fund of funds) as on November 2005. The month wise summary of asset under management (including fund of funds) is as under:

(Rs. in Million)	
Month	Asset Under Management
January-05	1,523,156
February-05	1,534,220
March-05	1,498,442
April-05	1,591,553
May-05	1,686,632
June-05	1,653,324
July-05	1,767,107
Aug-05	1,964,196
Sept-05	2,015,236
Oct-05	2,010,554
Nov-05	2,055,602



NON-BANKING FINANCE COMPANY

A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 and is engaged in the business of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by Government or local authority or other securities of like marketable nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, sale/purchase/construction of immovable property. A non-banking institution which is a company and which has its principal business of receiving deposits under any scheme or arrangement or any other manner, or lending in any manner is also a non-banking financial company (Residuary non-banking company).

A company incorporated under the Companies Act, 1956 and desirous of commencing business of non-banking financial institution as defined under Section 45-IA of the RBI Act, 1934 should have a minimum net owned fund of Rs 25 lacs (raised to Rs 200 lacs w.e.f April 21, 1999). The company is required to submit its application for registration in the prescribed format along with necessary documents for Bank's consideration. The Bank issues Certificate of Registration after satisfying itself that the conditions as enumerated in Section 45-IA of the RBI Act, 1934 are satisfied.

NBFCs are doing functions akin to that of banks, however there are a few differences:

- A NBFC cannot accept demand deposits;
- It is not a part of the payment and settlement system and as such cannot issue cheques to its customers; and
- Deposit insurance facility of DICGC is not available for NBFC depositors unlike in case of banks.

The NBFCs that are registered with RBI are:

- i. Equipment leasing company;
- ii. Hire-purchase company;
- iii. Loan company;
- iv. Investment company;

The above type of companies may be further classified into those accepting deposits or those not accepting deposits.

- v. Residuary Non-Banking Company.

All NBFCs are not entitled to accept public deposits. Only those NBFCs holding a valid Certificate of Registration with authorization to accept Public Deposits can accept/hold public deposits. The NBFCs accepting public deposits should have minimum stipulated Net Owned Fund and comply with the directions issued by the Bank. Debentures secured by the mortgage of any immovable property or other asset of the company if the amount raised does not exceed the market value of the said immovable property or other asset are excluded from the definition of 'Public Deposit' in terms of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998. Secured debentures are debt instruments and are regulated by Securities & Exchange Board of India. Effective from April 24, 2004, NBFCs cannot accept deposits from NRI except deposits by debit to NRO account of NRI provided such amount do not represent inward remittance or transfer from NRE/FCNR (B) account. However, the existing NRI deposits can be renewed.



BUSINESS OVERVIEW

OVERVIEW

Our Company was established as a financial services and investment banking company in the year 1994 by Mr. Kumar Nair. Mr. Kumar Nair has over two decades of wide experience in the financial sector. He is a Chartered Accountant by profession and was with Kotak Mahindra Finance Limited for 9 years. He was last positioned as Vice President of Kotak Mahindra Finance Limited.

Our Company is a Reserve Bank of India registered Non Banking Financial Services Company (NBFC) with active business in trade finance, corporate finance and investment banking activities.

We commenced our operations in August 1994 as Trans Warranty Finance Limited, as a Non Banking Finance Company providing a wide range of financial services to corporate, institutional and retail clients.

During the initial phase we had started fund based business of leasing and hire purchase for mid size companies and retail clients. Around 1995, when the economy slowed down considerably leaving in lurch most of the mid size companies, we discontinued our lending program to companies and focused entirely on retail loans to individual clients towards purchase of consumer goods, which helped them in improving their living conditions. This business proved to be excellent with a strong presence in Mumbai and its suburbs. The source of funds used to be from bank loans, fixed deposits and securitisation of our portfolio with foreign companies like Scotia Finance. Since our fee based business in the meanwhile was registering excellent growth, we decided to exit the fund based business about four years ago. Presently, our entire revenue is derived from a wide range of fee based businesses.

Our current business is to provide corporate advisory services, foreign exchange advisory, financial services BPO to Citi Financial Consumer Finance India Limited, Investment Banking and Wealth Management services to corporates, retail and institutional clients across various cities and towns in India. We provide structured finance products for designing complex and innovative financial models and structures and executing the same for leading companies in India including companies belonging to the Godrej, Tata, Mahindra group and a large number of mid cap and large cap companies from a wide cross section of industries. Our Company has extended the focus on private equity arrangements and has recently concluded a deal. We also have a few domestic and an international deal for private equity in the pipeline.

Our Company derives its revenues from three major sources namely, Corporate Finance, Investment Banking & Advisory Services and Trade Finance.

OPERATIONAL AND FINANCIAL PERFORMANCE

Revenue	Rs. in million		
	Year ended 31 st March, 2004	Year ended 31 st March, 2005	Year ended 31 st March, 2006
Trade Finance	4.46	8.24	4.29
Corporate Finance	6.46	6.78	16.90
Investment Banking	-	-	25.72
Financial Services BPO	1.33	2.22	4.82
Foreign Exchange Advisory	0.59	1.20	0.47
Other income	0.12	1.45	0.63
Hire purchase income	0.60	-	-
Total Income	13.56	19.89	52.83



Buoyed by the increased economic activity and the excellent progress by industries, our corporate finance and investment banking businesses were able to achieve matching performance. Most of our clients from the mid to large cap segments are on aggressive expansion mode and have strong appetite for funds, both debt and equity.

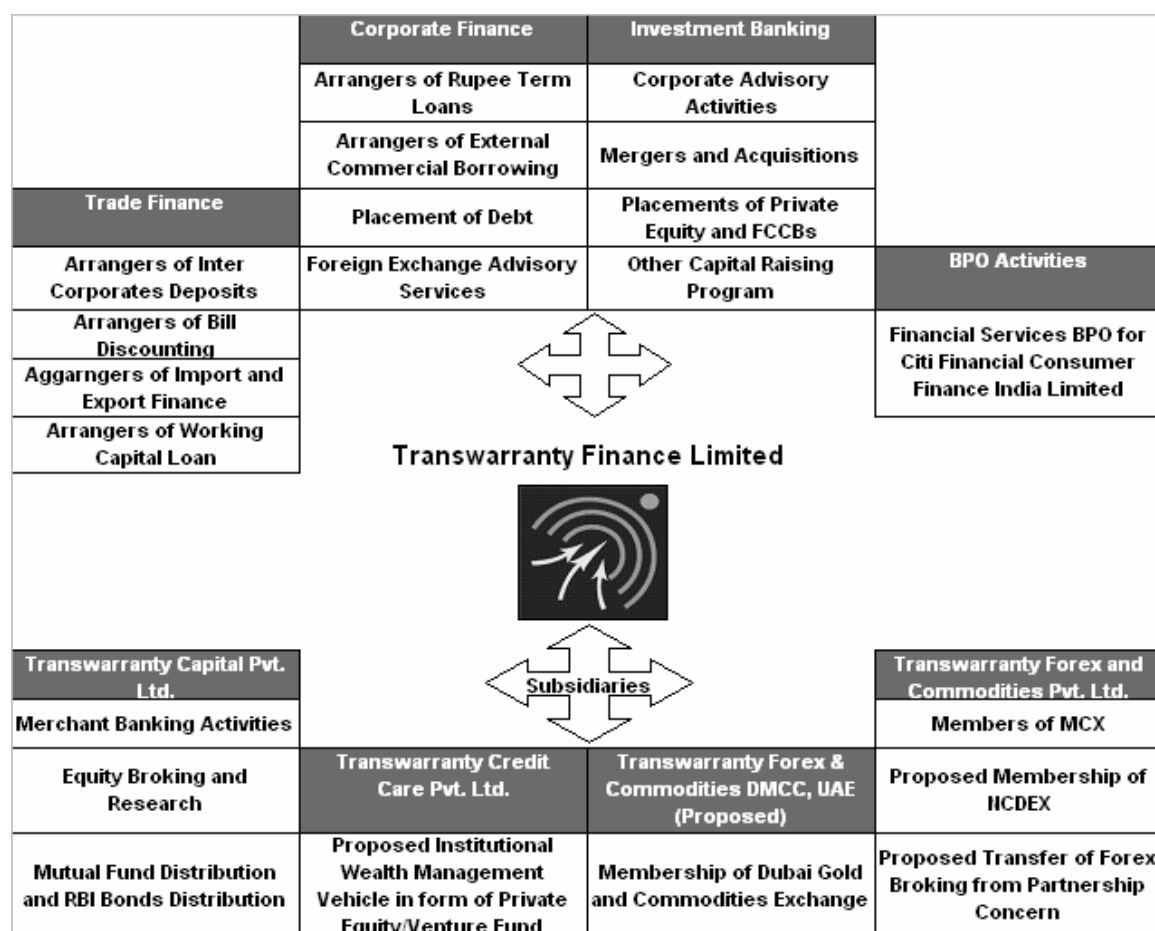
Since, we have proven capabilities and track record with both companies and banks, we were able to win and execute some good mandates. We have also expanded our footprint in the investment banking space in areas of private equity and IPO advisory services. Our Company continues to enjoy excellent reputation in the corporate world and the financial market comprising of the Banks, Institutions, Insurance Companies, Mutual Funds, etc.

As a part of the business strategy to become a fully integrated financial service provider, our Company has acquired a minimum of 51% of the shareholding of Transwarranty Capital Private Limited, Transwarranty Forex & Commodities Private Limited, Transwarranty Credit Care Private Limited on March 29, 2006 and made them Subsidiaries of our Company.

BUSINESS MODEL

We along with our subsidiaries are a full-fledged financial services provider. Since the activities are diverse and governed by different regulatory authorities, the businesses are structured under our Company as the flagship company and its subsidiary companies with minimum 51% shareholding.

The gamut of services and activities undertaken by our Company and its subsidiaries is highlighted below:





OUR COMPANY

Our current business is to provide corporate advisory services, foreign exchange advisory, investment banking and wealth management services to corporates, retail and institutional clients across India. The company is also running a 50 seat financial services BPO for the Citigroup. We provide structured finance products by designing complex and innovative financial models and structures and executing the same for leading companies in India including companies belonging to the Godrej, Tata, Mahindra group and a large number of mid cap and large cap companies from a wide cross section of industries. Our Company has extended the focus on private equity arrangements and has recently concluded a deal. We also have a few domestic and an international deal for private equity in the pipeline. Our Company derives its revenues from three major sources namely, Corporate Finance, Investment Banking & Advisory Services and Trade Finance.

OUR SUBSIDIARIES

Transwarranty Capital Private Limited (TCPL)

TCPL is a member of National Stock Exchange (NSE) in both the Capital Market and Futures and Options Segment and in Bombay Stock Exchange (BSE) in the Capital Market Segment and is also a SEBI registered Merchant Banker. The current activities of TCPL are as under:

- Merchant Banking (SEBI registered Merchant Bank)
- Equities & Derivatives Broking in NSE & BSE (SEBI registered Stock Broker)
- Mobilization of personal investment products like Mutual funds, RBI Bonds etc. (AMFI registered Mutual Fund Distributor and RBI agent for RBI Bonds)

Transwarranty Forex & Commodities Private Limited (TFCPL)

TFCPL has commenced the business of commodities broking with effect from February 2006 after acquiring the membership in the Multi Commodities Exchange (MCX). The company has applied for membership in the National Commodities Exchange (NCDEX). Eventually, the inter-bank foreign exchange broking business being conducted by Trans Warranty Forex & Derivatives Company shall be transferred to this subsidiary company.

Transwarranty Credit Care Private Limited (TCCPL)

TCCPL is positioned as the institutional wealth management vehicle in the form of private equity/venture fund, which would be activated after obtaining the necessary approvals from SEBI. The company has made an application to SEBI for the same.

Transwarranty Forex & Commodities DMCC, UAE (TFCD) (Proposed)

The group has recently acquired membership of Dubai Gold and Commodities Exchange (DGCX), which is a joint venture between the Dubai Metals and Commodities Centre (DMCC) – Government of Dubai, Financial Technologies (India) Limited and Multi Commodity Exchange of India Limited (MCX). A new company by name of Transwarranty Forex & Commodities DMCC, UAE (TFCD) is proposed to be incorporated with registration at Dubai. TFCD will be positioned as the international derivatives and commodities broking arm of the group.

DGCX, the world's newest online commodities derivatives exchange, commenced trading on November 22, 2005. It is the first international commodities derivatives market in the Middle East region and, therefore, the first in the critical time zone between the markets of Europe and the Far East. As a truly international commodities derivatives exchange, DGCX will offer a range of commodities, commencing with gold futures, with electronic trading accessible from anywhere in the world.



SWOT ANALYSIS

SWOT Analysis for the integrated activities of our Company and its subsidiaries:

Strengths

- Fully integrated business model
- Full service investment bank with a large suite of products
- Experienced management team management with deep knowledge of the business
- Well trained and committed human resources
- Acquired most of the licenses and registration required for a fully integrated business model
- Multiple business and revenue streams provide inbuilt hedging against adverse product/business cycle movements
- Very strong reputation in the financial system amongst companies, banks, institutions etc.
- Multiple product offerings
- Strong Customer relationship management through dedicated Customer Relationship Managers across offices to handle key customer accounts
- Technology driven Robust Risk Management Systems under trained manual supervision

Weaknesses

- Yet to build a nationwide network of offices for wider penetration of the market
- Relatively young player in the business
- Relatively under capitalized in the business
- No nationwide presence currently
- Yet to build a retail brand equity

Opportunities

- The financial services sector is at the threshold of quantum leap in growth opportunities and the company and its subsidiaries are well poised to be a significant player in the Indian financial and investment banking sector
- The wide suite of products provides excellent opportunity for cross selling various products
- Acquisition of strategic stake in a private sector bank will complement well with the investment bank
- The next big opportunity is in asset/wealth management by creation of asset Management Company for portfolio management services, private equity/venture fund management, Mutual Fund etc.
- The online net broking being proposed to be launched soon can unleash a huge growth opportunity
- Focus on institutional business could be a high growth opportunity

Threats

- Human resources is one of the key for ensuring success, the company should be able to attract and retain talent for ensuring success
- In an unlikely event of a complete economic breakdown the companies will get hurt very badly
- Increasing competition from large and particularly foreign players
- Any adverse economic policy changes can have negative impact
- Failure of risk management systems can have serious impact to the financial health of the companies



COMPETITION

We face competition from other financial services provider in private sector and public sector. Some of the players are as follows:

SBI Capital Markets Limited
Indiabulls
IL & FS Investsmart Limited
India Infoline
Centrum Finance

Competition will further be enhanced with entry of new players in the industry and expansion by the existing players.

OUR COMPETITIVE STRENGTHS

Some of our key strengths that differentiates us from the competition are as follows:

Our Promoters have a strong knowledge of the financial sector

Our promoter and Managing Director Mr. Kumar Nair have 21 years of wide experience in the financial sector. He is a Chartered Accountant by profession and was with Kotak Mahindra Finance Limited for 9 years. He was last positioned as Vice President of Kotak Mahindra Finance Limited.

We are fully integrated financial Service provider

Our Company along with its subsidiaries are a fully integrated financial services provider, providing customised financial services such as Retail & Institutional broking of Equity, Merchant Banking activities, Commodities broking, Debt broking and Derivative products, Forex operations, Wealth Management, distribution of Mutual Funds and IPOs, Advisory Services, Trade Finance, Corporate Finance, and Project Finance.

We have some of the esteemed Indian corporates as our clients

We are considered to be one of the best in structured finance products for designing complex and innovative financial models and structures and executing the same for leading companies in India including companies belonging to the Godrej, Tata, Mahindra group and a large number of mid cap and large cap companies from a wide cross section of industries.

OUR BUSINESS STRATEGY

Differentiate our services: We intend to provide customers a unique experience by providing customized and diversified services through innovation. The unique selling proposition of our Company is the quality, timeliness, performance and cost. We meet the customers' need in the most effective and efficient way. We propose to achieve this by maintaining the service standards of the highest level at a very competitive cost so that value for money is created.

Continue to maintain a diversified service portfolio to cater most of the customer needs and demands: We intend to continue the strategy of maintaining a diversified service portfolio to preserve the uniqueness and competitive advantage of the Transwarranty Group. Maintaining a diversified range of services not only allows the group to mitigate the risk associated with over dependence on a few sources of revenues but it also allows the group to cross sell the services of the different group companies to the customers.

Maximize revenues through efficient use of technology, focused marketing and optimization of resources: We intend to continue to maximize revenues through efficient use of technology, focused marketing and optimization of our resources.



Further strengthen the brand name: We propose to increase the brand recognition vis-à-vis competition through brand building efforts, communication and various promotional initiatives like participation in industry events, public relations and investor relations efforts. The same would enhance the visibility of the brand name and strengthen our recognition as a leader in the Indian financial services Industry.

Focus on other metro/mini metro cities: We intend to further penetrate key markets in India by increasing the number of regional offices and franchise offices. Our Company along with our Subsidiary companies plans to open branches in other parts of the country as to increase the base of geographical market. In India, immediate geographical expansion is being pursued with opening of 6 regional offices in Delhi, Kolkata, Ahmedabad, Chennai, Hyderabad and Bangalore and 40 franchise offices under the above branches during the year financial year 2006 - 07. All the regional offices shall be multi-business, multi-product offices servicing all the business of our Company and our Subsidiary companies.

Launch of International operations and tapping international markets: International operations shall be launched from Dubai activating the membership awarded to us in the DGCX. This shall be followed with offices in London & Singapore to provide a window for the emerging companies in India to tap international capital and to assist foreign funds as a facilitator to invest in India.

OUR GROWTH DRIVERS

- Strong Brand Equity – A well-known name among the top Companies, Banks, Institutions etc
- Diversified portfolio of financial services provided to Corporate and Retail clientele.
- Expected sustained credit off take growth by Corporate and Retail clients over the next 5-10 years.
- The Indian economy provides several attractive growth opportunities with GDP forecasted to grow above 8% per annum over the next few years.
- Huge demand for customized financial services among companies.
- Development of key infrastructure sectors is a focus area for government, which presents additional opportunities for companies like us that are active in areas of infrastructure investments.
- Geographic expansions to further create opportunities in broking services of Equities, Derivatives & Commodities.
- Membership of all the major equity and commodity exchanges of the country.
- Deployment of latest technological infrastructure to provide scalability, reliability and delivery.
- One stop shop for a wide range of financial products and services.

MARKETING AND DISTRIBUTION

We operate from our head office, which is located in Nariman Point, Mumbai. As a part of our groups' business strategy we are decentralizing our activities to 6 regional offices in India and 3 overseas branches in London, Singapore and Dubai.

HUMAN RESOURCE

Our Employees are our biggest assets. We take full care in selecting our human resource. Our success in the business is largely due to our talented and skilled people. Since inception, we have grown along with our people. Our focus has been to employ the human resource with combination of financial expertise and innovative thinking for all areas and services of our organization. We think that our focus on employee training, development and retention should help us in achieving our planned growth.

As on May 10, 2006 we had 89 employees.



ESOP/ESPS

We do not have any Employee Stock Option Plan (ESOP) or Employee Stock Purchase Scheme (ESPS) as on date of filing this Draft Red Herring Prospectus with SEBI.

Payment or Benefit to our Employees

Except statutory benefits upon termination of their employment in our Company or superannuation, no employee of our Company is entitled to any benefit upon termination of his employment.

PROPERTY

We have our registered office located at 403, Regent Chambers, Nariman Point, Mumbai – 400 021. Besides this, we have no corporate office.



REGULATIONS AND POLICIES

The Company carries on the business of financial services. The Company also has a call center business dedicated for marketing of consumer finance products.

The Reserve Bank of India Act, 1934 (“RBI Act”)

The RBI Act was enacted to constitute the Reserve Bank of India to regulate the issue of bank notes and the keeping of reserves with a view to securing monetary stability in India and to generally operate the currency and credit system of India to its advantage. The RBI Act has been amended from time to time and now provides inter alia that a NBFC can commence business after obtaining a certificate of registration and should have a minimum net owned fund of Rs.20 million.

Every NBFC should create a reserve fund and transfer thereto a sum not less than 20.0 per cent of its net profit every year as disclosed in the profit and loss account before any dividend is declared. Such fund is to be created by every NBFC irrespective of the fact whether it accepts public deposits or not.

Under Section 45-IA of the RBI Act, no NBFC can carry on the business of a non-banking financial institution without complying with the following:

1. Obtain a certificate of registration from the RBI.
2. Have a minimum Net Owned Fund of Rs.20 million.

Our Company is registered as a NBFC not accepting public deposits with the RBI under the RBI Act.

FDI Policy regarding NBFCs

Foreign investment in Indian securities is regulated by the FEMA. As per Section 6(3)(b) of FEMA, the RBI has been given the authority to prohibit, restrict or regulate the transfer or issue of any Indian security by a person outside India. Accordingly, the RBI has prescribed the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.

The FEMA provides the statutory framework that governs India's system of controls on foreign exchange dealings.

While the industrial policy and the RBI regulations prescribe 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/procedure in which such investment may be made. Under the industrial policy and the RBI regulations, unless specifically restricted, foreign investment is freely permitted in many sectors of the Indian economy up to the extent specified and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India (“FIPB”) and the RBI.



As per the guidelines of the Government and the RBI regulations, the following relevant caps for FDI in NBFCs are presently applicable:

(a) FDI/NRI investments allowed in the following NBFC activities shall be as per levels indicated below:

- i) Merchant banking
- ii) Underwriting
- iii) Portfolio Management Services
- iv) Investment Advisory Services
- v) Financial Consultancy
- vi) Stock Broking
- vii) Asset Management
- viii) Venture Capital
- ix) Custodial Services
- x) Factoring
- xi) Credit Reference Agencies
- xii) Credit rating Agencies
- xiii) Leasing & Finance
- xiv) Housing Finance
- xv) Forex Broking
- xvi) Credit card business
- xvii) Money changing Business
- xviii) Micro Credit
- xix) Rural Credit

(b) Minimum Capitalisation Norms for fund based NBFCs:

- i) For FDI up to 51% - US\$ 0.5 million to be brought in upfront
- ii) For FDI above 51% and up to 75% - US \$ 5 million to be brought in upfront
- iii) For FDI above 75% and up to 100% - US \$ 50 million out of which US \$ 7.5 million to be brought in upfront and the balance in 24 months.

(c) Minimum Capitalisation norms for non-fund based activities:

Minimum capitalisation norm of US \$ 0.5 million is applicable in respect of all permitted non-fund based NBFCs with foreign investment.

(d) Foreign investors can set up 100% operating subsidiaries without the condition to disinvest a minimum of 25% of its equity to Indian entities, subject to bringing in US\$ 50 million as at (b) (iii) above without any restriction on number of operating subsidiaries without bringing in additional capital.

(e) Joint Venture operating NBFC's that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capital inflow i.e. (b)(i) and (b)(ii) above.

(f) FDI in the NBFC sector is put on automatic route subject to compliance with guidelines of the RBI in this regard. RBI would issue appropriate guidelines in this regard.



HISTORY AND CORPORATE STRUCTURE

HISTORY AND MAJOR EVENTS

Our Company was incorporated on August 09, 1994 as a public limited company under the Companies Act, 1956 with Registration No. 11 - 80220 under the name of Trans Warranty Finance Limited and obtained certificate of commencement of business on August 30, 1994 from the Registrar of Companies, Maharashtra. The name of our Company was changed to Transwarranty Finance Limited with effect from July 08, 2005. Our Company was incorporated with the object of providing various financial services to corporate, financial institutions and retail.

Being a NBFC, our Company got registered with the Reserve Bank of India (RBI) as a deposit accepting company on August 06, 1998 bearing registration number 13.00971 and commenced our operations as a fund based financial services company along with fee based financial services. Our sources of funds were bank finance, fixed deposit and securitization of receivables by foreign companies for the fund based business. Subsequently, from the year 2002 -03, we exited fund based business on account of reducing interest spreads and increased focus on fee based advisory services and commenced offering a wide range of fee-based services.

In the year 2004 our Company also ventured in the area of business process outsourcing by entering into agreement with Citi Financial Consumer Finance India Limited for retail banking products.

In the year 2005 our company requested RBI to convert our Company from Category “A” to Category “B” NBFC (i.e., from eligible for acceptance of public deposits to not eligible for acceptance of public deposits) and on said requisition RBI had issued new certificate bearing Registration no. B13.00971 to convert our company into category “B” NBFC w.e.f. May 12, 2005. Subsequently, to give effect to change of name of the Company from “Tans Warranty Finance Limited” to “Transwarranty Finance Limited”, the RBI has issued fresh certificate of registration dated May 12, 2006.

In the year 2005-06 in order to become an integrated financial service provider, our company acquired a minimum of 51% shareholding in Transwarranty Capital Pvt. Ltd, Transwarranty Forex & Commodities Pvt. Ltd. and Transwarranty Credit Care Pvt. Ltd. and converted these into our subsidiaries.

Major events in the history of our Company since inception

Year	Key Events, Milestones and Achievements
1994	Incorporation of Trans Warranty Finance Limited
1994	Received Certificate of Commencement of Business from RoC, Maharashtra, Mumbai
1998	Received NBFC Registration from Reserve Bank of India
2005	Commenced BPO business by entering into an agreement with Citi Financial Consumer Finance India Limited for retail banking products.
2005	Received certificate for changing category from “A” to “B” NBFC (i.e., converting from accepting Public Deposits to non accepting Public Deposits)
2005	Changed the name our Company from Trans Warranty Finance Limited to Transwarranty Finance Limited
2006	Acquired 54.90% stake in Transwarranty Capital Pvt. Ltd and converted it into our subsidiary company, which is registered with - BSE, Cochin Stock Exchange and OTCEI as stock broker for Cash Market Segment, - NSE as a Stock Broker in both, cash and futures and options segments. - SEBI for carrying out Merchant Banking Activities - AMFI for carrying activity of Mutual Fund Distribution - Received in principal approval for admission to the Dubai Gold and Commodities Exchange (DGCX), (on behalf of the proposed subsidiary, Transwarranty Forex & Commodities DMCC, UAE)



Year	Key Events, Milestones and Achievements
2006	Acquired 51% stake in Transwarranty Forex & Commodities Pvt. Ltd and converted it into our subsidiary company, which is registered with the Multi Commodity Exchange (MCX) and proposes to acquire membership of National Commodities & Derivatives Exchange (NCDEX)
2006	Acquired minimum 51% stake in Transwarranty Credit Care Pvt. Ltd and converted it into our subsidiary company, which proposes to launch private equity/venture fund for institutional wealth management.

Changes in the Registered Office of our Company:

Previous Address	New Address	Date of Change	Reason for Change
1C, Rohit Chambers, Ground Floor, Mumbai – 400 001	108, Embassy Center, 1 st Floor, Nariman Point, Mumbai – 400 021	18.09.1995	Business expansion required larger office
108, Embassy Center, 1 st Floor, Nariman Point, Mumbai 400021	42B, Mittal Tower, Nariman Point, Mumbai 400021	01.08.1997	Business expansion required larger office
42B, Mittal Tower, Nariman Point, Mumbai 400021	716, Tulsiani Chambers, Nariman Point, Mumbai 400021	16.12.1998	Business expansion required larger office
716, Tulsiani Chambers, Nariman Point, Mumbai 400021	403, Regent Chambers, Nariman Point, Mumbai 400021	20.01.2003	Business expansion required larger office

The objects clauses of the Memorandum of Association enable our Company to undertake activities for which the funds are being raised in the IPO and also the activities, which our Company has been carrying on till date.

MAIN OBJECTS

Our main objects as contained in our Memorandum of Association are:

- To carry on the business of a leasing and hire purchase, finance company, venture capital to undertake all types of leasing and hire purchase business relating to all kinds of machinery, plant, equipment, ships, vehicles, aircraft, rolling stock, factories, moveable and immovable property, to arrange or syndicate leasing or hire purchase business.
- To undertake bills discounting business to purchase, finance, discount, re-discount bills of exchange, to act as a discount & acceptance house, to arrange acceptance or co-acceptance of bills, to buy, sell, lease or finance the buying and selling and trading in immovable property, land, buildings, real estate, factories, to borrow, to lend, to negotiate loans, to transact business as promoters financiers, monetary agents.
- To carry on the business of a company established with the object of financing industrial enterprises within the meaning of Section 370 of the Companies Act, 1956, to promote of finance the promotion of joint portfolio management, advisory and counseling services, to undertake factoring, to purchase the book debts and receivable of companies and to lend or give credit against the same.
- To carry on business of merchant banking and to that effect promote the formation and mobilisation of capital and to manage capital, savings and investment.
- To act as a Broker for Stocks, Securities and Derivatives like futures and options and to acquire, hold and sale membership of any Stock Exchange in India or outside India, whether recognised or not and for that purpose to carry on the business as Share, Securities and Derivatives Broking Company and to underwrite, sub-underwrite, to invest in with or without



interest or security and to acquire by Purchase, Transfer, Subscription, Bidding, Auction, Gift or otherwise and to hold, sell, buy, arbitrage or otherwise deal in shares, debentures, debenture-stocks, bonds, units, obligations securities and derivatives issued and guaranteed by any company, corporation, firm or person whether incorporated or established in India or elsewhere for the company itself or on behalf of its client and to manage shares, stocks, securities and finance.

Changes in our Memorandum of Association

Date	Particulars
29.11.1996	Increase in Authorised Share Capital from Rs. 5 million to Rs. 10 million.
10.12.1997	Alteration of Object Clause.
27.01.2000	Alteration of Object Clause.
30.03.2005	Increase in Authorised Share Capital from Rs. 10 million to Rs. 80 million.
08.07.2005	Change of name from 'Trans Warranty Finance Limited' to 'Transwarranty Finance Limited'
11.05.2006	Increase in Authorised Share Capital from Rs. 80 million to Rs. 150 million.

SUBSIDIARIES OF OUR COMPANY

Our Company has 3 subsidiaries viz. Transwarranty Capital Private Limited, Transwarranty Credit Care Private Limited and Transwarranty Forex and Commodities Private Limited. The details of each of them is as below:

1. Transwarranty Capital Private Limited (TCPL)

Transwarranty Capital Pvt. Ltd. was incorporated as 'Afrin Investments and Trade Pvt. Ltd.' on June 16, 1992. Since incorporation, the company has changed its name four times. Details of the same are given below:

Date of Change	Name from	Name to
25.10.1994	Afrin Investments And Trade Pvt. Ltd	Afrin Investments And Trade Ltd
07.07.1995	Afrin Investments And Trade Ltd.	Trans Warranty Securities Ltd.
24.03.2003	Trans Warranty Securities Ltd.	Trans Warranty Securities Pvt. Ltd
30.06.2005	Trans Warranty Securities Pvt. Ltd.	Transwarranty Capital Pvt. Ltd

Presently the main object of the company is to carry on the business of an investment and share and stock broking company, and to invest the capital and other funds, money of the company or its clients, in the purchase of or upon the security of shares, stocks, etc.

The company has acquired the stockbroker membership from BSE, Cochin Stock Exchange and OTCEI for Cash Segments and NSE for Cash & Future and Option Segments. The Company is also registered with SEBI as Merchant Banker. The Company is registered with AMFI for advising and distribution of mutual fund Products. Further as our business strategy to enter the international commodity markets, the company has received in principal approval from DGCX for Broking and Trading in Gold, Commodities and Currency Future in the International market, on behalf of the proposed subsidiary, Transwarranty Forex & Commodities DMCC, UAE.

Board of Directors as on March 31, 2006:

Mr. Kumar Nair	Chairman
Mr. K. Unnikrishnan	Director



Shareholding Pattern of the Company as on March 31, 2006:

Equity Shares

Name of Shareholders	No. of Shares	% Of Holding
Transwarranty Finance Limited	5,200,000	54.90
Kumar Nair	3,374,993	35.63
Pravin Khatau	350,000	3.70
Aziza S. Ranalvi	213,333	2.25
Leena Kumar Nair	130,002	1.37
Continuing Education & T.C.	86,666	0.92
Source Publishers Limited	33,333	0.35
D. Satish	31,000	0.33
In Between	20,000	0.21
Sheila Satish	19,000	0.20
Ummul S. Ranavli	13,333	0.14
C. Chandran	1	0.00
Padmini Karthikeyan	1	0.00
K. Karthikeyan	1	0.00
Haridas T.V	1	0.00
G. Satishkumar	1	0.00
Total	9,471,665	100.00

Preference Shares

Name of Shareholders	No. of Shares	% Of Holding
Dhanvir Khatau	4,250	15.31
Transwarranty Finance Limited	6,863	24.72
Transwarranty Forex & Commodities Pvt. Ltd	5,645	20.35
Hidle Khatau	5,750	20.71
Pravin Khatau	5,250	18.91
Total	27,758	100

Brief Audited Financials of the Company for the past three financial years:

(Rs. in million)

Particulars as on March 31	2004	2005	2006
Equity Capital	6.15	9.55	94.72
Share Application Money	2.93	50.00	-
Preference Share Capital	-	2.78	2.78
Reserves & Surplus	-	2.43	6.23
Accumulated Profit & Loss Account	(0.97)	-	-
Total Income	2.10	2.09	4.36
Profit/(Loss) after Tax (PAT)	0.37	0.68	0.63
Book Value per Share (Rs.)	8.42	12.55	10.66
Earning per Share (Rs.)	0.61	0.81	0.07

The equity share of the company is not listed on any stock exchange.

There have been no amalgamations/takeovers during the past three years.



The following changes have occurred in the capital structure of the Company during the past three years:

Equity Shares

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (Cash, Bonus, Other than cash)	Reason for allotment
21.06.2004	290,000	10.00	10.00	Cash	Further Issue
14.02.2005	50,000	10.00	10.00	Cash	Further Issue
30.04.2005	4,045,000	10.00	10.00	Cash	Further Issue
30.03.2006	3,755,000	10.00	10.00	Cash	Further Issue
30.03.2006	716,665	10.00	15.00	Cash	Further Issue

Preference Shares

Date of Allotment	Number of Preference Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (Cash, Bonus, Other than cash)	Reason for allotment
14.02.2005	27,758	100.00	200.00	Cash	Fresh Issue

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company, or its promoters and directors.

The company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is not under winding up.

There are no litigations and disputes pending against TCPL.

2. Transwarranty Credit Care Private Limited (TCCPL)

Transwarranty Credit Care Private Limited was incorporated as Vidhata Sales Pvt. Ltd. on June 18, 1996. Since incorporation the company has changed its name four times. Details of which are given below:

Date of Change	Name from	Name to
15.07.1997	Vidhata Sales Private Limited	Trans Warranty Exports (India) Pvt. Ltd.
18.03.1998	Trans Warranty Exports (India) Pvt. Ltd.	Deccan Valley Trading Pvt. Ltd.
16.02.2000	Deccan Valley Trading Pvt. Ltd.	Trans Warranty Creditcare Pvt. Ltd
30.06.2005	Trans Warranty Creditcare Pvt. Ltd	Transwarranty Credit Care Pvt. Ltd

The main object of the company is to carry on the business in India or elsewhere as traders, dealers, exporters, importers, converters, conductors, distributors, stockiest, commission agents or processors of industrial, commercial, agricultural, scientific, household, domestic, automobiles, farms and forest product, goods, plant, machineries, equipment, etc.

Board of Directors as on March 31, 2006:

Mr. Kumar Nair	Chairman
Mr. Abraham K. J.	Director



Shareholding Pattern of the Company as on March 31, 2006:

Equity Shares

Name of Shareholders	No. of Shares	% of Holding
Transwarranty Finance Ltd	2,562,500	51.15
Transwarranty Capital Private Limited	2,437,500	48.65
Transwarranty Advisors Pvt. Ltd	9,980	0.20
Kumar Nair	10	0.00
Leena Kumar Nair	10	0.00
Total	5,010,000	100.00

Brief Audited Financials of the Company for the past three financial years:

(Rs. in million)

Particulars as on March 31	2004	2005	2006
Equity Capital	0.10	0.10	50.10
Share Application Money	-	50.00	-
Reserves & Surplus	0.02	0.02	0.02
Accumulated Profit & Loss Account	(1.55)	(0.38)	(0.20)
Total Income	1.95	2.08	1.12
Profit/(Loss) after Tax (PAT)	0.19	1.17	0.18
Book Value per Share (Rs.)	(142.98)	(25.71)	9.87
Earning per Share (Rs.)	19.25	117.20	0.04

The equity share of the company is not listed on any Stock Exchange.

There have been no amalgamations/takeovers during the past three years.

The following changes have occurred in the capital structure of the Company during the past three years:

Equity Shares

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (Cash, Bonus, Other than cash)	Reason for allotment
30.04.2005	5,000,000	10.00	10.00	Cash	Further Issue

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company, or its promoters and directors.

The company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is not under winding up.

There are no litigations and disputes pending against TCCPL.



3. Transwarranty Forex & Commodities Private Limited (TFCPL)

Transwarranty Forex & Commodities Pvt. Ltd. was incorporated as Steady Capital and Finance Pvt. Ltd. on August 16, 1996. Since incorporation, the company has changed its name five times. Details of the same are given below:

Date of Change	Name from	Name to
14.03.1997	Steady Capital and Finance Pvt. Ltd	Transwarranty Investments Pvt. Ltd
13.04.1998	Transwarranty Investments Pvt. Ltd	Heliosoft Technology Pvt. Ltd.
22.02.1999	Heliosoft Technology Pvt. Ltd.	Heliosoft Pvt. Ltd
14.10.2000	Heliosoft Pvt. Ltd.	Warranty Securities (I) Pvt. Ltd.
04.07.2005	Warranty Securities (I) Pvt. Ltd.	Transwarranty Forex & Commodities Pvt. Ltd.

The main object of the company is to carry on in India or elsewhere, the business of full fledged and/or restricted Foreign Exchange Broker, money changers and authorized dealers of all foreign currencies and to buy, sell and deal in foreign currencies etc.

The Company has acquired the membership of MCX in year 2005 to carry out the business of commodity Broking in India.

Board of Directors as on March 31, 2006:

Mr. Kumar Nair	Chairman
Mr. Haridas T. V.	Director
Mr. Ratnakar Rai	Director

Shareholding Pattern of the Company as on March 31, 2006:

Equity Shares

Name of Shareholders	No. of Shares	% Of Holding
Transwarranty Finance Ltd	2,385,540	51.00
Transwarranty Advisors Private Limited	2,090,000	44.68
Transwarranty Capital Private Limited	201,960	4.32
Kumar Nair	10	0.00
Leena Kumar Nair	10	0.00
Total	4,677,520	100.00

Brief Audited Financials of the Company for the past three financial years:

(Rs. in million)

Particulars as on March 31	2004	2005	2006
Equity Capital	2.60	2.60	46.78
Share Application Money	0.10	4.18	20.00
Reserves & Surplus	-	-	-
Accumulated Profit & Loss Account	(1.49)	(1.51)	(1.92)
Total Income	0.26	0.06	0.07
Profit/(Loss) after Tax (PAT)	(1.29)	(0.03)	(0.41)
Book Value per Share (Rs.)	4.28	4.18	9.43
Earning per Share (Rs.)	(13.28)	(0.10)	(0.61)

The Equity share of the Company is not listed on any Stock Exchange.

There have been no amalgamations/takeovers during the past three years.

The following changes have occurred in the capital structure of the Company during the past three years:

**Equity Shares**

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (Cash, Bonus, Other than cash)	Reason for allotment
16.03.2004	170,000	10.00	10.00	Cash	Further Issue
30.04.2005	417,500	10.00	10.00	Cash	Further Issue
30.03.2006	4,000,000	10.00	10.00	Cash	Further Issue

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company, or its promoters and directors.

The company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is not under winding up.

There are no litigations and disputes pending against TFCPL.

OTHER AGREEMENTS

Except the contracts/agreements entered in the ordinary course of the business carried on or intended to be carried on by our Company, our Company has not entered into any other agreement contract.

STRATEGIC AND FINANCIAL PARTNERS

We do not have any strategic or financial partners



OUR MANAGEMENT

BOARD OF DIRECTORS

As per our Articles of Association, our Board shall consist of not less than three and not more than twelve Directors. Day-to-day affairs of our Company are managed by Mr. Kumar Nair, Managing Director under the overall control and supervision of our Board of Directors. Mr. Suresh N. Talwar is currently our Chairman.

The following table sets forth the details regarding our Board of Directors as on the date of filing of this Draft Red Herring Prospectus.

Name, Age, Father's Name, Address and Nationality, Occupation	Designation	Date of Appointment	Other Directorships
Mr. Suresh N. Talwar * 68 years S/o Mr. Narsappa K. Talwar 10, Shiv Shanti Bhuvan, 146, M. K. Road, Churchgate Reclamation, Mumbai – 400 020 Indian Citizen Solicitor and Advocate	Non Executive Chairman (Alternate Director)	27.12.1999 Not eligible to retire by rotation	1. PZ Cussons India Pvt. Ltd. 2. Armstrong World Industries (India) Pvt. Ltd. 3. Molly Colloids Pvt. Ltd. 4. Merck Ltd. 5. Romil Finance & Investments Pvt. Ltd. 6. Sidham Finance & Investments Pvt. Ltd. 7. 20 th Century Fox Corpn. (I) Pvt. Ltd. 8. Aon Global Insurance Services Pvt. Ltd. 9. Biocon Ltd. 10. Birla Sunlife Insurance Co. Ltd. 11. Blue Star Ltd. 12. Blue Star Infotech Ltd. 13. Cadbury India Ltd. 14. Carborundum Universal Ltd. 15. Cholamandalam MS General Insurance Co. Ltd. 16. Chowgule & Co. Ltd. 17. Decagon Investments Pvt. Ltd. 18. Emerson Process Management (India) Pvt. Ltd. 19. Greaves Cotton Ltd. 20. India Value Fund Trustee Co. Pvt. Ltd. 21. IVF (Mauritius) PCC 22. JM Morgan Stanley Financial Services Pvt. Ltd. 23. JM Morgan Stanley Securities Pvt. Ltd. 24. Larsen & Toubro Ltd. 25. Renfro India Pvt. Ltd. 26. Refco (India) Pvt. Ltd. 27. Birla Sunlife Trustee Co. Pvt. Ltd. 28. Rediffusion-Dentsu, Young & Rubicam Pvt. Ltd. 29. Sandvik Asia Ltd. 30. Shrenuj & Co Ltd. 31. Solvay Pharma India Ltd. 32. Swiss Re Shared Services (India) Pvt. Ltd. 33. Showdiff Worldwide Pvt. Ltd. 34. Sonata Software Limited 35. Warner Bros Pictures (India) Pvt. Ltd. 36. Albright & Wilson Chemicals India Ltd.



Name, Age, Father's Name, Address and Nationality, Occupation	Designation	Date of Appointment	Other Directorships
			37. Beck India Ltd. 38. Esab India Ltd. 39. FCI OEN Connectors Ltd. 40. Garware-Wall Ropes Ltd. 41. John Fowler (India) Pvt. Ltd. 42. Epitome Global Services Pvt. Ltd. 43. Schenectady (India) Holdings Pvt. Ltd. 44. Schenectady Herdillia Ltd. 45. Uhde India Ltd. 46. Wyeth Limited 47. Snowcem Paints Pvt. Ltd. 48. Man Financial (India) Pvt. Ltd. 49. IVF (Mauritius) Ltd. 50. Johnson & Johnson Ltd.
Mr. Kumar Nair 43 years S/o Mr. C. Chandran 29 B, 29th Floor Belvedere Court, Sane Guruji Marg, Mahalakshmi, Mumbai – 400 011. Indian Citizen Business	Managing Director	09.08.1994 Reappointed as Managing Director for a period of 5 years w.e.f. 30.08.2004	1. Transwarranty Capital Pvt. Ltd. 2. Transwarranty Forex and Commodities Pvt. Ltd. 3. Transwarranty Credit Care Pvt. Ltd. 4. Transwarranty Advisors Pvt. Ltd. 5. Transwarranty Pvt. Ltd. 6. Menon Bearings Ltd. 7. Marksans Pharma Ltd.
Mr. Raghu Palat 57 years S/o Mr. Sankaran Palat 5, Kamani House, 3D, Peddar Road, Mumbai – 400 026 Indian Citizen Business	Independent Director	27.12.1997 Liable to retire by rotation	1. MTZ Polyfilms Ltd. 2. Cheque Mate Infotech Pvt. Ltd. Managing Director Cortlandt Rand Consultancy Pvt. Ltd.
Mr. K. Jay Chandran* 38 years S/o Mr. C. Chandran 44, Woodlands Terrace Singapore Singapore Citizen Service	Non Executive Director	21.03.1995 Liable to retire by rotation	United American Engineers Pte Ltd, Singapore
Mr. Pravin Khatau 45 years S/o Mr. Dhairyashil Khatau 1, Rue Des Genets, Le Millefiori, Monaco Switzerland Citizen Business	Independent Director	13.04.2006 Liable to retire by rotation	LRM Holdings Pvt. Ltd.

* Alternate Director to Mr. K .Jay Chandran



Brief Profile of the Directors

Mr. Suresh N. Talwar, Non Executive Chairman (Alternate Director to Mr. K. Jay Chandran)

Mr. Suresh N. Talwar holds a Bachelors degree in Law and was admitted as a Solicitor in 1966. He retired as a Senior Partner of Crawford Bayley & Company, one of the largest firm of Solicitors in India and is presently a Special Advisor to the said firm. Mr. Talwar also occupies the position of Chairman/Director/Alternate Director in various other companies. He has 43 years of experience in the legal profession. His areas of expertise include Corporate Law, Taxation, Commercial Documentation, Anti Trust Laws, Project Finance, Infrastructure Projects and International Securities Offerings.

Mr. Kumar Nair, Managing Director

Mr. Kumar Nair is a qualified Chartered Accountant. He has more than two decades of experience in the Capital Market and Investment Banking Industry. His core competencies in financial services industry encompasses wide gamut of functions like Corporate Finance, Trade Finance, Project Finance, Stock/Commodities/Foreign Exchange Broking, Research, Investment Banking. Prior to this he was with Kotak Mahindra Finance Limited for 9 years as Vice President.

Mr. Raghu Palat, Independent Director

Mr. Raghu Palat is F.C.A. from Institute of Chartered Accountants of England and Wales and ACA from Institute of Chartered Accountants of India. He is an eminent Banker, Banking Advisor, Professional Trainer, Investment Advisor and Author. He was with American Express Bank for fifteen years in senior management capacity and with Bank International Indonesia for three years as its Chief Executive Officer and Country Head Indian operations. He has authored several books in finance and investments. He is faculty at Bankers Training College and ICFAI.

Mr. K. Jay Chandran, Non Executive Director

Mr. K. Jay Chandran has a Post Graduate Honors-Diploma in Systems Management. He is Non Executive Director of our company and is currently Director of United American Engineers Pte Ltd, Singapore with 6 years experience in the field of Information Technology and 10 years in the field of manufacturing and international commodities trading.

Mr. Pravin Khatau, Independent Director

Mr. Pravin Khatau is MBA from Wharton. He had occupied senior positions in Goldman Sachs & Co, one of the prestigious international investment banks in the world and ING Barings. Presently he is a private equity investor based in London through his company LRM Holdings, Monaco



Composition of our Board of Directors

We currently have 4 Directors on our Board, of which Mr. Suresh N. Talwar (Alternate Director to Mr. Jay Chandran) is Non- Executive Chairman and Mr. Kumar Nair is Managing Director. Other members of our Board, i.e. Mr. Jay Chandran, Mr. Raghu Palat and Mr. Pravin Khatau are Non-Executive Directors.

Borrowing Powers of the Directors

The shareholders of our Company have passed a resolution at the Extraordinary General Meeting of our Company held on May 11, 2006 authorizing our Board of Directors pursuant to Section 293(1)(d) of the Companies Act, 1956 to borrow total amount not exceeding Rs. 1000 million (Rupees One Thousand Million Only).

For details regarding powers of our Board in this regard, please refer to the section titled 'Description of Equity Shares and Terms of the Articles of Association of our Company' on page no. [•] of this Draft Red Herring Prospectus.

Details of all contract entered into with Directors/Managers for Remuneration

Mr. Kumar Nair, Managing Director

In the Extra-Ordinary General Meeting of our Company held on March 30, 2005, our shareholders approved the appointment of Mr. Kumar Nair as the Managing Director of our Company. The terms and conditions of his appointment are as under:

A. Terms of Appointment:

Period: For a period of 5 (Five) years with effect from 30th August 2004.

The Members of our Company at our Annual General Meeting held on May 11, 2006 increased the remuneration payable to Mr. Kumar Nair, Managing Director of our Company w.e.f. April 01, 2006, for the remaining period of his tenure. The agreement may be renewed for further period from time to time upon the terms and conditions as are contained herein or upon such other conditions as may be mutually agreed upon.

B. Terms of Remuneration:

1) Basic Salary:

Rs. 1,50,000/- per month in the scale of Rs.1,50,000/- to Rs. 5,50,000/- per month (Annual increase in salary to be decided by the Board of Directors).

2) Commission

An amount by way of commission payable annually in addition to the above salary and perquisites not exceeding one and half annual basic salary, subject to the further ceiling limit that the commission together with salary and perquisites shall not exceed 1% of the net profit as calculated under Section 349 of the Companies Act, 1956



3) Perquisites:

- a. Company provided accommodation or house rent allowance.
- b. Chauffeur driven Company car.
- c. Reimbursement of medical benefit incurred for self and family.
- d. Leave travel allowance.
- e. Reimbursement of Telephone, Electricity and Water facilities at residence.
- f. Reimbursement of traveling expenses for self and family.
- g. Reimbursement of fees and subscription to clubs.
- h. Personal Accident Insurance.

The following perquisites will not be included in the computation of the ceiling of perquisites:

- i. Company's contribution to Provident Fund, Superannuation Scheme, benefits of Gratuity, earned leave and encashment of leave as per rules of the Company.
 - ii. Gratuity payable in accordance with the Rules of the Company.
 - iii. Encashment of leave at the end of tenure.
- 4) In the event of loss or inadequacy of profits in any financial year the Managing Director shall be paid remuneration by way of salary or perquisites as specified above as per the provisions of Schedule XIII of the Companies Act, 1956.
- 5) During his tenure as the Managing Director, Mr. Kumar Nair shall not be entitled to sitting fees for attending the meetings of the Board or any committee of the Board.

Qualification Shares

As per our Articles of Association a Director need not hold any shares of our Company to qualify for the office of a Director of our Company.



CORPORATE GOVERNANCE

The Provisions of the listing Agreement to be entered into with the Stock Exchanges with respect to Corporate Governance and the SEBI guidelines in respect of Corporate Governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchange. Our Company undertakes to adopt the Corporate Governance code as per the clause 49 of the Listing Agreement to be entered into with respect to the appointment of independent directors to its Board and the constitution of the following Board Committees: the Audit Committees, the Compensation Committee and the Share Transfer and Investor Grievances Committees

We believe in adopting the best corporate governance practices, based on the following principles in order to maintain transparency, accountability and ethics:

1. Recognition of the respective roles and responsibilities of board and the management
2. Independent verification and assured integrity of financial reporting
3. Protection of shareholder's rights and priority of investor relations; and
4. Timely and accurate disclosure on all material matters concerning operation and performances of the company.

At present the following committees have been formed in compliance with the Corporate Governance norms.

Audit Committee

The Audit Committee was approved and constituted and formed by a meeting of the Board of Directors held on April 13, 2006 and comprise of Shri Raghu Palat, Shri Kumar Nair and Shri Pravin Khatau. Shri Raghu Palat is the Chairman of the Committee. The terms of reference of audit committee is to comply with the requirements of clause 49 of the listing agreement to be entered into with the stock exchange.

The Objectives and the Authority of the Audit Committee are as follows:

1. The Audit Committee shall have the authority to investigate into any of the matter that may be prescribed under the provision of section 292A of the Companies Act, 1956 and for this purpose, the audit committee shall have full access to the information contained in the records of the company and external professional advice, if necessary. The Statutory Auditor of the company may be requested to attend the meeting of the audit committee and participate in the discussion, but he shall not have any voting right,
2. The Audit Committee shall conduct discussion with auditors periodically about the internal control systems, the scope of audit, Compliance of Accounting standards, Compliance of Corporate Governance and to consider the observations of auditor. In addition, the audit committee shall perform all the functions as laid down in clause 49 of the Listing Agreement; and
3. The member of the Audit Committee shall be vested with the right to give recommendation on any financial management including the audit report and their recommendations shall be binding on the board.



Compensation/Remuneration Committee

The Compensation Committee was approved and constituted by the meeting of the Board of Directors held on April 13, 2006 and comprise Shri Raghu Palat, Shri S. N. Talwar and Shri Pravin Khatau. Shri Raghu Palat is the chairman of the committee.

The objective and the authority of the Compensation/Remuneration Committee are as follows:

1. The Committee shall have authority to investigate into any matter assigned to them and for such purpose, shall have full access to the information contained in the records of the company and may be obtain external professional advice, if necessary;
2. The company shall perform the following function:
 - Fixation of suitable remuneration package of all the Directors and Non Executive Director, Senior Employees and Officers i.e. Salary, Bonuses, Stock options, Pensions etc.
 - Determination of the fixed components and perform linked incentives along with the performances criteria to all employees of the company.
 - Service contracts, Notice period, Severance fees of Director and employees.
 - Stock option details, if any, and whether to be issued at a discount as well as the period over which to be accrued and over which to be exercisable.
3. The Committee shall be authorized to determine suitable remuneration policy of the notice of the Managing/Whole Time Director(s)/Officer(s)/Appointees based on the criteria such as industry benchmark, the company's performance vis-à-vis the industry performance, track records of the directors etc. The remuneration committee shall also take decision on the increments in the remuneration of the Directors/employees/officers within the salary scale approved by the board.
4. The Committee shall be responsible to form such remuneration policy so as to motivate the Directors/officers/employees to excel in their performance, recognize their contribution and retain their good selves to serve the organization; and
5. The Committee shall conduct discussions with HR Department, take appraisal of the officers/employees and Directors of the company.

Share Transfer and Investor Grievance Committee

The Share Transfer and Investor Grievance Committee Was approved and constituted by the board meeting held on April 13, 2006 and comprise Shri Raghu Palat, Shri S. N. Talwar and Shri Kumar Nair. Shri Raghu Palat is the chairman of the committee.

The objectives and the authority of the Share Transfer and Investor Grievance Committee are as follows:

1. The Committee shall empowered to perform functions of redressal of shareholders complaints concerning:
 - Share/Debenture Transfer
 - Non receipt of Annual Report and Balance Sheet
 - Non receipt of Interest/Dividend Payments
 - Non Receipt of Duplicate Share Certificates
 - Transfer/Transmission (with or without legal representation) of shares/debentures
 - Any other grievances of the members with company or any officer of the company in performance of his official duty.



2. The Committee shall act in accordance with terms of reference specified/to be specified by the board which inter alia, include the following:
 - The Chairman of the Committee at any point of time, shall be an independent director and be elected by the member of the Committee amongst them selves.
 - The quorum for the meeting of the Share Transfer and Investor Grievance Committee shall be 1/3rd of the total number of members or two directors, whichever is higher. The committee shall have meetings periodically as it may deem fit with at least one meeting in a month.
3. The Committee shall have authority to investigate into any matter assigned to them and for this purpose, members of the committee shall have full access to the information contained in the records of the company and external professional advice, if necessary.

Shareholding of the Directors in our Company

The shareholding of the Directors in our Company as on the date of filing of this Draft Red Herring Prospectus with SEBI is as below:

Name of Director	Number of Shares	% Shareholding
Mr. Suresh N. Talwar	10,000	0.13
Mr. Kumar Nair	74,77,850	93.47

Interest of Promoters and/or Directors

All the Directors of our Company may be deemed to be interested to the extent of sitting fees and/or other remuneration, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses, if any, payable to them under our Articles of Association. The Managing Director will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of our Company.

All our Directors may also be deemed to be interested in the Equity Shares in our Company, if any, held by them, their relatives or by the companies and firms in which they are interested as directors/members/partners or that may be subscribed for and allotted to them, out of the present Issue in terms of this Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The registered and corporate office of our Company is located in the premises owned by Transwarranty Pvt. Ltd. (whose 100% of the equity share capital is held by Mr. Kumar Nair and family). In respect of this premises, our Company has entered into a Business Service Agreement dated May 17, 2005 for a period of 36 months with effect from March 1, 2005. The compensation payable for occupation of this premises is Rs. 1,12,000/- per month. Our Managing Director will be deemed to be interested to the extent of said compensation.

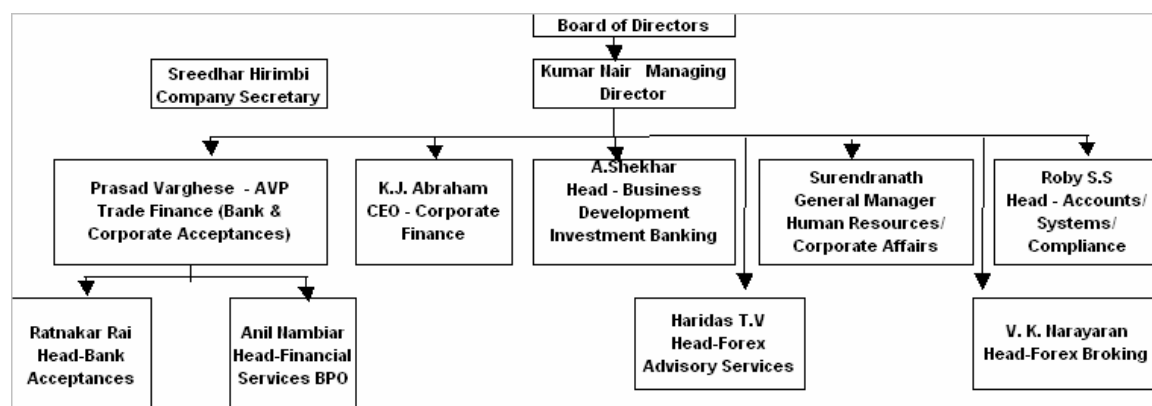
Changes in the Board of Directors

The changes in our Board of Directors during the past three years are as given below:

Name of Director	Date of Appointment	Date of Cessation/ Resignation	Reasons
Mrs. Leena Nair	-	30-12-2004	Resigned
Mr. Pravin Khatau	13-04-2006	-	Appointed as Additional and Independent Director to broad base the Board
Mr. Pravin Khatau	11-05-2006	-	Regularisation of Directorship in AGM



ORGANISATION STRUCTURE



KEY MANAGERIAL PERSONNEL

All the businesses are managed by a senior management team with diverse experience from a wide cross section of industries. The details of our Key Managerial Personnel other than directors are as under:

For details of Directors, please refer to Section titled 'Our Management' on page no. [•] of this Draft Red Herring Prospectus.

Mr. Abraham K. J., Chief Executive Officer – Corporate Finance, aged 46 years, has an experience of 20 years in the financial and capital markets. He holds a degree in Bachelor of Science and has also done a Masters in Business Administration. He has previously worked with Uttam Steels Limited. He joined our organization in December 1994 and is currently designated as Chief Executive Officer – Corporate Finance in our Company. Currently, he is drawing a remuneration of Rs. 1.18 million p.a.

Mr. Prasad Varghese, Associate Vice President, aged 52 years, has an experience of 25 years in the financial and capital markets. He holds a degree in Bachelor of Science. He has previously worked with Finance & Accounts, Ministry of Defence, Muscat. He joined our organization in September 1995 and is currently designated as Associate Vice President and is heading the Trade Finance business in our Company. Currently, he is drawing a remuneration of Rs. 0.60 million p.a.

Mr. Haridas T. V., Manager, aged 36 years, has an experience of 12 years in the financial and capital markets. He holds a degree in Masters of Commerce and has also done DBM-ICFAI. He joined our organization in November 1994 and is currently designated as Manager and is heading the Forex Advisory business in our Company. Currently, he is drawing a remuneration of Rs. 0.33 million p.a.

Mr. Roby S. S., Manager, aged 36 years, has an experience of 12 years in the financial and capital markets. He holds a degree in Bachelors of Commerce and has also done CA Inter. He has previously worked with Infonet. He joined our organization in June 1999 and is currently designated as Manager and is heading the Accounts & Finance department in our Company. Currently, he is drawing a remuneration of Rs. 0.33 million p.a.

Mr. V. K. Narayanan, Manager, aged 46 years, has an experience of 20 years in the financial and capital markets. He holds a degree in Bachelors of Commerce and has also done ICWA Inter. He has previously worked with Govind Ram & Co. He joined our organization in January 2005 and is currently designated as Manager and is heading the Forex Broking business in our Company. Currently, he is drawing a remuneration of Rs. 0.29 million p.a.



Mr. Anil Nambiar, Manager, aged 37 years, has an experience of 15 years in the financial markets. He holds a degree in Bachelors of Commerce. He has previously worked with Pharmaceuticals Products India Limited. He joined our organization in October 1996 and is currently designated as Manager and is heading the BPO operations in our Company. Currently, he is drawing a remuneration of Rs. 0.26 million p.a.

Mr. Surendranath, General Manager, aged 48 years, has an experience of 20 years in human resource management. He holds a degree in Bachelors of Commerce and has also done CAIIB and Post Graduate Diploma in Business Administration. He has previously worked with Integrated Co-operative Development Project. He joined our organization in May 2006 and is currently designated as General Manager and is looking after human resource and corporate affairs in our Company. Currently, he is drawing a remuneration of Rs. 0.45 million p.a.

Mr. Ratnakar Rai, Manager, aged 38 years, has an experience of 14 years in financial and capital markets. He holds a degree in Bachelors of Commerce and has also done Diploma in Business Management. He has previously worked with Jai Corp. Ltd. He joined our organization in January 1995 and is currently designated as Manager and is looking after Trade Finance – Bank Acceptances operations in our Company. Currently, he is drawing a remuneration of Rs. 0.29 million p.a.

Mr. A. Shekhar, Manager, aged 48 years, has an experience of 20 years in financial and capital markets. He holds a degree in Bachelors of Science and has also done Bachelors in Law (LLB). He has previously worked with Maharashtra State Textile Corporation Ltd. He joined our organization in April 2005 and is currently designated as Manager and is looking after Investment Banking operations in our Company. Currently, he is drawing a remuneration of Rs. 0.36 million p.a.

Mr. Sreedhar Hirimbi, Company Secretary, aged 50 years, has an experience of 25 years in secretarial and legal matters. He holds a degree in Bachelors of Commerce and has also done Bachelors in Law (LLB) and is qualified Company Secretary. He has previously worked with Double Cola Beverages Ltd. He joined our organization in December 2005 and is currently designated as Company Secretary and is looking after the secretarial and legal matters in our Company. Currently, he is drawing a remuneration of Rs. 0.12 million p.a.

We further undertake that all the above mentioned Key Managerial Personnel are in the employment of our Company as permanent employees.

Shareholding of our Key Managerial Personnel

As on date of filing this Draft Red Herring Prospectus, the shareholding of our Key Managerial Personnel of our Company is as below:

Name of Key Managerial Personnel	No. of Shares held
Mr. K. J. Abraham	30,000
Mr. Prasad Varghese	25,000
Mr. Haridas T. V.	18,000
Mr. Ratnakar Rai	12,500
Mr. Roby S.S	10,000
Mr. Anil Nambiar	10,000



Changes in the Key Managerial Personnel of our Company

The following is the brief detail of changes in our Key Managerial Personnel (other than our Promoters or Directors) during the last three years from the date of filing this Red Herring Prospectus with ROC.

For details of changes in our Directors, please refer to section titled 'Our Management' beginning from page no. [•] of this Draft Red Herring Prospectus.

Name of the Key Managerial Personnel	Designation	Date of Appointment	Date of Resignation
Mr. V. K. Narayanan	Manager	12.01.2005	-
Mr. Shekhar A.	Manager	01.04.2005	-
Mr. Sridhar Hirimbi	Company Secretary	15.12.2005	-
Mr. Surendranath	General Manager	12.05.2006	-

Employees Stock Option Scheme

Our Company has not granted any stock options to the employees.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

We do not have any bonus (other than ex-gratia bonus) or profit sharing plan (other than those already mentioned for our Managing Director) with any of our above mentioned Key Managerial Personnel.



OUR PROMOTER AND HIS BACKGROUND

The promoter of our Company is Mr. Kumar Nair.

The details of our promoter is as follows:

Mr. Kumar Nair 	Mr. Kumar Nair, aged 43 year is a Chartered Accountant. He has closed to two decades of experience in the Capital Market and Investment Banking Industry. His core competencies in financial services industry encompasses wide gamut of functions like Corporate Finance, Trade Finance, Project Finance, Stock/Commodities/Foreign Exchange Broking, Research, Investment Banking. Prior to this he was with Kotak Mahindra Finance Limited for 9 years and was last positioned as Vice President.	
	PAN Voter I. D. No Driving License No. Bank Account No. Passport No.	AABPN5225D - MH0292 2097 ICICI Bank 000401005573 E5329826

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the above Promoter will be submitted to BSE and NSE where the Equity Shares are proposed to be listed, at the time of filing the Draft Red Herring Prospectus with them.

Common Pursuits

Our Promoters do not have interest in any venture that is involved in any activities similar to those conducted by our Company or any other Group Companies.

Payment or Benefit to our Promoter

Other than the remuneration, commission payable to our Promoter, as disclosed on page [●] of this Draft Red Herring Prospectus, he has not been paid any other benefits or emoluments.

Interest of the Promoters

Please refer to the section titled 'Our Management' on page no. [●] of this Draft Red Herring Prospectus.



RELATED PARTY TRANSACTIONS

For the details of such transaction, please refer to the section titled 'Financial Statements' beginning from page no. [•] of this Draft Red Herring Prospectus.



CURRENCY OF PRESENTATION

Our currency of presentation in this Draft Red Herring Prospectus is Indian Rupee (Rs.) only except where otherwise mentioned.



DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders. However, the declaration of dividend may require prior approval of some of our lenders as per the terms of the loan agreements executed with them. Declaration of dividend will also depend on a number of factors, including but not limited to our Company's earnings, capital requirements and overall financial condition. Our Company has no stated dividend policy.

Our Company has paid dividend in the last three years as under:

(Rs. in Million)

For the year ended	March 31, 2004	March 31, 2005	March 31, 2006
Equity Share Capital	9.16	9.16	80.00
Face Value (Rs.)	10	10	10
Rate of dividend (%)	5	7.5	10
Amount of dividend	0.46	0.69	8.00
Tax on dividend	0.06	0.10	1.12



SECTION V – FINANCIAL STATEMENTS

AUDITOR'S REPORT

Auditors' Report as required by Part II of Schedule II of the Companies Act, 1956

The Board of Directors
Transwarranty Finance Limited
403, Regent Chambers,
Nariman Point, Mumbai 400 021

Dear Sir,

We have examined the financial information of the Transwarranty Finance Limited and its Subsidiaries, Transwarranty Capital Private Limited, Transwarranty Credit Care Private Limited & Transwarranty Forex & Commodities Private Limited annexed to this report which have been prepared in accordance with the requirement of:

- i) Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 (the Act),
- ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the Guidelines'), issued by Securities and Exchange Board of India ('SEBI') on 19 January 2000 in pursuance of section 11 of the Securities and Exchange Board of India Act, 1992, as amended from time to time,
- iii) The instruction received from the company requesting to examine the financial information referred to above and proposed to be included in the Offer Document of the Company in connection with its proposed public issue of 6,000,000 equity share at a price of Rs. [•] each.

Financial Information of the Company

1. We have examined the following:

- a) The attached statement of restated Assets & Liabilities of the Transwarranty Finance Limited as at 31st March 2002, 2003, 2004, 2005, 2006 (Annexure I) and accompanying statement of restated Profit & Loss of the Company for the financial years ended 31st March 2002, 2003, 2004, 2005, 2006 (Annexure II) as prepared by the company. These statements reflects the assets and liabilities and Profit & losses for the each of the relevant years as extracted from the balance sheet and profit and loss account for the those years audited by us. These statements have been made after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in Annexure III to this report.
- b) The attached restated consolidated statements of assets and liabilities of the Company and its Subsidiaries as at 31st March 2006 (Annexure XVI) and accompanying Consolidated statements of restated Profit and loss of 'the Company' and its 'Subsidiaries' for the year ended 2006 (Annexure XVII) as prepared by Company. These statements have been made on 31st March after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in Annexure XVIII to this report.
- c) The attached statement of restated Assets & Liabilities of the Transwarranty Capital Private Limited (Subsidiary) as at 31st March 2002, 2003, 2004, 2005, 2006 (Annexure XIX) and accompanying statement of restated Profit & Loss of the Company for the financial years ended 31st March 2002, 2003, 2004, 2005, 2006 (Annexure XX) as prepared by the company. These statements have been made after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in Annexure XXI to this report.



- d) The attached statement of restated Assets & Liabilities of the Transwarranty Credit Care Private Limited (Subsidiary) as at 31st March 2002, 2003, 2004, 2005, 2006 (Annexure XXII) and accompanying statement of restated Profit & Loss of the Company for the financial years ended 31st March 2002, 2003, 2004, 2005, 2006 (Annexure XXIII) as prepared by the company. These statements have been made after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in Annexure XXIV to this report.
 - e) The attached statement of restated Assets & Liabilities of the Transwarranty Forex & Commodities Private Limited (Subsidiary) as at 31st March 2002, 2003, 2004, 2005, 2006 (Annexure XXV) and accompanying statement of restated Profit & Loss of the Company for the financial years ended 31st March 2002, 2003, 2004, 2005, 2006 (Annexure XXVI) as prepared by the company. These statements have been made after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in Annexure XXVII to this report.
2. The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India and on the basis of the separate audited restated financial statements of 'the Company' and its 'Subsidiary'.
 3. On the basis of our examination of above referred financial information we state as follows:

With respect to the restatement of Financial Statements we have taken a view that:

As per the SEBI Guidelines adjustments to Profit and Loss account are required to be done in respect of following items, which are disclosed in the audited financial statements of the respective years:

 - a. Changes in accounting policies,
 - b. Prior period items,
 - c. Rectification of incorrect accounting policies, and
 - d. Material amounts relating to the adjustments for previous years identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which event triggering profit or loss occurred.
 4. Transwarranty Capital Private Limited, Transwarranty Credit Care Private Limited & Transwarranty Forex & Commodities Private Limited became subsidiaries of 'the Company' during financial year ended as on 31 March 2006, (i.e., on 29 March 2006). Hence consolidated financial information for year ended 31 March 2006 is given and consolidated financial information for any previous year/s or period/s is considered not applicable.
 5. We have examined the following financial information relating to the company prepared by the management for the purpose of inclusion in the offer document:
 - i. Cash Flow Statement as restated as appearing in Annexure IV to this report
 - ii. Statement of Dividend Paid as appearing in Annexure V to this report.
 - iii. Accounting Ratio as appearing in Annexure VI to this report.
 - iv. Capitalisation Statement as appearing in Annexure VII to this report
 - v. Statement of Tax Shelters as appearing in Annexure VIII to this report.
 - vi. Details of Secured Loan as appearing in Annexure IX to this report
 - vii. Details of Principal Terms of Secured Loan and assets Charged as security in Annexure IX to this report.
 - viii. Details of Unsecured Loan as appearing in Annexure X to this report
 - ix. Details of Investment as appearing in Annexure XI to this report
 - x. Details of Debtors as appearing in Annexure XII to this report
 - xi. Details of Loans & Advances as appearing in Annexure XIII to this report
 - xii. Details of Other Income as appearing in Annexure XIV to this report.



xiii. List of Related Parties, nature of Relationship and Details of Transactions in Annexure XV to this report.

The Company's management is responsible for the preparation of the restated summary financial statements. Our responsibility is to report based on the work done. We have performed such tests and procedures, which, in our opinion, were necessary for our reporting to you. These procedures include comparison of the annexed financial information with the Company's audited financial statements. Based on such procedures carried out by us and review of the records produced to us and the information and explanations given to us by the Company's management, we confirm that nothing has come to our attention to show non-compliance with the SEBI Guidelines.

This report is intended solely for your information and for the Company to comply with the provisions of the SEBI Guidelines and may not be suitable for any other purpose. The report is not to be used, referred to or distributed for any other purpose without prior written consent.

Yours Sincerely,

For Haridas Associates
Chartered Accountants

Sd/-

Ramchandran U.
Partner
Membership No. 33269

Place: Mumbai
Date: 06-05-2006



TRANSWARRANTY FINANCE LIMITED

ANNEXURE I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rupees in million)

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
A. Fixed Assets:					
Gross Block	4.31	3.67	3.63	3.90	4.77
Less: Depreciation	1.94	2.68	2.15	2.71	3.09
Net Block	2.37	0.99	1.47	1.20	1.68
Capital Work in Progress	-	-	-	-	-
Total Fixed Assets (A)	2.37	0.99	1.47	1.20	1.68
B. Investments (B)	3.49	6.65	6.24	57.70	103.24
C. Current Assets, Loans and Advances					
Inventories	0.20	-	-	-	-
Sundry debtors	2.32	2.17	2.10	0.74	41.58
Cash and bank balances	0.96	1.05	1.41	23.34	0.14
Loans and advances	25.71	16.41	12.40	13.50	14.69
Total (C)	29.18	19.63	15.91	37.57	56.42
D. Liabilities and Provisions					
Secured loans	0.88	0.70	0.49	-	0.67
Unsecured loans	6.53	4.94	5.08	3.34	2.10
Deferred tax liability	-	-	0.20	0.22	0.22
Current liabilities	9.22	2.98	1.57	2.38	39.34
Provisions	3.58	3.72	0.79	2.30	15.10
Total (D)	20.21	12.35	8.14	8.24	57.43
E. Net Worth (A+B+C-D)	14.84	14.92	15.48	88.24	103.90
F. Represented by:					
1. Share Capital					
Equity share capital	9.16	9.16	9.16	9.16	80.00
Less: calls in arrears	-	-	-	-	-
	9.16	9.16	9.16	9.16	80.00
2. Share application money	-	-	-	70.84	-
3. Reserves and Surplus	5.69	5.77	6.32	8.24	23.90
4. Miscellaneous expenditure	0.01	0.01	-	-	-
5. Debit balance in profit and loss account	-	-	-	-	-
Net Worth (1+2+3-4-5)	14.84	14.92	15.48	88.24	103.90



TRANSWARRANTY FINANCE LIMITED

ANNEXURE II

SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rupees in million)

Particulars	For the year ended				
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Income					
Trade Finance	4.04	3.67	4.46	8.24	4.29
Corporate Finance	2.30	3.77	6.46	6.78	16.90
Investment Banking	-	-	-	-	25.72
BPO Services	-	-	1.33	2.15	4.82
Foreign Exchange & Derivatives	-	-	0.59	1.20	0.47
Hire Purchase Income	4.19	3.21	0.60	0.07	-
Lease Income	0.39	0.33	0.00	0.00	-
Other Income	0.12	0.12	0.12	1.45	0.63
Total	11.03	11.09	13.55	19.88	52.83
Expenditure					
Operational Expenses	0.55	0.49	1.13	0.77	0.37
Personnel Expenses	2.86	2.95	4.59	5.34	8.03
Other Expenses	3.39	3.07	3.91	8.11	6.42
Loss on Share Trading	0.03	-	-	-	-
Total	6.82	6.51	9.63	14.23	14.83
Profit/(loss) before interest, depreciation and tax	4.21	4.58	3.93	5.66	38.00
Depreciation/amortization	0.49	1.33	0.72	0.55	0.38
Profit/(loss) before interest and tax	3.72	3.25	3.21	5.10	37.62
Finance costs	3.00	2.95	1.33	0.50	0.12
Profit/(loss) before tax	0.72	0.30	1.88	4.61	37.50
Provision for taxes on income					
Current tax	0.25	0.11	0.65	1.62	12.72
Deferred tax	-	-	0.09	0.02	(0.01)
Profit/(loss) after tax	0.47	0.19	1.14	2.98	24.79
Prior period adjustments	-	-	(0.07)	(0.27)	-
Profit/(loss) for the year	0.47	0.19	1.07	2.70	24.79
Adjustments for:					
Change in the basis of charging depreciation	-	-	-	-	-
Amortization of miscellaneous expenditure	-	-	-	-	-
Impact of prior period items	-	-	-	-	-
Impact of Auditor's qualification	-	-	-	-	-
Total impact of adjustments	-	-	-	-	-
Net Profit/(loss) as restated	0.47	0.19	1.07	2.70	24.79



Net Profit/(loss) as restated	0.47	0.19	1.07	2.70	24.79
Profit/(loss) brought forward from previous year	0.11	0.14	0.14	0.16	1.58
Amount available for appropriation	0.59	0.33	1.21	2.86	26.37
Appropriations:					
Reserve u/s 45 IC of RBI Act	-	0.04	0.23	-	5.55
Proposed dividend					
On preference shares					
On equity shares	-	-	0.46	0.69	8.00
Tax on dividend	-	-	0.06	0.10	1.12
General Reserves	0.45	0.15	0.30	0.50	1.00
Balance carried to balance sheet, as restated	0.14	0.14	0.16	1.58	10.70



TRANSWARRANTY FINANCE LIMITED

ANNEXURE III

NOTES TO RESTATED RPROFIT AND LOSS AND RESTATED ASSETS AND LIABILITIES FOR THE YEAR ENDED 31ST MARCH 2006

1. SIGNIFICANT ACCOUNTING POLICIES

(A) Accounting Methodology

The company follows the Accrual System of accounting and maintains its accounts on the historical cost convention

(B) Revenue Recognition

The company's income from operations is accounted for on accrual basis except for income from such accounts, which are in default.

(C) Fixed Assets

- (i) All the fixed assets have been stated at cost less depreciation.
- (ii) Fixed assets are adequately depreciated on written down value basis in accordance with the provisions of Section 205(2)(a) and at the rates specified in Schedule XIV to the Companies Act, 1956

(D) Investments

- (i) Long term investments are valued at cost.
- (ii) Short Term Investments are valued at cost or fair value whichever is lower determined on an individual investment basis.

(E) Retirement Benefits

- (i) Gratuity is accounted for an accrual basis by way of contribution to Group Gratuity Scheme of Life Insurance Corporation of India.
- (ii) The company contributes the employers' share of the Provident Fund and the Employees Pension Scheme with the Regional Provident Fund Commissioner and the charges all such amounts to the Profit and Loss Account on an accrual basis

(F) Taxation

- (i) Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the income Tax Act, 1961
- (ii) The deferred tax charge or credit reflects the tax effect of timing differences between the book and the tax profits accounted for using the tax rates and laws that have been substantially enacted as on the Balance Sheet date.
- (iii) Deferred Tax Assets arising from timing differences are recognised to the extent there is virtual certainty that these would be realised in future.

(G) Earning Per Share

The basic earning per share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year.



2A) CONTINGENT LIABILITIES

Guarantees issued by the company on behalf of its subsidiaries and associates is Rs.35 million (P.Y. Rs. Nil)

2B) AUDITORS REMUNERATION

	31.03.2006	31.03.2005
	(Rs. in mn)	(Rs. in mn)
(I) As Auditors	0.03	0.03
(II) In other capacities		
- Taxation matters	0.01	0.01
- Tax Audit fees	0.01	0.01
- For Other Matters	0.01	0.01
Total	0.06	0.06

3. MANAGING DIRECTOR'S REMUNERATION UNDER SECTION 198 OF THE COMPANIES ACT, 1956

	31.03.2006	31.03.2005
	(Rs. in mn)	(Rs. in mn)
Salary	0.69	0.44
Contribution to Provident Fund	0.06	0.05
Other Allowances	0.03	-
Total	0.78	0.49

4. EARNING/EXPENDITURE IN FOREIGN CURRENCY

Earning in Foreign Exchange as fees for Professional Services rendered	Nil	Nil
Expenditure incurred in Foreign Currency	Nil	Nil
	Nil	Nil

5. (a) Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business.

(b) Debit and Credit balances are subject to confirmation of parties.

6. The Deferred Tax liability/(Assets) at the year-end comprises of timing differences arising on account of:

	31.03.2006	31.03.2005
	(Rs. in mn)	(Rs. in mn)
Depreciation	(0.01)	0.02

7. RELATED PARTY TRANSACTIONS

As per Accounting Standard (AS-18) on Related Party Disclosures issued by the Institute of Chartered Accounts of India, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

(I) List of Related Parties

(a) Subsidiaries of the Company:

Transwarranty Capital Pvt. Ltd.,
Transwarranty Credit Care Pvt. Ltd. and
Transwarranty Forex & Commodities Pvt. Ltd.



(b) Associates/Joint Venture

Trans Warranty Forex & Derivatives Company

(c) Key Management Personnel

Mr. Kumar Nair (Managing Director)

(d) Companies controlled by Directors/Relatives

Transwarranty Advisors Pvt. Ltd.,

Transwarranty Pvt. Ltd.

(II) Summary of Transactions

(Rs in million)					
Sr. No.	Particulars	Subsidiary Company	Associates/ Joint Ventures	Key Management Personnel	Companies controlled by Directors/ Relatives
1.	Loan /ICD's Received	0.21	Nil	Nil	Nil
2.	Directors Fees	Nil	Nil	0.20	Nil
3.	Salary and other Allowances to Key Management Personnel	Nil	Nil	0.79	Nil
4.	Investment in Equity Shares & Share Application money	48.28	Nil	Nil	Nil
5.	Share purchase Account Receivable	0.18	Nil	Nil	Nil
6.	Preference Share Dividend	0.10	Nil	Nil	Nil
7.	Interest on ICD Paid	0.10	Nil	Nil	Nil
8.	Rent Paid	Nil	Nil	Nil	0.21

8. During the year the company has increased its equity share capital by issuing 70,83,750 equity shares of Rs.10/- each fully paid up (P.Y. Nil).
9. During the year the company has acquired 54.90% of the equity shares of Transwarranty Capital Private Limited, a company engaged in the business of stock broking, 51% of the equity shares of Transwarranty Credit Care Pvt. Ltd a company which proposes to engage in Venture/Private Equity Fund operations and 51% of the equity shares of Transwarranty Forex & Commodities Pvt. Ltd. a company engaged in the business of Commodities Broking.
10. The company had debited expenses of Telephone & Electricity for the month of March 2006 on estimated basis for the preparation of the financial statements as on 31st March 2006. However it has no material effect on the profitability of the company.
11. During the year the company has transferred 20% of its current year profit after tax and 20% of previous year profit after tax to Statutory Reserve U/s 45 1C of the RBI Act.
12. Previous Year figures are regrouped or rearranged wherever necessary to correspond with the current year figures



TRANSWARRANTY FINANCE LIMITED

ANNEXURE IV

CASH FLOW STATEMENT, AS RESTATED

Particulars	(Rupees in million)				
	For the year ended				
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
A. CASH FLOW FROM OPERATING ACTIVITIES					
Profit before tax, as restated	0.72	0.30	1.88	4.61	37.50
Adjustments for:					
Depreciation	0.49	1.33	0.72	0.55	0.38
Loss on sale of asset					
Dividend Income					
Profit on sale of investments					
Share of profit from partnership firms					
Interest expenses	0.00	0.00	0.00	0.00	0.00
Miscellaneous expenditure written off	0.01	0.01	0.01	0.00	0.00
Prior Period Expenses	0.00	(0.06)	(0.07)	(0.27)	0.00
Operating Income before working capital changes	1.22	1.58	2.54	4.89	37.89
Adjustments for:					
Decrease/(Increase) in inventories	0.40	0.20	-	-	-
Decrease/(Increase) in trade debtors	(1.10)	0.15	0.07	1.36	(40.84)
Decrease/(Increase) in loans and advances	(2.19)	9.30	4.00	(1.09)	(1.19)
Increase/(decrease) in current liabilities and provisions	(0.11)	(6.09)	(4.34)	2.31	49.76
Cash generated from operations	(1.78)	5.14	2.27	7.46	45.62
Taxes paid	0.25	0.11	0.65	1.62	12.72
Net cash flow from Operating Activities	(2.03)	5.03	1.62	5.85	32.90
B. CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of fixed assets	(0.39)	-	(1.20)	(0.28)	(0.86)
Sale of fixed assets	-	(0.00)	-	-	-
Purchase of investments	(0.18)	(3.16)	-	(51.46)	(45.54)
Sale of investments	-	-	0.52	-	-
Dividend received	-	-	-	-	-
Net cash used from Investing Activities	(0.58)	(3.16)	(0.68)	(51.74)	(46.40)



C. CASH FLOW FROM FINANCING ACTIVITIES					
Interest paid	-	-	-	-	-
Proceeds from issue of share capital	-	-	-	-	70.84
Application money received	-	-	-	70.84	(70.84)
Dividend including dividend tax	-	-	(0.52)	(0.78)	(9.12)
Proceeds from borrowings	2.77	-	-	-	-
Repayment of borrowings	-	(1.77)	(0.07)	(2.24)	(0.57)
Net cash flow from Financing Activities	2.77	(1.77)	(0.58)	67.82	(9.69)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	0.16	0.10	0.36	21.92	(23.19)
Cash and cash equivalents at beginning of the year	0.80	0.96	1.05	1.41	23.34
Cash and cash equivalents at end of the year	0.96	1.05	1.41	23.34	0.14



TRANSWARRANTY FINANCE LIMITED

ANNEXURE V

STATEMENT OF DIVIDEND PAID

(Rupees in million)

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
On Equity Share Capital					
Paid up share capital	9.16	9.16	9.16	9.16	80.00
Less: Calls in arrears	0.00	0.00	0.00	0.00	0.00
Net Share Capital	9.16	9.16	9.16	9.16	80.00
Face Value (Rs.)	10	10	10	10	10
Rate of dividend %	-	-	5	7.5	10
Amount of dividend	0.00	0.00	0.46	0.69	8.00
Tax on dividend	0.00	0.00	0.06	0.10	1.12
On Preference Share Capital					
Paid up share capital	-	-	-	-	-
Face Value (Rs.)	-	-	-	-	-
Rate of dividend %	-	-	-	-	-
Amount of dividend	-	-	-	-	-
Tax on dividend	-	-	-	-	-



TRANSWARRANTY FINANCE LIMITED

ANNEXURE VI

ACCOUNTING RATIOS

(Rupees in million)

As at March 31,	2002	2003	2004	2005	2006
Net Profit Before extraordinary items but after tax, as restated (A)	0.72	0.19	1.07	2.70	24.79
Less: Preference dividend including tax on dividend	0.00	0.00	0.00	0.00	0.00
Net profit after preference dividend (B)	0.72	0.19	1.07	2.70	24.79
Net Worth excluding share application and revaluation reserve at the end of the year (C)	14.84	14.92	15.48	17.40	103.90
Net Worth excluding share application and revaluation reserve and preference share capital at the end of the year (D)	14.84	14.92	15.48	17.40	103.90
Weighted average number of equity shares outstanding during the year (E) Nos.	916250	916250	916250	916250	8000000
Add: Effect of share application money	-	-	-	-	-
Weighted average number of equity shares outstanding during the year (F) Nos.- Dilutive	916250	916250	916250	916250	8000000
Total Number of Equity shares outstanding at the end of the year (G) Nos.	916250	916250	916250	916250	8000000
Earnings Per Share					
- Basic (B/E)	0.78	0.21	1.17	2.95	3.10
- Diluted (B/F)	0.78	0.21	1.17	2.95	3.10
Return on Net Worth (%) (A/C)	4.84	1.28	6.90	15.53	23.86
Net Asset Value/Book Value per share (Rs.) (D/G)	16.19	16.29	16.89	18.99	12.99



TRANSWARRANTY FINANCE LIMITED

ANNEXURE VII

CAPITALIZATION STATEMENT AS AT MARCH 31, 2006

(Rupees in million)

Particulars	Pre Issue	Post Issue
Debt		
Short Term Debt [refer Note 1 below]	0.11	
Long Term Debt	0.56	
Unsecured Loan	2.10	
Total Debt	2.77	
Shareholders Funds		
Equity Share Capital	80.00	
Preference Share Capital	-	
Reserves and Surplus	23.90	
Less: Miscellaneous Expenditure	-	
Total Shareholders Funds	103.90	
Long term debt/ Shareholders' Funds	0.03	

Notes:

1. Debts repayable within the next one year from March 31, 2006 are consolidated as short-term debt.
2. The Post-issue debt-equity ratio will be computed on the conclusion of the book building process.
3. The figures included above are as per the restated statement of assets and liabilities and restated statement of profit and loss.



TRANSWARRANTY FINANCE LIMITED

ANNEXURE VIII

STATEMENT OF TAX SHELTERS

(Rupees in million)

As at	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Profit Before current and deferred taxes, as restated	0.72	0.30	1.88	4.61	37.50
Tax rate%					
- Normal	35.7	36.75	35.88	36.59	33.66
- MAT	7.65	7.88	7.69	7.84	8.42
Tax impact at applicable tax rate on restated profits (A)	0.26	0.11	0.68	1.69	12.62
Adjustments:					
Permanent differences					
Profit from firm-exempt from tax	-	-	-	-	-
Dividend from units- exempt from tax	-	-	-	1.23	-
Other adjustments	-	(0.07)	-	-	-
Total (B)	0	(0.07)	0	1.23	0
Temporary Differences					
Difference between book base and tax base of fixed assets	0.03	(0.65)	0.26	0.05	-
Set off of carry forward losses	-	-	-	-	-
Loss on redemption of Investment				(1.19)	
Deferred revenue expenditure	-	-	-	-	-
Impact of Qualification	-	-	-	-	-
Total(C)	0.03	(0.65)	0.26	(1.14)	-
Net Adjustments (B+C)	0.03	(0.72)	0.26	0.09	-
Tax saving thereon (D)	0.01	(0.26)	0.09	0.03	-
Interest and other adjustments (E)	-	-	-	-	-
Net Tax Payable	0.25	0.37	0.58	1.65	12.62



TRANSWARRANTY FINANCE LIMITED

ANNEXURE IX

SECURED LOANS, AS RESTATED

(Rupees in million)

Particulars	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Term Loan from Banks	-	-	-	-	-
Fixed Deposit	6.53	4.94	5.08	0.00	-
Car Loan	0.88	0.70	0.49	0.00	0.67
Working capital loan from a bank	0	0	0	0	0
Total	7.41	5.64	5.57	0.00	0.67

TRANSWARRANTY FINANCE LIMITED

ANNEXURE IX (contd.)

PRINCIPAL TERM OF SECURED LOANS AND ASSETS CHARGED AS SECURITY

(Rupees in million)

Sr. No.	Particulars	Rate of Interest	Repayment Terms	Amount Outstanding as at March 31, 2006	Details of security
1.	Working capital loan				
2.	Term Loan				
3.	Vehicle Loans				
3.1.	ICICI Car Loan	11.74	60 EMI of Rs.14,826/-	0.67	Secured against Car
	Total			0.67	



TRANSWARRANTY FINANCE LIMITED

ANNEXURE X

UNSECURED LOANS, AS RESTATED

(Rupees in million)

Particulars	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
From Banks	-	-	-	-	-
From Directors	-	-	-	-	-
Others	0	0	0	3.34	-
Inter-corporate Deposit	-	-	-	-	2.10
Total	0	0	0	3.34	2.10
Above amount includes transactions with following related parties:					
Transwarranty Capital Pvt. Ltd.					2.10
Total	-	-	-	-	2.10



TRANSWARRANTY FINANCE LIMITED

ANNEXURE XI

INVESTMENTS, AS RESTATED

(Rupees in million)

	Particulars	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
	LONG TERM INVESTMENT (at cost)					
(a)	In Government Securities	1.05	1.05	1.05	0.63	0.01
(b)	In Equity Shares					
(i)	Unquoted and fully paid up					
	Catholic Syrian Bank Ltd.	0.02	0.02	0.02	0.02	0.02
(ii)	(Under Same Management)					
	Shogun Degem Learner Ltd		0.10	0.10	0.10	
(iii)	In Subsidiary Companies					
	Transwarranty Capital Pvt. Ltd.	0.80	2.15	2.15	3.75	52.00
	Transwarranty Forex & Commodities Pvt. Ltd.			1.20	1.2	23.86
	Transwarranty Credit Care Pvt. Ltd.					25.63
(c)	In Preference Shares					
	Transwarranty Capital Pvt. Ltd.				1.37	1.37
(d)	Share Application Money					
	Heliosoft Technologies Ltd.	1.53	1.53			
	Transwarranty Capital Pvt. Ltd.		1.63	1.63	50.00	
	Shogun Degem Learner Ltd.		0.08			
	Transwarranty Credit Care Pvt. Ltd				0.03	
	Total	3.39	6.55	6.14	57.09	102.87
	SHORT TERM INVESTMENT					
(a)	In Equity Shares					
(i)	Quoted and fully paid up					
	Blue Star	0.05	0.05	0.05	0.05	
	Hindalco		0.01	0.01	0.01	
	Indo Gulf	0.02	0.00			
	Indusind Bank				0.06	
	JCT				0.01	
	Menon Piston					0.10
	Morepen Labs					0.08
	NTPC				0.26	
	NEPC Micon					0.09
	Rama Newsprints					0.09
	South Indian Bank Ltd				0.06	
	UTI Master Share	0.01	0.01	0.01	0.01	0.01
	Vashisti Detergents Ltd.	0.02	0.02	0.02		
(b)	Share Application Money					
	PNB				0.15	
	Total	0.10	0.10	0.09	0.61	0.36
	Grant Total	3.49	6.65	6.24	57.70	103.24
	Market Value of Quoted Investments	0.07	0.07	0.10	0.50	0.28



TRANSWARRANTY FINANCE LIMITED

ANNEXURE XII

SUNDRY DEBTORS, AS RESTATED

(Rupees in million)

Particulars	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Debts outstanding for a period exceeding six months	-	-	-	-	-
Others	2.32	2.17	2.10	0.74	41.58
Total	2.32	2.17	2.10	0.74	41.58



TRANSWARRANTY FINANCE LIMITED

ANNEXURE XIII

LOANS AND ADVANCES, AS RESTATED

(Rupees in million)

Particulars	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Advance to Wholly owned subsidiary	-	-	-	-	-
Advance recoverable in cash or in kind or for value to received	1.69	1.58	0.65	1.30	0.80
Staff Advances	0.08	1.09	1.10	1.06	1.01
Deposits	6.05	5.93	9.29	9.71	9.32
Advance Income Tax	3.71	4.09	0.96	1.44	3.56
Total	11.53	12.69	12.01	13.50	14.69



TRANSWARRANTY FINANCE LIMITED

ANNEXURE XIV

OTHER INCOME, AS RESTATED

(Rupees in million)

Particulars	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Interest on Fixed Deposits				0.03	0.02
Interest on Government Securities	0.11	0.11	0.11	0.07	0.02
Dividend Income				0.01	0.11
Dividend on Mutual Fund				1.22	-
Profit on sale on Investments				0.05	0.12
Bad debts Written off Recovered				0.07	
Profit on Share Trading					0.33
Provision for Quoted Investment written Back					0.03
Total	0.11	0.11	0.11	1.45	0.61



TRANSWARRANTY FINANCE LIMITED

ANNEXURE XV

LIST OF RELATED PARTIES, NATURE OF RELATIONSHIP AND DETAILS OF TRANSACTIONS

A. List of Related Parties and Nature of Relationship

Particulars	Financial Year Ended				
	31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06
Nature of Relationship	Name of the Party				
Subsidiaries Company	N.A.	Shogun Degem Learner Ltd.	Shogun Degem Learner Ltd.	Shogun Degem Learner Ltd.	Transwarranty Capital Pvt. Ltd., Transwarranty Credit Care Pvt. Ltd. and Transwarranty Forex & Commodities Pvt. Ltd.
Associates	N.A.	N.A.	N.A.	Trans Warranty Forex & Derivatives Company	Trans Warranty Forex & Derivatives Company
Key Management Personnel (KMP)	Mr. Kumar Nair (M.D.)	Mr. Kumar Nair (M.D.)	Mr. Kumar Nair (M.D.)	Mr. Kumar Nair (M.D.)	Mr. Kumar Nair (M.D.)
Relative to Key Management Personnel (RKMP)	N.A.	N.A.	N.A.	N.A.	N.A.
Enterprises significantly influenced by KMP or RKMP (with whom transaction has taken place)	Transwarranty Securities Limited, Transwarranty Creditcare Pvt. Ltd., Warranty Securities (India) Pvt. Ltd., Heliosoft Technologies Ltd., Shogun Degem Leaner Ltd., Jewel Equifin Pvt. Ltd., Dunhill Shareshoppe Pvt. Ltd., Deluxe Equifin Pvt. Ltd.	Transwarranty Securities Limited, Transwarranty Creditcare Pvt. Ltd., Warranty Securities (India) Pvt. Ltd., Heliosoft Technologies Ltd., Jewel Equifin Pvt. Ltd., Dunhill Shareshoppe Pvt. Ltd., Deluxe Equifin Pvt. Ltd.	Transwarranty Securities Pvt. Ltd., Transwarranty Creditcare Pvt. Ltd., Warranty Securities (India) Pvt. Ltd., Heliosoft Technologies Pvt. Ltd., K. J. Exports (India) Pvt. Ltd., Jewel Equifin Pvt. Ltd., Dunhill Shareshoppe Pvt. Ltd., Deluxe Equifin Pvt. Ltd.	Transwarranty Securities Pvt. Ltd., Transwarranty Creditcare Pvt. Ltd., Warranty Securities (India) Pvt. Ltd., Heliosoft Technologies Pvt. Ltd., K. J. Exports (India) Pvt. Ltd., Jewel Equifin Pvt. Ltd., Dunhill Shareshoppe Pvt. Ltd., Deluxe Equifin Pvt. Ltd.	Transwarranty Advisors Pvt. Ltd., Transwarranty Pvt. Ltd.



B. Details of Transaction with Related Parties and Details of Outstanding Balances

Particulars	Nature of Relationship	Financial Year Ended				
		31-Mar-02	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06
Purchases	Enterprises Significantly influenced					
Finance						
Equity Contribution recd.	KMP					
	RKMP					
	Enterprises Significantly influenced					
Equity Contribution Paid	Subsidiaries Company		0.18			48.28
	Associates					
	Enterprises Significantly influenced		2.98	1.20	51.37	
Guarantee recd	KMP RKMP					
	Enterprises Significantly influenced					35.00
Guarantees Issued	Subsidiaries Company					
Advance Given/(Repayment)	Subsidiaries Company					
	Associates					
	Enterprises Significantly influenced	0.16			0.46	
Expenses						
Rent	KMP					
	RKMP					
	Enterprises Significantly influenced			0.05	1.34	0.21
Vehicle Rent	Subsidiaries Company					
	Associates					
	Enterprises Significantly influenced					
Interest	RKMP					
	Subsidiary Company					0.10
	Enterprises Significantly influenced					
Remuneration and Perquisites	KMP	0.49	0.49	0.49	0.49	0.99
	RKMP					



Outstanding Balances						
Share Application Money Pending Allotment	KMP					
	RKMP					
	Enterprises Significantly influenced					
Unsecured Loans	RKMP					
	Enterprises Significantly influenced				33.38	2.10
Sundry Creditors	KMP*					
	RKMP*					
	Enterprises Significantly influenced					
Loans / Advances Payment	Subsidiary Company					
	Associates					
	Enterprises Significantly influenced					
Investments	Subsidiary Company		0.10	0.10	0.10	102.85
	Associates					
	Enterprises Significantly influenced		2.15	3.35	6.32	
Share Application Advance Given Pending Allotment	Subsidiary Company		0.08			
	Associates					
	Enterprises Significantly influenced		3.16	1.62	50.02	
Guarantee Recd.	KMP, RKMP					
	Enterprises Significantly influenced					
Guarantee Issued	Subsidiaries Company					
Rent Deposits	Enterprises Significantly influenced			9.20	9.20	



TRANSWARRANTY FINANCE LIMITED

ANNEXURE XVI

SUMMARY CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Particulars		(Rupees in million) March 31, 2006
A.	Fixed Assets	
	Gross Block	6.52
	Less: Depreciation	3.87
	Net Block	2.65
	Total fixed assets (A)	2.65
B.	Investments (B)	23.40
C.	Current Assets, Loans and Advances	
	Inventories	
	Sundry debtors	43.93
	Cash and bank balances	98.44
	Loans and advances	112.35
	Total (C)	254.72
D.	Liabilities and Provisions	
	Secured loans	15.41
	Unsecured loans	12.69
	Deferred tax liability	0.22
	Current liabilities	45.90
	Provisions	15.54
	Minority Interest	68.59
	Total (D)	158.34
E.	Net Worth (A+B+C-D)	122.42
F	Represented by:	
1.	Share Capital	
	Equity share capital	80.00
	Less: calls in arrears	-
		80.00
2.	Share Application Money	20.00
	Capital Reserve (Consolidation)	0.65
3.	Reserves and Surplus	23.91
4.	Miscellaneous expenditure	2.14
5.	Debit balance in profit and loss account	-
	Net Worth (1+2+3-4-5)	122.42



TRANSWARRANTY FINANCE LIMITED

ANNEXURE XVII

SUMMARY CONSOLIDATED STATEMENT OF PROFIT AND LOSS, AS RESTATED

	(Rupees in million)
Particulars	March 31, 2006
Income	
Trade Finance	4.29
Corporate Finance	16.90
Investment Banking	25.72
BPO Services	4.82
Foreign Exchange & Derivatives	0.47
Brokerage Income - Equity Broking	3.63
Brokerage Income - Mutual Fund	0.05
Profit on Share Trading	0.35
Other Income	1.94
Total	58.17
Expenditure	
Operational Expenses	1.48
Personnel Expenses	8.82
Loss on Commodities Trading	0.29
Other Expenses	8.25
Total	18.84
Profit/(loss) before interest, depreciation and tax	39.33
Depreciation/amortization	0.64
Profit/(loss) before interest and tax	38.69
Finance costs	0.72
Profit/(loss) before tax	37.97
Provision for taxes on income	
Current tax	12.89
Deferred tax	(0.01)
Profit/(loss) after tax	25.09
Prior period adjustments	0.00
Profit/(loss) for the year	25.09
Adjustments for:	
Change in the basis of charging depreciation	-
Amortization of miscellaneous expenditure	-
Impact of prior period items	-
Impact of Auditor's qualification	-
Total impact of adjustments	0.00
Net Profit/(loss) as restated	25.09



Net Profit/(loss) as restated	25.09
Profit/(loss) brought forward from previous year	(0.65)
Amount available for appropriation	24.44
Appropriations:	
Reserve u/s 45 IC of RBI Act	5.55
Deferred tax liability as of April 1, 2002	-
Proposed dividend	
- On preference shares	0.31
- On equity shares	8.00
Tax on dividend	1.18
General Reserves	1.00
Balance carried to balance sheet, as restated	8.40



TRANSWARRANTY FINANCE LIMITED

ANNEXURE XVIII

NOTES TO RESTATED CONSOLIDATED RPROFIT AND LOSS AND RESTATED ASSETS AND LIABILITIES FOR THE YEAR ENDED 31ST MARCH 2006

1. SIGNIFICANT ACCOUNTING POLICIES

(A) Accounting Methodology

The company follows the Accrual System of accounting and maintains its accounts on the historical cost convention

(B) Revenue Recognition

The company's income from operations is accounted for on accrual basis.

(C) Fixed Assets

- (i) All the fixed assets have been stated at cost less depreciation.
- (ii) Fixed assets are adequately depreciated on written down value basis in accordance with the provisions of Section 205(2)(a) and at the rates specified in Schedule XIV to the Companies Act, 1956

(D) Investments

- (i) Long term investments are valued at cost.
- (ii) Short Term Investments are valued at cost or fair value whichever is lower determined on an individual investment basis.

(E) Retirement Benefits

- (i) Gratuity is accounted for on an accrual basis by way of contribution to Group Gratuity Scheme of Life Insurance Corporation of India.
- (ii) The company contributes the employers' share of the Provident Fund and the Employees Pension Scheme with the Regional Provident Fund Commissioner and the charges all such amounts to the Profit and Loss Account on an accrual basis

(F) Taxation

- (i) Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the income Tax Act, 1961
- (ii) The deferred tax charge or credit reflects the tax effect of timing differences between the book and the tax profits accounted for using the tax rates and laws that have been substantially enacted as on the Balance Sheet date.
- (iii) Deferred Tax Assets arising from timing differences are recognised to the extent there is virtual certainty that these would be realised in future.

(G) Earning Per Share

The basic earning per share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year.



2A. CONTINGENT LIABILITIES

Guarantees issued by the company on behalf of its subsidiaries and associates is Rs.37.05 millions (P.Y. Rs. Nil)

2B. AUDITORS REMUNERATION

	31.03.2006	31.03.2005
	(Rs. in million)	(Rs. in million)
(I) As Auditors	0.40	0.30
(II) In other capacities		
- Taxation matters	0.10	0.10
- Tax Audit fees	0.10	0.10
- For Other Matters	0.07	0.05
Total	0.67	0.55

3. MANAGING DIRECTOR'S REMUNERATION UNDER SECTION 198 OF THE COMPANIES ACT, 1956

	31.03.2006	31.03.2005
	(Rs. in million)	(Rs. in million)
Salary	0.69	0.44
Contribution to Provident Fund	0.06	0.05
Other Allowances	0.03	-
Total	0.79	0.49

4. EARNING/EXPENDITURE IN FOREIGN CURRENCY

	31.03.2006	31.03.2005
Earning in Foreign Exchange as fees for Professional Services rendered	Nil	Nil
Expenditure incurred in Foreign Currency	Nil	Nil
	Nil	Nil

5. (a) Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business.
(b) Debit and Credit balances are subject to confirmation of parties.
6. The Deferred Tax liability/(Assets) at the year-end comprises of timing differences arising on account of:

	31.03.2006	31.03.2005
	(Rs. in million)	(Rs. in million)
Depreciation	(0.05)	0.17

7. RELATED PARTY DISCLOSURES

As per Accounting Standard (AS-18) on Related Party Disclosures issued by the Institute of Chartered Accounts of India, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

(I) List of Related Parties

(a) Associates/Joint Venture

Trans Warranty Forex & Derivatives Company



(b) Key Management Personnel

Mr. Kumar Nair (Managing Director),

(c) Companies controlled by Directors/Relatives

Transwarranty Advisors Pvt. Ltd.,

Transwarranty Pvt. Ltd.,

(II) Summary of Transactions

(Rs in million)

Sr. No.	Particulars	Associates/ Joint Ventures	Key Management Personnel	Companies controlled by Directors/Relatives
1.	Directors Remuneration	Nil	0.02	Nil
2.	Salary and other Allowances to Key Management Personnel	Nil	0.79	Nil
3.	Equity Dividend Paid	Nil	Nil	Nil
4.	Preference Share Dividend	Nil	Nil	0
5.	Investment in Equity Shares & Share Application money	Nil	Nil	Nil
6.	Interest Received on ICD	Nil	Nil	Nil
7.	Interest Paid on ICD	Nil	Nil	Nil
8.	Share Purchase A/c Payables	Nil	Nil	0.24
9.	Share Purchase A/c Receivable	Nil	Nil	0.26
10.	Rent Paid	Nil	Nil	0.21
11.	Rent Deposit Paid	Nil	Nil	63.75

8. During the year the holding company has increased its equity share capital by issuing 7,083,750 equity shares of Rs.10/- each fully paid up (P.Y. Nil), Subsidiary Transwarranty Capital Pvt. Ltd. has increased its equity capital by issuing 8,516,667 equity shares of Rs.10/- each fully paid up (P.Y. Nil), Subsidiary Transwarranty Forex & Commodities Pvt. Ltd. has increased its equity capital by issuing 44,17,500 equity shares of Rs.10/- each fully paid up (P.Y. Nil), Subsidiary Transwarranty Credit Care Pvt. Ltd. has increased its equity capital by issuing 50,00,000 equity shares of Rs.10/- each fully paid up (P.Y. Nil).
9. During the year the company has acquired 54.90% of the equity shares of Transwarranty Capital Private Limited, a company engaged in the business of stock broking, 51% of the equity shares of Transwarranty Credit Care Pvt. Ltd a company which proposes to engage in Venture Capital Fund operations and 51% of the equity shares of Transwarranty Forex & Commodities Pvt. Ltd a company engaged in the business of Commodities Broking.

10. Principal of Consolidation:

- a. The consolidated financial statements relate to Transwarranty Finance Limited, the holding company and its majority owned subsidiaries. The consolidation of accounts of the Company with its subsidiaries has been prepared in accordance with Accounting Standard (AS) 21 'Consolidated Financial Statements'. The financial statements of the parent and its subsidiaries are combined on a line-by-line basis and intra group balances, intra group transactions and unrealised profits or losses are fully eliminated.
- b. In the consolidated financial statements, 'Goodwill' represents the excess of the cost to the Company of its investment in the subsidiaries and/or joint ventures over its share of equity, at the respective dates on which the investments are made. Alternatively, where the share of equity as on the date of investment is in excess of cost of investment, it is recognised as 'Capital Reserve' in the consolidated financial statements.



- c. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the respective dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investment as stated above.
- d. Investments in Associates are dealt with in accordance with Accounting Standard (AS) 23 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India. As on the reporting date the company does not have any associate company.
- e. The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as of the Company i.e., year ended March 31, 2006.

11. Information on Subsidiaries:

The Subsidiary companies considered in the consolidated financial statement are:

Name of the Company	Country of Incorporation	Percentage of Holding	
		This Year	Previous Year
Transwarranty Capital Pvt. Ltd.	India	54.90	39.26
Transwarranty Forex & Commodities Pvt. Ltd.	India	51.00	46.15
Transwarranty Credit Care Pvt. Ltd.	India	51.00	-

- 12. The company had debited expenses of Telephone & Electricity for the month of March 2006 on estimated basis for the preparation of the financial statements as on 31st March 2006. However it has no material effect on the profitability of the company.
- 13. During the year the company has transferred 20% of its current year profit after tax and 20% of previous year profit after tax to Statutory Reserve U/S 45 1C of the RBI Act.
- 14. Previous Year figures are regrouped or rearranged wherever necessary to correspond with the current year figures.



STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Sr. No.	Name of the Company	Transwarranty Capital Pvt. Ltd.	Transwarranty Forex & Commodities Pvt. Ltd.	Transwarranty Credit Care Pvt. Ltd.
1	The Company's Interest in the subsidiaries as on 31st March 2006.			
a.	Number of Equity Shares	5200000	2587500	5000000
	Total Number of Shares	9471670	4677520	5010000
b.	Face Value	10	10	10
c.	Extent of holding	54.90	55.32	99.80
2.	Net Aggregate Profit/(loss) of the subsidiary company so far it concerns the members of the company			
a.	For the Financial Year ended on 31st March, 2006			(Rs. in lacs)
	Not dealt with in the books of accounts of the company			
	Dealt with in the books of accounts of the company	6.35	(4.10)	1.76

Note:

- 2437500 Equity Shares of Rs.10 each fully paid up in Transwarranty Credit Care Pvt. Ltd. are held by Transwarranty Capital Pvt. Ltd. subsidiary of the company
- 201960 Equity Shares of Rs.10 each fully paid up in Transwarranty Forex & Commodities Pvt. Ltd. are held by Transwarranty Capital Pvt. Ltd. subsidiary of the company.



TRANSWARRANTY CAPITAL PRIVATE LIMITED

ANNEXURE XIX

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rupees in million)

	Particulars	2002	2003	2004	2005	2006
A.	Fixed Assets					
	Gross Block	0.38	0.38	0.38	0.46	1.52
	Less: Depreciation	0.20	0.27	0.31	0.35	0.59
	Net Block	0.18	0.11	0.06	0.12	0.93
	Total Fixed Assets (A)	0.18	0.11	0.06	0.12	0.93
B.	Investments (B)	2.65	3.00	4.15	57.49	49.36
C.	Current assets, loans and advances					
	Inventories	0.00	0.00	0.00	0.00	0.00
	Sundry debtors	0.35	0.87	0.69	1.34	2.53
	Cash and bank balances	0.49	0.23	0.60	1.01	29.45
	Loans and advances	2.53	4.26	5.47	7.80	49.41
	Total (C)	3.36	5.36	6.76	10.15	81.39
D.	Liabilities and Provisions					
	Secured loans	0.11	0.00	0.00	0.00	14.74
	Unsecured loans	0.00	0.00	0.00	0.00	7.19
	Deferred tax liability	0.00	0.00	0.00	0.00	0.00
	Current liabilities	2.72	2.04	2.76	2.94	6.71
	Provisions	0.00	0.00	0.11	0.07	0.26
	Total (D)	2.83	2.04	2.87	3.01	28.90
E.	Net Worth (A+B+C-D)	3.36	6.43	8.11	64.76	102.78
F.	Represented by:					
1.	Share Capital					
	- Equity share capital	4.80	6.15	6.15	9.55	94.72
	Less: calls in arrears	0.00	0.00	0.00	0.00	0.00
		4.80	6.15	6.15	9.55	94.72
2.	Share application money	0.00	1.63	2.93	50.00	0.00
3.	15% Non Cumulative Preference Share Capital	0.00	0.00	0.00	2.78	2.78
4.	Reserves and Surplus	0.00	0.00	(0.97)	2.43	6.23
5.	Miscellaneous expenditure	0.02	0.01	0.01	0.00	0.00
6.	Debit balance in profit and loss account	1.42	1.34	0.00	0.00	0.00
	Net Worth (1+2+3+4-5-6)	3.36	6.43	8.11	64.76	102.78



TRANSWARRANTY CAPITAL PRIVATE LIMITED

ANNEXURE XX

SUMMARY STATEMENT OF PROFIT AND LOSSES, AS RESTATED

(Rupees in million)

For the year ended	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Income					
Brokerage Income- Equity Broking	0.32	0.58	1.83	1.55	3.63
Brokerage Income -Mutual Fund	0.23	0.06	0.03	0.14	0.05
Other Income	0.13	0.01	0.24	0.32	0.33
Profit on Share Trading	0.01	0.02	-	0.08	0.35
Total	0.68	0.67	2.10	2.09	4.36
Expenditure					
Operational Expenses	0.15	0.06	0.34	0.09	0.28
Personnel Expenses	0.28	0.06	0.11	0.26	0.79
Miscellaneous Expenses	0.01	0.01	0.01	0.01	-
Other Expenses	0.60	0.36	1.01	0.87	1.55
Loss on Share Trading	-	-	0.08	-	-
Total	1.04	0.49	1.54	1.22	2.62
Profit/(loss) before interest, depreciation and tax	(0.36)	0.18	0.56	0.86	1.75
Depreciation/Amortization	0.12	0.07	0.04	0.03	0.24
Profit/(loss) before interest and tax	(0.48)	0.11	0.52	0.83	1.50
Finance costs	0.04	0.03	0.03	0.08	0.70
Profit/(loss) before tax	(0.52)	0.08	0.49	0.75	0.81
Provision for taxes on income					
- Current tax	-	-	-	-	0.17
- Deferred tax					
Provision for diminution in investment	-	-	0.11	0.07	-
Profit/(loss) after tax	(0.52)	0.08	0.37	0.68	0.63
Prior period adjustments	-	0.00	-	-	-
Profit/(loss) for the year	(0.52)	0.08	0.37	0.68	0.63
Adjustments for:					
Change in the basis of charging depreciation					
Amortization of miscellaneous expenditure					
Impact of prior period items					
Impact of Auditor's qualification					
Total impact of adjustments	-	-	-	-	-
Net Profit/(loss) as restated	(0.52)	0.08	0.37	0.68	0.63



Net Profit/(loss) as restated	(0.52)	0.08	0.37	0.68	0.63
Profit/(loss) brought forward from previous year	(0.91)	(1.42)	(1.34)	(0.97)	(0.34)
Amount available for appropriation	(1.42)	(1.34)	(0.97)	(0.28)	0.29
Appropriations:					
Deferred tax liability as of April 1, 2002					
Proposed dividend					
- On preference shares	-	-	-	0.05	0.42
- On equity shares					
Tax on dividend	-	-	-	0.01	0.06
General Reserves					
Balance carried to balance sheet, as restated	(1.42)	(1.34)	(0.97)	(0.34)	(0.18)



TRANSWARRANTY CAPITAL PRIVATE LIMITED

ANNEXURE XXI

NOTES TO RESTATED RPROFIT AND LOSS AND RESTATED ASSETS AND LIABILITIES FOR THE YEAR ENDED 31ST MARCH 2006

1. SIGNIFICANT ACCOUNTING POLICIES

(A) Accounting Methodology

The company follows the Accrual System of accounting and maintains its accounts on the historical cost convention

(B) Revenue Recognition

The company's income from operations is accounted for on accrual basis except for income from such accounts, which are in default.

(C) Fixed Assets

- (i) All the fixed assets have been stated at cost less depreciation.
- (ii) Fixed assets are adequately depreciated on written down value basis in accordance with the provisions of Section 205(2)(a) and at the rates specified in Schedule XIV to the Companies Act, 1956

(D) Investments

- (i) Long term investments are valued at cost.
- (ii) Short Term Investments are valued at cost or fair value whichever is lower determined on an individual investment basis.

(E) Retirement Benefits

The company has no liability under the gratuity scheme since none of the employees have 5 years of service.

(F) Taxation

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the income Tax Act, 1961

2. CONTINGENT LIABILITIES

Contingent liability in respect of Bank Guarantee outstanding is Rs. 1.80 Millions (P.Y. – Nil).

3. AUDITORS REMUNERATION

	31.03.2006 (Rs. in million)	31.03.2005 (Rs. in million)
(I) As Auditors	0.005	0.005
(II) In other capacities		
- Taxation matters	Nil	Nil
- Tax Audit fees	Nil	Nil
- For Other Matters	0.002	0.002
Total	0.007	0.007



4. (a) Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business.
(b) Debit and Credit balances are subject to confirmation of parties.
5. Previous Year figures are regrouped or rearranged wherever necessary to correspond with the current year figures.
6. Due to carry forward losses, there is a net Deferred Tax Asset as on 31st March 2005 as well as for the year ended 31st March, 2006, in pursuance of Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. However, as a matter of prudence the net Deferred Tax Assets has not been recognised in the accounts in view of the losses incurred by the company.
7. During the year the company has increased its equity share capital by issuing 7,800,000 equity shares of Rs.10/- each issued at par and 716,665 equity shares of Rs. 10/- each fully paid up at a premium of Rs. 5/- each. (P.Y. Nil).
8. The company had debited expenses of Telephone & Electricity for the month of March 2006 on estimated basis for the preparation of the financial statements as on 31st March 2006. However it has no material effect on the profitability of the company.

9. Related Party Disclosures

As per Accounting Standard (AS-18) on Related Party Disclosures issued by the Institute of Chartered Accounts of India, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

(I) List of Related Parties

(a) Holding Company

Transwarranty Finance Limited

(b) Associates/Joint Venture

Trans Warranty Forex & Derivatives Company

(c) Key Management Personnel

Mr. Kumar Nair (Director)

(d) Companies controlled by Directors/Relatives:

Transwarranty Credit Care Pvt. Ltd,
Transwarranty Advisors Pvt. Ltd,
Transwarranty Forex & Commodities Pvt. Ltd,
Transwarranty Pvt. Ltd.

**(II) Summary of Transactions****(Rs in million)**

Sr. No.	Particulars	Holding Company	Associates/ Joint Ventures	Key Management Personnel	Companies controlled by Directors/ Relatives
1.	Loan /ICD's Paid	2.10	0	Nil	Nil
2.	Investment in Equity Shares	Nil	Nil	Nil	1.52
3.	Share Application money	Nil	Nil	Nil	15.82
4.	Share Purchase A/c Payables	0.18	Nil	Nil	0.24
5.	Share Purchase A/c Receivable	Nil	Nil	Nil	0.26
6.	Interest Received on ICD	0.11	Nil	Nil	Nil
7.	Preference Share Dividend Paid	0.10	Nil	Nil	0
8.	Rent Deposit Paid	Nil	Nil	Nil	21.25



TRANSWARRANTY CREDIT CARE PRIVATE LIMITED

ANNEXURE XXII

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs in million)

Particulars		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
A.	Fixed Assets					
	Gross Block	-	-	-	-	-
	Less: Depreciation	-	-	-	-	-
	Net Block	-	-	-	-	-
	Capital Work in Progress	-	-	-	-	-
	Total Fixed Assets (A)	-	-	-	-	-
B.	Investments (B)	-	0.03	0.03	3.25	-
C.	Current assets, loans and advances					
	Inventories	-	-	-	-	-
	Sundry debtors	0.04	-	-	-	-
	Cash and bank balances	0.03	0.00	0.00	0.03	26.67
	Loans and advances	0.33	20.44	0.10	63.93	28.37
	Total (C)	0.41	20.44	0.10	63.95	55.04
D.	Liabilities and provisions					
	Secured loans	-	-	-	-	-
	Unsecured loans	0.01	-	0.73	15.21	5.50
	Deferred tax liability	-	-	-	-	-
	Current liabilities	1.75	22.04	0.78	2.20	0.02
	Provisions	0.06	0.06	0.06	0.06	0.06
	Total (D)	1.82	22.10	1.56	17.46	5.58
E.	Net Worth (A+B+C-D)	(1.41)	(1.62)	(1.43)	49.74	49.47
F.	Represented by:					
1	Share Capital					
	- Equity share capital	0.00	0.10	0.10	0.10	50.10
	Less: calls in arrears	-	-	-	-	-
		0.00	0.10	0.10	0.10	50.10
2	Share application money	-	-	-	50.00	-
3	Reserves and Surplus	0.02	0.02	0.02	0.02	0.02
	Less:					
4	Miscellaneous expenditure	0.00	0.00	0.00	0.00	0.45
5	Debit balance in profit and loss account	1.43	1.74	1.55	0.38	0.20
	Net Worth (1+2+3-4-5)	(1.41)	(1.62)	(1.43)	49.74	49.47



TRANSWARRANTY CREDIT CARE PRIVATE LIMITED

ANNEXURE XXIII

SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rupees in million)

Particulars	For the year ended				
	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Income					
Interest Received on ICD	-	0.34	1.95	0.50	0.95
Term Loan Syndication Fees	-	-	-	1.50	-
Service Charges	0.78	0.50	-	0.08	-
Other Income	-	0.02	-	-	0.17
Total	0.78	0.85	1.95	2.08	1.12
Expenditure					
Operational Expenses	0.11	0.31	1.63	0.43	0.82
Personnel Expenses	1.50	0.68	-	-	-
Other Expenses	0.61	0.18	0.12	0.48	0.12
Total	2.23	1.16	1.75	0.90	0.94
Profit/(loss) before interest, depreciation and tax	(1.45)	(0.31)	0.19	1.17	0.18
Depreciation/amortization	-	-	-	-	-
Profit/(loss) before interest and tax	(1.45)	(0.31)	0.19	1.17	0.18
Finance costs	0.01	0.00	0.00	0.00	0.00
Profit/(loss) before tax	(1.46)	(0.31)	0.19	1.17	0.18
Provision for taxes on income					
Current tax					
Deferred tax					
Profit/(loss) after tax	(1.46)	(0.31)	0.19	1.17	0.18
Prior period adjustments					
Profit/(loss) for the year	(1.46)	(0.31)	0.19	1.17	0.18
Adjustments for:					
Change in the basis of charging depreciation					
Amortization of miscellaneous expenditure					
Impact of prior period items					
Impact of Auditor's qualification					
Total impact of adjustments	-	-	-	-	-
Net Profit/(loss) as restated	(1.46)	(0.31)	0.19	1.17	0.18
Profit/(loss) brought forward from previous year	0.03	(1.43)	(1.74)	(1.55)	(0.38)
Amount available for appropriation	(1.43)	(1.74)	(1.55)	(0.38)	(0.20)



Amount available for appropriation	(1.43)	(1.74)	(1.55)	(0.38)	(0.20)
Appropriations:					
Proposed dividend					
- On preference shares					
- On equity shares					
Tax on dividend					
General Reserves					
Balance carried to balance sheet, as restated	(1.43)	(1.74)	(1.55)	(0.38)	(0.20)



TRANSWARRANTY CREDIT CARE PRIVATE LIMITED

ANNEXURE XXIV

NOTES TO RESTATED RPROFIT AND LOSS AND RESTATED ASSETS AND LIABILITIES FOR THE YEAR ENDED 31ST MARCH 2006

1. SIGNIFICANT ACCOUNTING POLICIES

(A) Accounting Methodology

The company follows the Accrual System of accounting and maintains its accounts on the historical cost convention

(B) Revenue Recognition

The company's income from operations is accounted for on accrual basis.

(C) Investments

Investments are stated at cost and are long term in nature as defined by Accounting Standard 13 issued by ICAI.

(D) Retirement Benefits

The company has no liability under the gratuity scheme since none of the employees have 5 years of service.

(E) Taxation

No provision for Income Tax has been made for the current year in this account, as there is no taxable profit.

2A. CONTINGENT LIABILITIES

There are no liabilities of contingent nature, which are provided for.

2B. AUDITORS REMUNERATION

	31.03.2006	31.03.2005
	(Rs. in mn)	(Rs. in mn)
(I) As Auditors	0.002	0.002
(II) In other capacities - Taxation matters	Nil	Nil
Total	0.002	0.002

3. (a) Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business.
(b) Debit and Credit balances are subject to confirmation of parties.
4. Previous Year figures are regrouped or rearranged wherever necessary to correspond with the current year figures.



5. Due to carry forward losses, there is a net Deferred Tax Asset as on 31st March 2005 as well as for the year ended 31st March, 2006, in pursuance of Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. However, as a matter of prudence the net Deferred Tax Assets has not been recognised in the accounts in view of the losses incurred by the company and as there is no likelihood of recovery in the near future.
6. During the year the company has increased its equity share capital by issuing 50,00,000 equity shares of Rs.10/- each fully paid up (P.Y. Nil).

7. Related Party Disclosures

As per Accounting Standard (AS-18) on Related Party Disclosures issued by the Institute of Chartered Accounts of India, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

(I) List of Related Parties

(a) Holding Company

Transwarranty Finance Limited

(b) Associates/Joint Venture

Trans Warranty Forex & Derivatives Company

(c) Key Management Personnel

Mr. Kumar Nair (Director)

(d) Companies controlled by Directors/Relatives:

Transwarranty Capital Pvt. Ltd,
Transwarranty Advisors Pvt. Ltd,
Transwarranty Forex & Commodities Pvt. Ltd,
Transwarranty Pvt. Ltd,

(II) Summary of Transactions

(Rs in million)					
Sr. No.	PARTICULARS	Holding Company	Associates/ Joint Ventures	Key Management Personnel	Companies controlled by Directors/ Relatives
1.	Rent Deposit Paid	Nil	Nil	Nil	21.25
2.	Equity Share Capital	25.62	Nil	0.20	1.52
3.	Dividend Received	0.17	Nil	Nil	Nil



TRANSWARRANTY FOREX & COMMODITIES PRIVATE LIMITED

ANNEXURE XXV

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs in million)

Particulars		March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
A.	Fixed Assets					
	Gross Block	0.37	0.20	0.20	0.20	0.23
	Less: Depreciation	0.25	0.16	0.17	0.18	0.20
	Net Block	0.11	0.04	0.02	0.01	0.04
	Total fixed assets (A)	0.11	0.04	0.02	0.01	0.04
B.	Investments (B)	3.03	3.37	1.05	1.25	0.05
C.	Current assets, loans and advances					
	Inventories					
	Sundry debtors					
	Cash and bank balances	0.00	0.00	0.01	0.00	42.17
	Loans and advances	2.33	0.73	0.55	4.15	21.98
	Other Current Assets	0.21	0.13	0.13	0.13	
	Total (C)	2.54	0.86	0.69	4.28	64.15
D.	Liabilities and provisions					
	Secured loans	-	-	-	-	-
	Unsecured loans	2.45	2.45	0.44	0.17	-
	Deferred tax liability					
	Current liabilities	2.21	0.90	0.00	0.00	0.00
	Provisions	0.11	0.11	0.11	0.11	0.12
	Total (D)	4.77	3.47	0.55	0.28	0.12
E.	Net Worth (A+B+C-D)	0.91	0.81	1.21	5.26	64.11
F.	Represented by:					
1	Share Capital					
	- Equity share capital	1.00	1.00	2.60	2.60	46.78
	Less: calls in arrears					
		1.00	1.00	2.60	2.60	46.78
2	Share application money	-	-	0.10	4.18	20.00
3	Reserves and Surplus	-	-	-	-	-
4	Miscellaneous expenditure	0.00	0.00	0.00	0.00	0.74
5	Debit balance in profit and loss account	0.08	0.19	1.49	1.51	1.92
	Net Worth (1+2+3-4-5)	0.91	0.81	1.21	5.26	64.11



TRANSWARRANTY FOREX & COMMODITIES PRIVATE LIMITED

ANNEXURE XXVI

SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs in million)

Particulars	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
Income					
Other Income	0.10	0.02	0.26	0.06	0.07
Total	0.10	0.02	0.26	0.06	0.07
Expenditure					
Operational Expenses	0.02	0.00	0.00	0.00	0.00
Other Expenses	0.20	0.09	0.04	0.08	0.17
Loss on Share Trading	0.00	0.00	1.50	0.00	0.29
Preliminary Expenses written off	0.00	0.00	0.00	0.00	0.00
Total	0.23	0.09	1.54	0.08	0.46
Profit/(loss) before interest, depreciation and tax	(0.13)	(0.08)	(1.28)	(0.02)	(0.40)
Depreciation/amortization	0.08	0.03	0.02	0.01	0.01
Profit/(loss) before interest and tax	(0.21)	(0.11)	(1.29)	(0.03)	(0.41)
Finance costs					
Profit/(loss) before tax	(0.21)	(0.11)	(1.29)	(0.03)	(0.41)
Provision for taxes on income					
- Current tax	0.00	0.00	0.00	0.00	0.00
- Deferred tax					
Profit/(loss) After tax	(0.21)	(0.11)	(1.29)	(0.03)	(0.41)
Prior period adjustments					
Profit/(loss) for the year	(0.21)	(0.11)	(1.29)	(0.03)	(0.41)
Adjustments for:					
Change in the basis of charging depreciation					
Amortization of miscellaneous expenditure					
Impact of prior period items					
Impact of Auditor's qualification					
Total impact of adjustments	-	-	-	-	-
Net Profit/(loss) as restated	(0.21)	(0.11)	(1.29)	(0.03)	(0.41)



Net Profit/(loss) as restated	(0.21)	(0.11)	(1.29)	(0.03)	(0.41)
Profit/(loss) brought forward from previous year	0.12	(0.08)	(0.19)	(1.49)	(1.51)
Amount available for appropriation	(0.08)	(0.19)	(1.49)	(1.51)	(1.92)
Appropriations:					
Reserve u/s 45 IC of RBI Act					
Deferred tax liability as of April 1, 2002					
Proposed dividend					
- On preference shares					
- On equity shares					
Tax on dividend					
General Reserves					
Balance carried to balance sheet, as restated	(0.08)	(0.19)	(1.49)	(1.51)	(1.92)



TRANSWARRANTY FOREX & COMMODITIES PRIVATE LIMITED

ANNEXURE XXVII

NOTES TO RESTATED RPROFIT AND LOSS AND RESTATED ASSETS AND LIABILITIES FOR THE YEAR ENDED 31ST MARCH 2006

1. SIGNIFICANT ACCOUNTING POLICIES

(A) Accounting Methodology

The company follows the Accrual System of accounting and maintains its accounts on the historical cost convention

(B) Revenue Recognition

The company's income from operations is accounted for on accrual basis except for income from such accounts, which are in default.

(C) Investments

Investments are stated at cost and are long term in nature as defined by Accounting Standard 13 issued by ICAI.

(D) Taxation

No provision for Income Tax has been made for the current year in this account, as there is no taxable profit.

2A. CONTINGENT LIABILITIES

Contingent liability in respect of Bank Guarantee outstanding for Rs. 2,50,000/- (P.Y. Nil).

2B. AUDITORS REMUNERATION

	31.03.2006	31.03.2005
	(Rs. in mn)	(Rs. in mn)
(I) As Auditors	0.002	0.002
(II) In other capacities		
- Taxation matters	Nil	Nil
- Tax Audit Fees	Nil	Nil
Total	0.002	0.002

- (a) Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business.
(b) Debit and Credit balances are subject to confirmation of parties.
- Previous Year figures are regrouped or rearranged wherever necessary to correspond with the current year figures.
- Due to carry forward losses, there is a net Deferred Tax Asset as on 31st March 2005 as well as for the year ended 31st March, 2006, in pursuance of Accounting Standard 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. However, as a matter of prudence the net Deferred Tax Assets has not been recognised in the accounts in view of the losses incurred by the company.



6. During the year the company has increased its equity share capital by issuing 44,17,500 equity shares of Rs.10/- each fully paid up (P.Y. Nil).

7. Related Party Disclosures

As per Accounting Standard (AS-18) on Related Party Disclosures issued by the Institute of Chartered Accounts of India, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

(I) List of Related Parties

(a) Holding Company

Transwarranty Finance Limited

(b) Associates/Joint Venture

Trans Warranty Forex & Derivatives Company

(c) Key Management Personnel

Mr. Kumar Nair (Director)

(d) Companies controlled by Directors/Relatives:

Transwarranty Credit Care Pvt. Ltd,

Transwarranty Advisors Pvt. Ltd,

Transwarranty Capital Pvt. Ltd,

Transwarranty Pvt. Ltd.

(II) Summary of Transactions

(Rs in million)

Sr. No.	Particulars	Holding Company	Associates/ Joint Ventures	Key Management Personnel	Companies controlled by Directors/ Relatives
1.	Rent Deposit Paid	Nil	Nil	Nil	21.25
2.	Share Application Money Received	Nil	Nil	Nil	15.82
3.	Equity Share Capital	22.66	Nil	Nil	1.52
4.	Dividend Received	0.54	Nil	Nil	Nil



GROUP COMPANIES

The following are the brief details of our group companies:

1. Transwarranty Advisors Private Limited (TAPL)

The company was originally incorporated as 'Heliosoft Technologies Limited' on April 28, 1999, and was subsequently converted into a 'Private Limited Company' under the name 'Heliosoft Technologies Private Limited' on April 25, 2003. Further, the name of the company was changed to 'Transwarranty Advisors Private Limited' on January 10, 2006.

Date of Incorporation: April 28, 1999

Registered Office: 403, Regent Chambers, Nariman Point, Mumbai – 400 021.

Principle Activity: Main object of the Company is to provide consultancy services.

Board of Directors: Mr. Kumar Nair and Mr. Prasad Varghese

Shareholding of Equity Shares as on March 31, 2006

Name of Shareholder	No. of Shares	% of Shareholding
Kumar Nair	10,010	99.40
Leena Nair	10	0.10
Haridas T. V.	10	0.10
G. Satishkumar	10	0.10
Prasad Varghese	10	0.10
Abraham K. J.	10	0.10
Neena Satishkumar	10	0.10
Total	10,070	100.00

Brief Audited Financials of the company for the past three financial years:

(Rs. in million)

Particulars as on March 31	2004	2005	2006
Equity Capital	0.10	0.10	0.10
Reserves & Surplus	-	-	-
Accumulated Profit & Loss Account	(2.65)	(2.67)	(4.53)
Total Income	2.14	0.01	0.055
Profit/(Loss) after Tax (PAT)	2.11	(0.01)	(1.86)
Book Value per Share (Rs.) (F.V. Rs. 10/-)	(254.59)	(255.82)	(440.08)
Earning per Share (Rs.)	209.36	(1.45)	(184.46)

The equity share of the company is not listed on any Stock Exchange. There have been no changes in the capital structure of the company and there have been no amalgamations/ takeovers during the past three years.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company, or its promoters and directors.

The company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is not under winding up.

There are no litigations and disputes pending against TAPL.



2. Transwarranty Private Limited (TPL)

The company was originally incorporated as 'K. J. Ex-Import Private Limited' on April 14, 1972, and was subsequently changed to 'K. J. Exports (India) Private Limited' on September 20, 1977. The company was acquired by our promoter, Mr. Kumar Nair on March 09, 2004 and consequently its name was changed to 'Trans Warranty Private Limited' on September 9, 2004. Further, the name of the company was changed to 'Transwarranty Private Limited' on December 20, 2005.

Date of Incorporation: April 14, 1972

Registered Office: 403, Regent Chambers, Nariman Point, Mumbai – 400 021.

Principle Activity: Main object of the Company is to provide guarantee and warranty for various securities.

Board of Directors: Mr. Kumar Nair and Mr. Haridas T. V.

Shareholding of Equity Shares as on March 31, 2006

Name of Shareholder	No. of Shares	% of Shareholding
Kumar Nair	4,986	51.75
Leena Nair	4,649	48.25
Total	9,635	100.00

Brief Audited Financials of the company for the past three financial years:

(Rs. in million)

Particulars as on March 31	2004	2005	2006
Equity Capital	0.96	0.96	0.96
Reserves & Surplus	-	-	-
Accumulated Profit & Loss Account	(4.43)	(4.89)	(6.25)
Total Income	0.30	1.34	0.34
Profit/(Loss) after Tax (PAT)	(1.41)	(0.46)	(1.36)
Book Value per Share (Rs.) (F.V. Rs. 100/-)	(359.56)	(407.57)	(548.57)
Earning per Share (Rs.)	(146.28)	(48.01)	(141.00)

The equity share of the company is not listed on any Stock Exchange. There have been no changes in the capital structure of the company and there have been no amalgamations/ takeovers during the past three years.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company, or its promoters and directors.

The company has not been declared as a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is not under winding up.

There are no litigations and disputes pending against TPL.



3. Trans Warranty Forex and Derivatives Company (TFDC)

The partnership firm under the name and style of Trans Warranty Forex and Derivatives Company was formed on October 15, 2004, when Mr. Kumar Nair and Ms. Leena Nair joined the proprietorship business carried on by Mr. G. Gopakumar under the name and style of 'Jyotiss Investment Company' as a foreign exchange broker accredited by the 'Foreign Exchange Dealers Association of India' (FEDAI). Thereafter, Mr. G. Gopakumar retired from the partnership firm on October 16, 2004

Date of Formation of Partnership: October 15, 2004

Registered Office: 403, Regent Chambers, Nariman Point, Mumbai – 400 021.

Principle Activity: Foreign Exchange Broker

Name of Partners: Mr. Kumar Nair, Ms. Leena Nair

Shareholding holding pattern of the firm as on March 31, 2006

Name of Shareholder	Sharing of Partnership
Kumar Nair	50%
Leena Nair	50%

Brief Audited Financials of the firm for the past two financial years:

(Rs. in million)

Particulars as on March 31	2005	2006
Partners' Capital	0.41	0.43
Reserves & Surplus	-	-
Total Income	-	0.04
Profit/(Loss) after Tax (PAT)	(0.00)	0.02

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the firm, or its partners.

There are no litigations and disputes pending against TFDC.



DISASSOCIATION

Our promoters have disassociated themselves from the following companies:

1. Shogun Degem Learner Limited

Shogun Degem Learner Limited was incorporated under the Companies Act, 1956 as a limited company on February 05, 1997 with Registrar of Companies, Maharashtra, Mumbai. Our company had invested an amount of Rs. 0.10 mn. in the Financial Year 2002-03 for acquiring equity shares of Shogun Degem Learner Limited to derive long term benefit out of the investment. The company is not carrying on any business activities. Our company has sold our shareholding in the company as on October 2005 in order to concentrate on the core business in the financial and capital markets.

2. Jewel Equifin Private Limited

Jewel Equifin Private Limited was incorporated under the Companies Act, 1956 as a private limited company on May 22, 1996 with Registrar of Companies, Maharashtra, Mumbai with the main object of carrying on the business of an investment company. The company is not carrying on any business activities. In order to consolidate the activities of our Company and our subsidiaries in the financial and capital markets, our promoter together with his relatives have sold their shareholding in the company as on October 2005.

3. Deluxe Equifin Private Limited

Deluxe Equifin Private Limited was incorporated under the Companies Act, 1956 as a private limited company on June 07, 1996 with Registrar of Companies, Maharashtra, Mumbai with the main object of carrying on the business of an investment company. The company is not carrying on any business activities. In order to consolidate the activities of our Company and our subsidiaries in the financial and capital markets, our promoter together with his relatives have sold their shareholding in the company as on October 2005.

4. Dunhill Shareshoppe Private Limited

Dunhill Shareshoppe Private Limited was incorporated under the Companies Act, 1956 as a private limited company on May 14, 1996 with Registrar of Companies, Maharashtra, Mumbai with the main object of carrying on the business of an investment company. The company is not carrying on any business activities. In order to consolidate the activities of our Company and our subsidiaries in the financial and capital markets, our promoter together with his relatives have sold their shareholding in the company as on October 2005.

CONFLICT OF INTEREST

The companies promoted by our promoters cater to a diverse range of services in the financial sector. However, none of them are in the same line of business as ours and hence there is no conflict of interest between us and these companies.

Changes in Accounting Policies in the last three years of the Company

Our company has not made any changes in the accounting policies in the last three years.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated unconsolidated financial statements for each of the fiscal years ended March 31, 2002, 2003, 2004, 2005 and 2006 including the notes thereto and the reports thereon in the section titled 'Financial Statements' beginning from page no. [●] of this Draft Red Herring Prospectus. The financial information for fiscal 2002, 2003, 2004, 2005 and 2006 have been audited by our Statutory Auditors. These financial statements have been prepared in accordance with Indian GAAP, SEBI Guidelines and the Companies Act.

You should also read the section titled 'Risk Factors' beginning on page no. [●] of this Draft Red Herring Prospectus. Our fiscal ends on March 31 of each year, so all references to a particular fiscal are to the twelve-month period ended March 31 of that fiscal. For a description of our business, please refer to the section titled 'Our Business' on page no. [●] of this Draft Red Herring Prospectus.

OVERVIEW

Our Company

We provide investment banking and financial services to a large number of mid cap and large cap companies.

Since the activities are diverse and governed by different regulatory authorities, the businesses are structured under our Company as the flagship company and our subsidiary companies with 51% shareholding.

We are a Reserve Bank of India registered Non Banking Financial Services Company (NBFC) with active business in Investment Banking, Project Finance, Trade Finance, Corporate Finance and Retail Finance BPO.

Our Subsidiaries

Transwarranty Capital Private Limited is a SEBI registered stock broking company with membership in the National Stock Exchange (NSE) in both the Capital Market and Derivatives (Futures & Options) segments and Bombay Stock Exchange (BSE) in the Cash Segments. The company is also a SEBI registered full service Merchant Bank.

Transwarranty Forex & Commodities Private Limited a member of the Multi Commodity Exchange (MCX) provides commodities broking services. The company has applied for membership in NCDEX.

Transwarranty Credit Care Private Limited is positioned as the institutional wealth management vehicle in the form of private equity/venture fund after obtaining necessary registration from SEBI.

International operations shall be launched from Dubai activating the membership awarded to us in the Dubai Gold and Commodities Exchange (DGCX). This shall be followed with offices in London and Singapore to provide a window for the emerging companies in India to tap international capital and to assist foreign funds and companies as a facilitator to invest in India.

In India, geographical expansion is being pursued with opening of 6 regional offices in Delhi, Kolkata, Ahmedabad, Chennai, Bangalore and Hyderabad.

Our business objective is to be the preferred provider of financing services, investment banking and wealth management including broking services to corporate, retail and institutional clients across various cities and towns in India and in three international cities of Dubai, Singapore and London.



We derive a significant part of our revenue from fee-based services. In the past, none of the above subsidiaries has made any significant profit to be able to distribute any dividend income. We, however, continue to make investment in these subsidiaries based on our belief in their long term fundamentals and potential.

Our promoter and their associates have entirely funded our operations till fiscal year ended March 31, 2006.

Several factors have affected our results of operations, financial condition and cash flow significantly over the past five years. These factors include:

- Economic conditions, business cycles and capital market trends
- Design of innovative financial structures and acceptance by clients
- Ability to control cost and attain high productivity
- Ability to hire, train and retain people
- Rapidly rising personal computer, basic and mobile telephony and Internet penetration.
- Our relationship with clients - companies, banks, institutions, individuals etc.
- Status of commodities market and foreign exchange markets
- Capital expansion and capital expenditure

These factors and a number of future developments may affect our results of operations, financial condition and cash flow in future periods. We believe that the following future developments may affect our future results of operations, financial condition and cash flow:

- Overall economic scenario and capital market trends
- Ability to raise capital and successfully implement expansion plans particularly those of subsidiaries
- Successful execution of our strategy for growth
- Regulations affecting the Indian capital markets, commodities markets and foreign exchange markets
- Overall performance of subsidiaries as we derive significant part of our revenue from them. We also expect stream of dividend income once they achieve sustainable profitability
- Ability to acquire new customers
- New strategic partnerships or mergers/acquisitions
- Competition activities

For more information on these and other factors/developments, which have or may affect us financially, please refer to the other parts of this section as well as the section titled “Risk Factors” on page [•] and the section titled “Business Overview” on page [•] of this Draft Red Herring Prospectus.

Our Significant Accounting Policies

Preparation of financial statements in accordance with Indian 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, require our management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues and expenses. These judgments, assumptions and estimates are reflected in our accounting policies, which are more fully described in “Financial Statements – Significant Accounting Policies” Section of the Auditor’s Report appearing on page no. [•] in this Draft Red Herring Prospectus.



Business Performance

Income

Our income has 4 key components: Trade Finance, Corporate Finance, Investment Banking and Financial Services BPO. The company discontinued the fund-based business of leasing and hire purchase in the year 2002-03. The following table sets forth the contribution of the different components of our revenue and of other income towards total income during each of financial years 2002, 2003, 2004, 2005 and 2006:

Contribution of various revenue streams to total income

	Rs in million				
Year ended 31st March	2002	2003	2004	2005	2006
Trade Finance	4.04	3.67	4.46	8.24	4.29
Corporate Finance	2.29	3.77	6.46	6.78	16.90
Investment Banking	-	-	-	-	25.72
Financial Services BPO	-	-	1.33	2.22	4.82
Foreign Exchange Advisory	-	-	0.59	1.20	0.47
Other income	0.12	0.12	0.12	1.45	0.63
Hire purchase income	4.58	3.54	0.60	-	-
Total Income	11.03	11.10	13.56	19.89	52.83

A. Trade Finance

Trade Finance has been a steady contributor to the business. Trade Finance business provides working capital solutions to companies through short-term loans, discounting of bills of exchange under letters of credit opened by banks, bills under corporate acceptances and inter-corporate deposits.

LC Bills Discounting

We have a large market share in the business of discounting bills of exchange accepted under Letters of Credit opened by reputed banks. We offer the good rates at any point of time backed by excellent service, which is a critical factor.

Clean Bills Discounting

There is a large market for discounting Bills of Exchange accepted by good credit worthy companies. Since these are unsecured transactions, our credit evaluation becomes very important for Investors. Often, we act as market makers between investors and good creditworthy companies who wish to borrow against bills of exchange.

Inter-Corporate Deposits

This is a large volume business and requires very quick response to move funds from surplus companies to companies requiring funds. The period of deposit varies from purely on call up to 180 days. In this area, we cater to over 100 companies constantly and account for a large share of transacted volume of business in the market.



Supplier's Credit Buyer's Credit

The company arranges buyer's/supplier's credit for financing import transactions including capital goods.

- Indicating pricing for Buyers Credit/Supplier Credit is LIBOR + 20 to 50 basis point for periods of 90 to 180 days
- The pricing will depend upon the value of Import, country from where the goods are imported, beneficiaries, LC opening Bank and the tenure.
- Best pricing from the country of origin is always secured.
- By availing this facility, the importing Indian company saves considerable interest cost.
- The foreign supplier is always supportive since they get the payment upfront from international banks providing the buyer's/supplier's credit.
- RBI allows supplier credit/buyer credit for raw material up to the total usance period of 360 days and for capital goods up to the total usance period of 3years.

B. Corporate Finance

Buoyed by the increased economic activity and the excellent progress by industries, our corporate finance and project finance businesses were able to achieve excellent performance. Most of our clients from the mid to large cap segments are on aggressive expansion mode and have strong appetite for funds, both debt and equity.

Rupee Term Loans

We are a strong player in structured finance products by designing and executing innovative structures using a wide variety of instruments and ideas including plain vanilla instruments, hybrid instruments, convertibles and complex instruments like derivatives for existing as well as new ventures.

Foreign Currency Loans

We arrange foreign currency loans for companies for both import of equipments and rupee expenditure in accordance with the Ministry of Finance and the Reserve Bank of India guidelines. Borrowings under foreign currency route are recommended only for those corporate who have a natural hedge through exports. Furthermore, the route of raising the fund through foreign currency borrowings is recommended by us only after an in-depth analysis of the company vis-à-vis the conditions prevailing in the domestic as well as the international currency markets.

Working Capital Bank Limits

We use our relationship network with all the banks and institutions to tie up working capital facilities for our clients. The scope of arranging such limits extends from preparation of the CMA till the final sanction of limits. The limits would be arranged either through the multiple banking routes or through the consortium route, depending upon the size of the facility.

Asset Financing

We syndicate funds for financing capital asset acquisitions by companies. The funds are arranged through different instruments, which may be in the form of a term loan, lease, hire purchase, supplier's credit etc. The instrument of financing is selected based on the company's requirement.

Debenture Placement

We are active in the market for placement of debentures, both secured and unsecured. We specialize in large value private placements with Institutions and banks with or without credit rating. The debentures are structured and placed at the best possible terms in the market.



Preference Share Placement

After the Union Budget 1996-97, the Preference share market has become very active with dividend income being non-taxable in the hands of the receiver. This instrument is unique in the sense that it gives additional support to the capital structure of the borrowing company with lower cost of capital depending upon the effective tax rate of the company.

Project Financing

Financial Structuring

We have considerable expertise in Project Finance. We advise our clients right from the project conception stage followed by preparation of the project report and its techno commercial appraisal by accredited institutions with optimal financial structuring.

Raise Project Loans

We arrange project loans for green field as well as expansion projects. The scope of work ranges from negotiations with the lending agencies to obtaining the final loan sanctions.

Raise Private Equity Capital

We are active in the placement of private equity capital. Promoter funds are raised by placing equity with the private investors for a period of three to five years. The placement is done with or without premium depending on the financial strength of the company. An option for the promoters to buy-back the equity at the end of a predetermined period through the option of right of first refusal can also be structured into the deal.

C. Investment Banking

Consultancy and Advisory Services

We offer consultancy and advisory services in a wide range of activities. The main focus areas are:

Joint Venture Partner Identification (Domestic/International)

This area of business focuses mainly on identification of joint venture partners for domestic as well as international players. The scope of work includes assessment of the need of corporates i.e. in terms of expertise in technical, infrastructural, financial, etc. and then identifying a suitable Joint Venture partner to give the necessary impetus to the company.

Entry Strategies For Foreign Companies

We have been planning entry strategies in India for a few multinationals. The business and the products of the international/foreign companies are properly studied and the entry strategies are cautiously planned for such companies. The scope of work includes a clear and thorough analysis of the Indian market vis-à-vis the products/services of the foreign company and its adaptability to the environmental/market factors prevailing in India. Then a conscious decision is taken regarding the timing of entry and the scope of operations, i.e., manufacturing, importing, joint venture with an Indian company if necessary, etc.



Business Re-Structuring

After the reforms process was initiated in the year 1991-92, lot of restructuring has been taking place in the Indian market. Divestitures, Mergers, Amalgamations, Closures, Joint Ventures etc. are taking place at a very rapid pace. We, provide advisory services to corporates wanting to restructure their present businesses. The scope of work includes different strategies to turn a loss making business/ventures into a profitable one through internal financial reconstruction, divestiture, joint ventures, marketing tie-ups, etc.

Mergers and Acquisitions

The economic reforms have altered old equations and the corporate sector is witnessing lot of re-structuring. Mergers and Acquisitions have become the order of the day. Expansion through new acquisitions and achieving focus through hiving off non- core, loss making business/divisions is the prevailing strategy. The scope of the company's services covers right from the initial negotiation stage to the final deal conclusion. We add tremendous value to clients because we also help them in funding these operations.

Venture Capital and Private Equity

We enable strong growth oriented companies raise capital by way of providing the following services:

- Preparation of Business and Financial Plans
- Preparation of the Information Memorandum
- Discussions and Negotiations with prospective investors
- Deal closure and Execution.

Since we have proven capabilities and track record with both companies and banks, we were able to win and execute some good mandates. We have also expanded our footprint in the investment banking space in areas of private equity, IPO advisory services, etc since our subsidiary company, Transwarranty Capital Private Limited has obtained SEBI registration as a Merchant Bank and commenced merchant banking services from April 2006.

D. BPO for Financial Services:

The company also manages a fast growing BPO services for Citi Financial Consumer Finance India Limited for marketing some of their retail banking products. The BPO business dedicated for marketing of consumer finance products on behalf of Citi has consolidated the operations by increasing the seat capacity. Encouraged by the success, we have embarked on a business strategy to elevate this business into the big league as a full-fledged Business Process Outsourcing (BPO) business.

E. Leasing & Hire purchase

We took a strategic decision to exit fund-based business in the year 2002-03 and decided to focus on fee based businesses, which happens to be our core competence.

We continue to enjoy excellent reputation in the corporate world and the financial market comprising of the Banks, Institutions, Insurance Companies, Mutual Funds, etc.



Expenditure

The following table sets out our expenses as a percentage of its total income for the fiscal years ended March 31, 2002, 2003, 2004, 2005 and 2006:

	Rs. in million				
Year ended 31st March	2002	2003	2004	2005	2006
Operational expenses	0.55	0.49	1.13	0.77	0.37
Personnel expenses	2.86	2.95	4.59	5.34	8.03
Interest and bank charges	3.00	2.95	1.33	0.50	0.12
Other expenses	3.42	3.07	3.91	8.11	6.42
Depreciation	0.49	1.33	0.72	0.55	0.38

Operational expenses consists of all cost incurred directly for the purpose of the business like data base purchase, brokerage paid, etc

Personnel expenses consist primarily of salaries and employment related benefits. We hire inter alia a team of research analysts, hardware engineers, and support staff for accounts, human resources and administrative functions, business development, dealing, etc. As our operations grow, we expect that number as well as cost of employees will increase substantially.

Interest and bank charges represent cost of our borrowings, which is negligible since we have exited fund-based business entirely.

Other expenses primarily consist of, professional charges, office expenses, rents, rates and taxes and telephone expenses

We depreciate our tangible assets and software on a written down value basis

Adjusted Profit/(Loss) after Tax

The adjusted profit/(loss) after tax consists of the net profit/(loss) after tax as per the audited statement of accounts, adjusted on account of changes in the accounting policies and the impact of material adjustments and prior period items.

Our Results of Operations

	Rs. in million				
Year ended 31 st March	2002	2003	2004	2005	2006
Total Income	11.03	11.09	13.55	19.88	52.83
Expenditure	9.82	9.46	10.96	14.73	14.95
Profit before Depreciation and Tax	1.21	1.63	2.60	5.16	37.88
Depreciation	0.49	1.33	0.72	0.55	0.38
Profit before Tax	0.72	0.30	1.88	4.61	37.50
Profit after Tax	0.47	0.19	1.14	2.98	24.79
Prior period adjustment	-	-	(0.07)	(0.27)	-
Surplus brought forward	0.11	0.14	0.14	0.16	1.58
Profit after tax available for appropriation	0.59	0.33	1.21	2.86	26.37
Appropriation					
Rate of dividend	-	-	5.00%	7.50%	10.00%
Proposed dividend	-	-	0.46	0.69	8.00
Corporate dividend tax	-	-	0.06	0.09	1.12
Transfer to General Reserve	0.45	0.15	0.30	0.50	1.00
Transfer to reserve u/s 451C of RBI Act	-	0.04	0.23	-	5.55
Surplus carried forward	0.14	0.14	0.16	1.59	10.70
Total appropriation	0.59	0.33	1.21	2.86	26.37



Total Income

Total income registered growth of 0.63%, 22.07%, 46.72% and 165.74% in the years 2002-03, 2003-04, 2004-05 and 2005-06. This was achieved on account of sustained growth in most of the existing businesses of the company and additional contribution from investment banking. With focus on business development and addition of human resources, the company should be able to sustain the high growth rate.

Expenditure

Expenditure registered growth of (3.56%), 15.63%, 34.43% and 1.49% in the years 2002-03, 2003-04, 2004-05 and 2005-06. There has been a quantum jump in expenditure in 2004 -05 due to office expansion and adjustment of salary levels in line with the prevailing market. However expenses were controlled in 2005-06 and a higher growth was achieved with the same infrastructure and human resources. However, expenses could witness increasing tendencies on account of increasing salaries and requirement of larger infrastructure.

Profit before Depreciation and Tax

PBDT registered growth of 34.71%, 59.51%, 98.46% and 634.30% in the years 2002-03, 2003-04, 2004-05 and 2005-06. Higher growth in total income combined with tighter control on expenditure resulted in excellent performance year after year.

Depreciation

Depreciation registered growth of 171.43%, (45.86%), (23.61%) (30.91%) in the years 2002-03, 2003-04, 2004-05 and 2005-06. Since there were no significant increase in fixed assets and we follow written down value method of charging depreciation, it shows negative growth. In the year 2002 – 03, depreciation has spiked on account of the depreciation charged on leased assets.

Profit after tax

PAT registered growth of (58.33%), 470%, 161.40% and 731.88% in the years 2002-03, 2003-04, 2004-05 and 2005-06. Higher growth in total income combined with tight control on expenditure and reducing depreciation resulted in sustained growth in profit after tax.

Dividend

The increase in profitability enabled declaration of increasing rate of dividend of 5%, 7.50% and 10% for the year ended 31 March 2004, 2005 and 2006 respectively.

Our primary liquidity needs have historically been to finance our capital expenditure and to some extent our working capital needs. To fund these costs, we have relied on cash flows from operations.

We offer financial services and investment banking to clients and sales & distribution of a wide range of investment products including equities, mutual funds and commodities. For ease of administration and compliance, businesses linked to different product lines are carried on by different subsidiaries. They also enable us to offer a wide range of financial services and products to our customers and cross selling opportunities.

For details of objects of the issue, please refer to the section entitled “Objects of the Issue” on page no [•] of this Draft Red Herring Prospectus.

Related Party Transactions

For details of related party transactions, please refer to the section entitled “Related Party Transactions” on page no [•] of this Draft Red Herring Prospectus.



Financial Market Risks Quantitative and Qualitative Disclosures about Market Risk

We are exposed to financial market risks from changes in interest rates and inflation

Interest rate risk

Our interest rate risk results from changes in interest rates, which may affect our financial expenses. We may bear interest rate risk with respect to temporary bank overdraft limits and other unsecured loans as the interest rate could vary in the near future.

Effect of Inflation

We are not directly affected by inflation in any significant way. However inflation does affect investor sentiment about equity investing and business confidence, thereby affecting our business volumes.

Significant Developments after March 31, 2006 that may affect the Future of our Operations

Except as stated elsewhere in this Draft Red Herring Prospectus and in compliance with AS4, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Red Herring Prospectus which materially and adversely affect or are likely to affect, the trading and profitability of the Company, or the value of the consolidated assets or their ability to pay their material liabilities within the next 12 months. Except as stated elsewhere, there are no subsequent developments after the date of the Auditor's report dated, which we believe are expected to have material impact on the consolidated reserves, profits, earnings per share or book value of the Company.

Unusual or infrequent events or transactions

Except as stated elsewhere or in the Auditor's report in this Draft Red Herring Prospectus, we are not aware of any unusual or infrequent events or transactions.

Known trends or Uncertainties

Other than as described elsewhere in this Draft Red Herring Prospectus, to the best of our knowledge, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenue or income of the Company from continuing operations.

Future relationship between costs and income

We are continuously working to create efficient processes resulting in cost reduction and have a better control over our supply chain. We expect to continue this effort of improving our technology initiatives and try and realize better margins in the future.

Other than as described elsewhere in this Draft Red Herring Prospectus, to the best of our knowledge, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on the operations and finances of the Company.

New Products or business segments

For details of new products or business segments, please refer to the section titled "Business" on page no. [•] of this Draft Red Herring Prospectus.



SECTION VI - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as stated herein, there is no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Act), or litigation for tax liabilities against the Company, its subsidiaries, promoters, or directors, and there are no defaults, non-payment or over dues of statutory dues, institutional or bank due, or dues towards holder of debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company or its subsidiaries and no disciplinary action has been taken by SEBI or any Stock Exchanges against the Company, its subsidiaries, promoters, or directors.

LITIGATION IN RELATION TO OUR COMPANY

A. Cases filed by our Company -

1. Our Company has filed a criminal complaint with the Additional Commissioner of Police (Economic Offences Wing), Brihan Mumbai on July 29, 2005 against Miracle Alcast Private Ltd. (MAPL), Pune, under sections 420, 465, 467, 468, 471 of the Criminal Procedure Code. Under said case, MAPL had approached our Company for arranging clean bills discounting facility and on the said request we had arranged for the same from various lenders. Subsequently, due to delay in the repayment schedule, we immediately investigated into the matter and found that the documents were forged. With a view to safeguard the interest of various lenders, this criminal complaint was filed. The case is pending for trial before the Hon'ble Sessions Court, Mumbai. In the meanwhile, the Hon'ble Court has granted bail to the accused against their undertaking to repay the amounts to the lenders as per a schedule. The amount involved in the case is Rs. 1,14,83,798/- payable by MAPL to various lenders. The said case was filed to safe guard the interest of the various lenders, though there is no financial liability on our Company. The next date of hearing is on August 05, 2006.
2. Our Company has filed a criminal complaint with the Additional Commissioner of Police (Economic Offences Wing), Brihan Mumbai, on November 04, 2004, against Majestic Impex Pvt. Ltd. (Majestic) under sections 464, 465, 467, 468, 471, 420, 110 of the Indian Penal Code 1860. On October 07, 2004, Majestic submitted to our Company a bill of exchange for Rs. 48,12,500/- drawn by Majestic and accepted by Mervin Exporters, under a letter of credit (L/C) opened by Punjab National Bank – CBD Belapur Branch. On receiving the L/C, the Company negotiated the same with the South Indian Bank Limited, Fort Branch, which discounted the said bill of exchange after the Bank official personally collected the L/C confirmation from PNB.

Subsequently, our Company received two more documents for discounting of bills of exchange under the L/C involving the same parties and the same bank, which were again negotiated with South Indian Bank. In this case also the bank officer personally collected LC confirmation from PNB. As a random check when we tried to obtain signature verification letter from another Branch of PNB, our Company detected that the documents were forged and informed South Indian Bank accordingly. With a view to protect the interest of South Indian Bank we filed the case and there is no direct financial liability on our Company. The next date of hearing is on June 17, 2006.

3. Our Company has filed a criminal complaint with the Addl. Commissioner of Police (Economic Offences Wing), Marine Drive, Mumbai on September 30, 2004, against Hindustan Trading Corporation and Mr. Madhuprasad Shetty as the prime suspect, under sections 465, 467, 468, 471, 420, 511 of the Indian Penal Code 1860. The said Mr. Shetty was known to our Company from his previous job and approached our Company on behalf of Hindustan Trading Corporation for discounting the bills drawn under a letter of credit (L/C) opened by Indian Bank – Goa Branch along with the supporting documents for an amount of Rs. 10 million. As



per our Company's regular practice, we called up the said bank for verifying the L/C, which informed our Company that no such L/C had been opened by the bank. This created a doubt regarding the genuineness of the L/C, which led us to file the criminal complaint with Economic Offences Wing (EOW), Mumbai.

4. Our Company has filed a criminal complaint with the Addl. Commissioner of Police (Economic Offences Wing), Brihan Mumbai, Mumbai which was acknowledged by the Police on May 21, 2004, against one Mr. Hitesh H. Shah as the prime suspect. The said Mr. Shah approached our Company for discounting the bills drawn under a letter of credit (L/C) opened by UCO Bank – Gwalior Branch along with the supporting documents for an amount of Rs. 12 million. The L/C format did not conform to the standard format and thus our Company refused to accept the documents. On May 19, 2004, a partner of Mr. Hitesh Shah approached our Company with two new L/Cs opened by UCO Bank – Gwalior Branch in the standard format. As per regular practice, we called up the said bank for verifying the L/C, which informed us that no such L/C had been opened by the bank. This created a doubt regarding the genuineness of the L/C, which led us to file the criminal complaint with EOW, Mumbai. Subsequently, the manager in charge of the business has personally recorded his statement before EOW explaining the details of the case.

B. Cases against our Company

There are no cases filed against our Company.

LITIGATION INVOLVING OUR PROMOTERS AND DIRECTORS

There is no direct litigation pending against our Promoter and Directors as on date of filing this Draft Red Herring Prospectus. However, the following are the litigations in which our Chairman, Mr. Suresh Talwar is made a party in his capacity as a director of other companies:

Mr. Suresh Talwar, Non-Executive Chairman and Alternate Director

1. Case (CC 1157/02) was filed by Electronica Finance Limited (formerly known as Electronica Leasing & Finance Ltd.) against Jog Engineering Ltd. ("JEL") and others including our Chairman, Mr. Suresh Talwar, in his capacity as a director of JEL at the time of issue of the cheque by JEL. The complaint has been filed in the court of the Judicial Magistrate First Class (A.C. Court) Pune on June 24, 2002. On January 14, 2006, Consent Terms were signed between the parties whereby JEL has agreed to pay the outstanding amount in installments within a period of 11 months from the date of the Consent Terms. Accordingly, JEL issued 11 post dated cheques, out of which 5 have been duly encashed. The last installment falls due in November, 2006. Mr. Talwar has ceased to be a director of JEL with effect from March 27, 2003. M/s. Electronica Leasing and Finance Co. has agreed to withdraw the case on the satisfaction of the Consent Terms.
2. Case (CC 1524/02) filed by Pam-Pac Machines Pvt. Ltd. against Jog Engineering Ltd. ("JEL") and others including our Chairman Mr. Suresh Talwar, in his capacity as a director of JEL at the time of issue of the cheque by JEL. The complaint has been filed in the court of the Judicial Magistrate First Class at Vadgaon Maval, District Pune on August 20, 2002. On January 7, 2006, a Memorandum of Understanding was entered into between the parties, pursuant to which JEL has agreed to pay the outstanding amount in 6 equal installments from the date of the Memorandum of Understanding. Accordingly, JEL has duly paid 5 installments and the last installment is due in June 2006. Mr. Talwar has ceased to be a director of JEL with effect from March 27, 2003. Pam-Pac Machines Pvt. Ltd. has agreed to withdraw the case on the satisfaction of the Memorandum of Understanding.

Other than as stated above, there is no outstanding litigation involving our Promoters and Directors.



LITIGATION INVOLVING OUR PROMOTER GROUP COMPANIES/GROUP COMPANIES

There is no outstanding litigation involving our Promoter Group companies/Group companies.

OUTSTANDING LITIGATIONS INVOLVING OUR COMPANY'S SUBSIDIARIES

There is no outstanding litigation involving our Company's subsidiaries.

PAST CASES IN, WHICH PENALTIES WERE IMPOSED

There are no penalties imposed by the concerned authorities on our Company or our Directors.

POTENTIAL LITIGATION

There is no potential litigation against our Company.



MATERIAL DEVELOPMENTS

Apart from the changes mentioned elsewhere in this Draft Red Herring Prospectus, which have occurred since the date of the last financial statements disclosed (i.e. March 31, 2006) in this Draft Red Herring Prospectus, the Board of Directors are not aware of any circumstances that materially or adversely affect or are likely to affect the profitability of our Company or the value of our assets or our ability to pay our liabilities within the next twelve months.



GOVERNMENT/STATUTORY AND BUSINESS APPROVALS

In view of the approvals listed below, we can undertake this issue and our current business activities and no further approvals are required from any Government authority for us to continue our activities.

Investment Approvals (FIPB/ RBI, etc.)

As per Notification No. FEMA 20/2000 - RB dated May 03, 2000, as amended from time to time, under automatic route of Reserve Bank, we are 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

On the basis of the approvals listed below, we are permitted to carry on our business activities and no further major approvals are required to be obtained by the Company from any government authorities/RBI to continue these activities.

It must be distinctly understood that, in granting these licences, the Government/ RBI and various Government agencies do not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

Our Company has received the following government approvals/licenses/permissions:

A. Incorporation related –

1. Certificate of Incorporation No. 11-80220 dated August 09, 1994 issued by Registrar of Companies, Maharashtra, Mumbai.
2. Certificate for Commencement of Business dated August 30, 1994 issued by Registrar of Companies, Maharashtra, Mumbai.
3. Registration vide certificate no. A-II/025777 under the Bombay Shops and Establishment Act, 1948.

B. RBI Approval –

Our company had received Certificate No. 13.00971 dated August 06, 1998 issued by the Reserve Bank of India to commence/carry on the business of non-banking financial institution with acceptance of Public Deposits. However, subsequently on our application for converting us from Deposit taking NBFC to Non Deposits taking NBFC the Reserve Bank of India has issued Certificate No. B - 13.00971 to commence/carry on the business of non-banking financial institution without accepting public deposits w.e.f. May 12, 2005. Further, on our request, RBI has issued a fresh certificate of registration bearing no. B – 13.00971 dated May 12, 2006 in our changed name “Transwarranty Finance Limited.”



C. Income Tax related –

1. Permanent Account No. AAAC3959J issued by the Income Tax Department, Government of India.
2. Tax Deduction Account Number MUMTO4671C issued by the Income Tax Department (Tax Deducted at Source), Mumbai.
3. Professional Tax Registration No: PT/R/1/1/21/28511 issued by the Profession Tax Officer, Mumbai on December 17, 1996.

D. Service Tax related-

Certificate of Registration No. BFS/M-1/782 dated October 21, 2004 issued by the Superintendent, Service Tax, Government of India.

E. Labour Law related-

1. Establishment Code No: MH/41063 issued by the Provident Fund Commissioner, Mumbai under the Employee's Provident Fund and Miscellaneous Provisions Act.
2. Master Policy No. GGCA/692018 dated April 02, 2006 issued by the Life Insurance Corporation of India as required under the Payment of Gratuity Act, 1972.



OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares has been authorized by a special resolution passed under Section 81(1A) of the Companies Act at the Annual General Meeting of the shareholders held on May 11, 2006.

Prohibition by SEBI

Our Company, our Directors, our Promoters, our group companies, other companies promoted by our promoters, natural persons in control of the bodies corporate forming part of the promoter group and companies with which our Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Eligibility for the Issue

Our Company is not eligible to make a public issue of Equity Shares in terms of sub clause (a) of clause 2.2.1 of the SEBI Guidelines.

Our Company has received the certificate dated May 6, 2006 from Haridas Associates, Chartered Accountants statutory auditors of the company, certifying the following: -

Our Company is not eligible to make a public issue of Equity Shares in terms of per sub clause (a) of clause 2.2.1 of the SEBI Guidelines. The Issue is subject to the fulfillment of the following conditions as required by clause 2.2.2 of the SEBI Guidelines:

- a) The issue is made through the book building process, with at least 50% of the Net Issue to Public (being 2,950,000 shares), being allotted to the Qualified Institutional Buyers (QIB's), failing which the full subscription monies shall be refunded; and
- b) The minimum post issue face value capital of the company shall be Rs.100 million.

Our Company undertakes that the number of allottees in the Issue shall be at least 1000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Further, if at least 50% of the Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE

AS REQUIRED A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS 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 OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, IDBI CAPITAL MARKET SERVICES LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION 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 COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, IDBI CAPITAL MARKET SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JUNE 5, 2006 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- I. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.
- II. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY. WE CONFIRM THAT:
 - A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANOTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.
- III. WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
- IV. WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE NETWORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.
- V. WE CERTIFY THAT WRITTEN CONSENT HAS BEEN OBTAINED FROM THE PROMOTERS FOR INCLUSION OF THEIR SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM AN PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE SOLD/DISPOSED/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER FOR ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.



COMPANY DISCLAIMER

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisement or in any other material issued by or at our instance and any one placing reliance on any other source of information would be doing so at his/her/their own risks.

The BRLM does not accept any responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLMs and us and the Underwriting Agreement to be entered into between the Underwriters and us.

All information will be made available by us and the BRLMs to the public and the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India) who are majors, Hindu Undivided Families, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian laws. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to securities issued hereby in any other jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been submitted to the SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED (BSE)

As required a copy of this Draft Red Herring Prospectus has been submitted to BSE. The BSE has given the permission to the Company vide its letter dated [•] to use their name in this Draft Red Herring Prospectus as one of the stock exchanges on which Equity Shares of the Company being issued in terms of this Draft Red Herring Prospectus are proposed to be listed. The BSE has scrutinized this Draft Red Herring Prospectus for their limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by the BSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by BSE nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the BSE nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of this Company.



Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to an independent inquiry or any investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

As required a copy of this Draft Red Herring Prospectus has been submitted to the NSE. The NSE has given the permission to the Company vide its letter dated [•] to use their name in this Draft Red Herring Prospectus as one of the stock exchanges on which Equity Shares of the Company being issued in terms of this Draft Red Herring Prospectus are proposed to be listed. NSE has scrutinized this Draft Red Herring Prospectus for their limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to an independent inquiry or any investigation and analysis and shall not have any claim against the exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER CLAUSE OF THE RBI

Our Company is having a valid Certificate of Registration issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinions expressed by the Company and for the repayment of deposits/discharge of liabilities by the Company.

UNDERTAKINGS FROM PROMOTERS AND DIRECTORS

The issuer accepts full responsibility for the accuracy for the information given in this Draft Red Herring Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, their omission of which makes any statement in this Draft Red Herring Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The issuer further declares that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this issue or for the price at which the equity shares are offered or for the correctness of the statement made or opinions expressed in this Draft Red Herring Prospectus. The promoters/directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of the Draft Red Herring Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed /withheld and/or amounts to a misstatement/misrepresentation, the promoters/directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.



FILING

A copy of this Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the ROC, Maharashtra, Mumbai and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with ROC. A copy of the Draft Red Herring Prospectus has been filed with SEBI, Mumbai.

LISTING

The Equity Shares issued through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). In-principle approval for listing of the equity shares of the Company from BSE has been received vide their letter dated [●] and from NSE vide letter dated [●].

In case, the permission for listing of the equity shares is not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within 8 days after the day from which the Issuer 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 that money with interest as prescribed under Section 73 of the Companies Act, 1956.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalization and adoption of the Basis of Allotment for this Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Companies Act, 1956 which is reproduced below:

“Any person who-

- a. makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or**
- b. otherwise induces a Company to allot or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”**

Consents

Consents in writing of: (a) the Directors, the Company Secretary, the Auditors, Legal Advisor, Bankers to the Company, Escrow Collection Banks and Bankers to the Issue; and (b) Book Running Lead Manager to the Issue, Syndicate Members and Registrars to the Issue, to act in their respective capacities, shall be obtained and filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Maharashtra at Mumbai as required under Section 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the offer document for registration.

Haridas Associates, Chartered Accountants, our statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration to the Registrar of Companies, Maharashtra, Mumbai.



Haridas Associates, Chartered Accountants, have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Draft Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of this Draft Red Herring Prospectus for registration with the Registrar of Companies, Maharashtra, Mumbai.

Expert Opinions

Our Company has not obtained any expert opinion apart from whatever is already mentioned in this Draft Red Herring Prospectus.

Expenses of the Issue

Details of fees payable are estimated as follows:

Sr. No.	Particulars	Amount (Rs. in Lacs)	% of Total Issue Expenses	% of Total Issue Size
1.	Lead Management, Underwriting and Selling Commission	[•]	[•]	[•]
2.	Advertisement & Marketing Expenses	[•]	[•]	[•]
3.	Printing & Stationery, Distribution, Postage, etc.	[•]	[•]	[•]
4.	Other Expenses (incl. Fees of Registrar, Legal Advisor, Auditors and Tax Auditors, Filing Fees, Listing Fees, Depository Charges, etc.)	[•]	[•]	[•]
	Total	[•]	[•]	[•]

Fees Payable to BRLM

The total fees payable to the BRLM will be as per the Memorandum of Understanding signed amongst the Company and the BRLM, a copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with the Registrar, copy of which is available for inspection at our Registered Office.

The Registrar will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses, etc. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds to unsuccessful applicants.

Others

The total fees payable to the Legal Advisor, Auditors and Tax Auditors will be as per the terms of their respective engagement letters.

Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and selling commission for the Issue is as set out in the Syndicate Agreement amongst our Company, the BRLM and Syndicate Members. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue Price and amount underwritten in the manner mentioned in the Draft Red Herring Prospectus.

Previous Public or Rights Issues (during the last five years)

We have not made any public or rights issue during last five years.



Commission or Brokerage on Previous Issues

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since its inception.

Outstanding Debenture or Bond Issues

As on the date of filing of this Draft Red Herring Prospectus, the Company does not have any outstanding Debenture or Bond Issue.

Outstanding Preference Shares

As on the date of filing of this Draft Red Herring Prospectus, the Company does not have any outstanding preference shares.

Issue of Shares Otherwise than for Cash

We have not made any issue of shares otherwise than for cash.

Companies under the same Management

There is no listed company under the same management within the meaning of Section 370 (1B) of the Companies Act.

Option to Subscribe

Equity shares being offered through this Draft Red Herring Prospectus can be applied for in dematerialized form only.

Stock Market Data for our Equity Shares

This being an initial public issue of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Particulars in regard to Public Issue during the last three years

We have not made any public issues during the last five years.

Promise vis-à-vis Performance

The Company did not make any issue in past so the performance of the company vis-à-vis the projection is not applicable.

Listed Ventures of Promoter

No listed company promoted by our promoters has made any capital Issue during the last three years.

Investors' Grievances Redressal Mechanism

The agreement between the Registrar to this Issue and us will provide for retention of records with the Registrar to this Issue for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and making refunds as per the modes disclosed to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to this Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.



We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed a Share Transfer and Investor Grievance Committee. For details please refer to Section titled “Our Management” beginning on page [●] of the Draft Red Herring Prospectus.

Our Company has appointed Mr. Sreedhar Hirimbi, as the Compliance Officer and he may be contacted at Transwarranty Finance Limited, 403, Regent Chambers, Nariman Point, Mumbai – 400 021, Tel No: +91 22 2204 7965/66/6630 6090/91; Fax No: +91 22 6630 6655; Email: ibank@transwarranty.com. Investors can contact him for redressal of any complaints.

Changes in Auditors during the last three financial years and reasons thereof

There have been no changes of the Auditors of our Company for the last three years.

Capitalisation of Reserves or Profits

We have not capitalised its reserves or profits at any time since inception.

Revaluation of Assets

We have not revalued our assets in the past five years.



SECTION VII – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company, conditions of RBI approval, the terms of this Draft Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note (“CAN”) and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, ROC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue of equity shares has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956 at the Annual General Meeting of the Shareholders held on May 11, 2006.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles of Association and shall rank *pari passu* in all respects with the other existing shares of the Company including in respect of the rights to receive dividends.

Mode of payment of dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being offered in terms of this Draft Red Herring Prospectus at a total price of Rs. [●] per share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws. The issue price is [●] times the face value of the equity shares.

Compliance with SEBI Guidelines

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time. In this regards we have appointed Mr. Sreedhar Hirimbi as the Compliance Officer.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Articles of Association of the Company.

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer to the section titled 'Description of Equity Shares and Terms of the Articles of Association of our Company' on page no. [●] in this Draft Red Herring Prospectus.



Market Lot

The Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares is in dematerialized mode, the tradable lot is one equity share. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form, in multiple of one equity share, subject to a minimum allotment of [•] Equity Shares. For details of allocation and allotment, please refer to the section titled 'Issue Procedure' on page no. [•] of this Draft Red Herring Prospectus.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Mumbai, Maharashtra, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidder, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered/Corporate Office or to our Registrar and Transfer Agents.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the equity shares; or
- to make such allotment of the equity shares, as the deceased holder could have made.

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

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the net offer to public including devolvment of Underwriters within 60 days from the date of closure of the issue, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as prescribed under Section 73 of the Companies Act.



Arrangement for disposal of odd lot

Our shares will be traded in dematerialized form only and therefore the marketable lot is one (1) Equity Share. Hence, there is no possibility of any odd lots.

Withdrawal of the Issue

The Company in consultation with the BRLM reserves the right not to proceed with the Issue at any time including after the Bid Closing Date without assigning any reason thereof.

Subscription by NRIs/FIIs/Foreign Venture Capital Funds registered with SEBI

As per the extant policy of the Government of India, OCBs cannot participate in this Issue.

As per the current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, there exists a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of an Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the RBI and/or SEBI regulations as may be applicable to such investors. Based on the above provisions, it will not be necessary for the investors to seek separate permission from the FIPB/ RBI for this specific purpose. However, it is to be distinctly understood that there is no reservation for NRIs, FIIs and foreign venture capital funds registered with SEBI and all NRI, FII and foreign venture capital funds registered with SEBI applicants will be treated on the same basis with other categories for the purpose of allocation.

The allotment of the Equity Shares to Non-Residents shall be subject to the conditions as may be prescribed by the Government of India/RBI while granting such approvals.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.



ISSUE PROCEDURE

BOOK BUILDING PROCEDURE

In terms of Clause 2.2.2 of the SEBI Guidelines, the Issue is being made through the 100% Book Building Process wherein a minimum of 50% of the Net Issue shall be available for allocation on a proportionate basis to QIBs. 5% of 50% portion of QIBs shall be specifically available for Mutual Funds registered with SEBI. However, these Mutual Funds participating in QIB category will also be eligible for allotment in the remaining portion available for other QIBs, available to QIBs. Further, up to 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. We, in consultation with the BRLM reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the bidder at the time of rejection of bid. In case of Non Institutional Bidders and Retail Bidders we would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the Bid-cum-Application Form bearing the stamp of a member of the Syndicate for making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, despatch of the CAN and filing of the Prospectus with the ROC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in this Draft Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the ROC and as would be required by the ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Eligible Employees	Pink
Indian Public or NRIs applying on a non-repatriation basis	White
Non-residents including NRIs, FIIs, Foreign Venture Capital Fund applying on repatriation basis	Blue

Who Can Bid?

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity Shares;
4. Indian mutual funds registered with SEBI;



5. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI regulations, as applicable);
6. Venture capital funds registered with SEBI;
7. Foreign venture capital investors registered with SEBI subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Offer;
8. FIIs registered with SEBI subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Offer;
9. State Industrial Development Corporations;
10. Insurance companies registered with the Insurance Regulatory and Development Authority;
11. Provident funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in Equity Shares;
12. Pension funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in Equity Shares;
13. Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorized under their constitution to hold and invest in Equity Shares;
14. Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable local laws; and
15. Scientific and/or industrial research organizations authorized under their constitution to invest in Equity Shares.
16. Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Offer;

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

Application by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 147,500 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No Mutual Fund Scheme shall invest more than 10% of its net asset value in the Equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No Mutual fund under all its schemes should own more than 10% of any company's paid up capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which the application is being made.

Under the SEBI Guidelines 5% of the QIB portion i.e. **147,500** shares shall be available for allocation on a proportionate basis for Mutual Funds only.



As per current regulations, the following restrictions are applicable for investment by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of the Company (i.e. 10% of 14,000,000 Equity Shares). In respect of an FII investing in Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the Company. As of now, the aggregate FII holding in the Company cannot exceed 24% of the total paid-up capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as of this date, no such resolution has been recommended for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of “know your client” requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of our Company's paid-up capital.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

(a) For Eligible Employees: The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter, subject to maximum of 100,000 Equity Shares.

(b) For Retail Individual Bidders: The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter, subject to maximum Bid amount of Rs. 100,000. In case the maximum Bid amount is more than Rs. 100,000 then the same would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(c) For Non-Institutional Bidders and QIBs Bidders: The Bid must be for a minimum of such Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.



In case of revision of bids, the Non Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, the same would be considered for allocation under the Retail portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at 'cut-off'.

Bidding Process

- (a) Our Company will file the Red Herring Prospectus with the ROC.
- (b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
- (c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid-cum-Application Form can obtain the same from our corporate office or from any of the BRLM/Syndicate Members.
- (d) Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLM or Syndicate Member or their authorized agent(s) to register their Bid.
- (e) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Bidding

- a) Our Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with ROC, and also publish the same in one English national daily, one Hindi national daily and one regional daily newspaper. This advertisement shall contain the disclosures as prescribed under SEBI Guidelines. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Issue Period.
- b) The Bidding Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in two national newspapers (one each in English and Hindi) and a regional newspaper also by indicating on the websites of the BRLM and at the terminals of the members of the Syndicate the Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days.
- c) Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" below) and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- d) The Bidder cannot bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph 'Build up of the Book and Revision of Bids' on page no. [●] of this Draft Red Herring Prospectus.



- e) During the Bidding Period, Bidders may approach the Syndicate Member to submit their Bid. Every Syndicate Member shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
- e) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph 'Terms of Payment' on page no. [•] of this Draft Red Herring Prospectus.
- g) The BRLM and Syndicate Member will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRS's for each Bid-cum-Application Form. It is the responsibility of the Bidder to obtain the TRS from the members of the Syndicate.

Bids at Different Price Levels

- (a) The Price Band has been fixed at Rs. [•] to Rs. [•] per Equity Share of Rs. 10 each, Rs. [•] being the Floor Price and Rs. [•] being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re 1. In accordance with SEBI Guidelines, the Company in consultation with the BRLM can revise the Price Band by informing the stock exchanges, releasing a press release, disclosure on the website of the members of the Syndicate, if any and notification on the terminal of the members of the Syndicate. In case of a revision in the Price Band, the Issue will be kept open for a period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. The Company in consultation with BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- (b) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**
- (c) Retail Individual Bidders, who bid at the Cut-Off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account.
- (d) The Price Band can be revised during the Bidding Period in which case the maximum revisions on either side of the Price Band shall not exceed 20% fixed initially.
- (e) Any revision in the Price Band shall be widely disseminated including by informing the Stock Exchanges, issuing Press Release and making available this information on the Bidding terminals.
- (f) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [•] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut Off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the Revised Price Band, with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.100,000, the Bid will be considered for allocation under the Non Institutional category in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for



shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off.

- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account

Escrow Mechanism

Escrow Account

Our Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of this Draft Red Herring Prospectus and an Escrow Agreement to be entered into amongst the Company, the BRLM, Escrow Bankers and Registrar to the Issue. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. Payments of refunds to the Bidders shall also be made from the Escrow Account as per the terms of the Escrow Agreement and this Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Registrar to the Issue and BRLM to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

Each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph 'Payment Instructions' on page no. [•] of this Draft Red Herring Prospectus) and submit the same to the member of the Syndicate with whom the Bid is being deposited. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank. The Escrow Collection Bank will hold all monies collected for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank shall transfer the funds in respect of those Bidders whose Bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amounts after the transfer to the Public Issue Account, lying credited with the Escrow Collection Banks shall, on the Designated Date be transferred to the Refund Account, held by the Refund Banker for the benefit of the Bidders who are entitled to a refund. No later than 15 days from the Bid/Issue Closing Date, the Refund Banker shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation, to the Bidders.

Each category of Bidders (i.e., QIBs, Non Institutional Bidders and Retail Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The details of the Margin Amount payable is mentioned under the section titled 'Issue Structure' on page no. [•] of this Draft Red Herring Prospectus and will be available with the Syndicate and will be as per the Syndicate Agreement. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by



the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 days from the date of communication of the allocation list to the Syndicate Members by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Rate for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid Form. The excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder as per the modes of payment of refund as detailed in page no. [•] within 15 days from the Bid/Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity to each city where the Bids are accepted.
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Member and their authorized agents during the Bidding Period. Syndicate Member can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be displayed on-line at all bidding centers and at the website of the BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centers during the Bidding/Issue Period. This information can be accessed on BSE's website at www.bseindia.com or on NSE's website at www.nseindia.com.
- (d) At the time of registering each Bid, the Syndicate Member shall enter the following details of the investor in the on-line system:
 - Name of the investor
 - Investor Category such as Individual, Corporate, NRI, FII or Mutual Fund, etc.
 - Numbers of Equity Shares bid for
 - Bid price
 - Bid-cum-Application Form number
 - Whether payment is made upon submission of Bid-cum-Application Form
 - Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to request and obtain the TRS from the members of the Syndicate.** The registration of the Bid by the Syndicate Member does not guarantee that the Equity Shares shall be allocated either by the Syndicate Member or the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) We, in consultation with the BRLM reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the bidder at the time of rejection of bid. In case of Non Institutional Bidders, Retail Bidders and Employees we would have a right to reject the Bids only on technical grounds listed on page no. [•] in this Draft Red Herring Prospectus.
- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or



construed to mean that the compliance with various statutory and other requirements by our Company and BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.

- (i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Syndicate Member. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (h) Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allotment. In case of discrepancy of data between NSE or BSE and the Syndicate Member, the decision of the BRLM based on physical records of Bid cum Application Forms shall be final and binding to all concerned.



Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.
- (b) Our Company and BRLM shall finalise the "Issue Price", the number of Equity Shares to be allotted and the allocation to successful QIB Bidders.
- (c) The allocation for QIBs for a minimum of 60% of the Issue (including 5% specifically reserved for Mutual Funds) would be on a proportionate basis in consultation with Designated Stock Exchange subject to valid bids being received at or above the Issue Price. The allocation to Non-Institutional Bidders, and Retail Individual Bidders of up to 10% and 30% of the Issue, respectively, would be on proportionate basis, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (d) Under subscription, if any, in Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of the Company and BRLM.
- (e) Allocation to eligible NRIs or FIIs or Foreign Venture Capital Fund registered with SEBI, applying on repatriation basis will be subject to the terms and conditions stipulated by RBI.
- (f) The BRLM, in consultation with us, shall notify the Syndicate Member of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allotment.
- (h) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the closure of Bidding.
- (i) The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and ROC Filing

- (a) The Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Advertisement Regarding Issue Price And Prospectus

A statutory advertisement will be issued by us after the filing of the Prospectus with the ROC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between this Draft Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

After the determination of Issue Price, the following steps would be taken

- (a) The BRLM or Registrar to the Issue shall send to the Syndicate Member a list of their Bidders who have been allocated Equity Shares in the Issue.



- (b) The BRLM or Syndicate Members would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder.

Designated Date and Allotment of Equity Shares

- (a) After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would ensure allotment of the Equity Shares to the allottees within two days of the finalization and adoption of the basis of allotment.
- (b) All allottees will receive credit for the Equity Shares directly in their depository account. **Equity Shares will be issued only in the dematerialized form to the allottees.** Allottees will have the option to re-materialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

We would ensure the allotment of Equity Shares within 15 days of Bid/Issue Closing Date and also ensure that credit is given to the allottees' depository accounts within two working days from the date of allotment.

GENERAL INSTRUCTIONS

Do's:

- a) Check if you are eligible to apply;
- b) Complete the Bid-cum-Application Form after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and Beneficiary Account are correct, as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit Revised Bids to the same member of the Syndicate through whom the Original Bid was placed and obtain a revised TRS;
- g) Ensure that the bid is within price band;
- h) Investors must ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case, the Bid-cum- Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same sequence as they appear in the Bid-cum- Application Form;
- i) If your Bid is for Rs. 50,000 or more, ensure that you mention your PAN allotted under the I.T. Act and ensure that you have attached a copy of your PAN card with the Bid cum application Form. In case the PAN has not been allotted, mention "Not Allotted" in the appropriate place.

**Don'ts:**

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/revise Bid price to less than the lower end of the price band or higher than the higher end of the price band;
- c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the member of the Syndicate;
- d) Do not pay the Bid amount in cash;
- e) Do not provide your GIR number instead of your PAN.
- f) Do not send Bid-cum-Application Forms by post; instead submit the same to members of the Syndicate only;
- g) Do not Bid at cut off price (for QIBs and non-institutional bidders);
- h) Do not fill up the Bid-cum-Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and
- i) Do not submit Bid accompanied with Stock invest.
- j) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.

Instructions for Completing the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the BRLM or Syndicate Member.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or Foreign Venture Capital Fund applying on repatriation basis)
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum- Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid amount of Rs. 100,000/-.
- (d) For Bidders under the Employees Reservation Portion, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum of [●] Equity Shares.
- (e) For Non-institutional and QIB Bidders, Bids must be for a minimum Bid Amount of Rs. [●] and in multiples of [●] Equity Shares thereafter. All Individual Bidders whose maximum bid amount exceeds Rs. 100,000 would be considered under this category. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- (f) In single name or in joint names (not more than three).
- (g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.



Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN, WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM 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 BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant- Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for making refunds and occupation ("Demographic Details"). Hence, Bidders are advised to immediately update their bank account details including Magnetic Ink Character Recognition (MICR) Code (a nine-digit code appearing on a cheque leaf) as appearing on the records of the depository participant, and carefully fill in their Depository Account details in the Bid cum Application Form. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Company nor the Refund Banker nor the Registrar shall have any responsibility and undertake any liability for the same.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and making refunds as per the modes disclosed and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid cum Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Allocation Advice/CANs/refund orders/refund advice would be mailed at the address of the Bidders as per the Demographic Details received from the Depositories. Bidders may note that delivery of allocation advice/CANs/ refund orders/ refund advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In the case of refunds through electronic modes as detailed in page no. [●] of this Draft Red Herring Prospectus, Bidders may note that refund may get delayed if the bank particulars obtained from the Depositories are incorrect.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.



In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid-cum-Application form, subject to such terms that we may deem fit.

Bids by Eligible Employees

For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees/directors of our Company, and/or our subsidiary companies as on the date of submission of the Bid-cum-Application Form.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- a. Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. Pink colour form).
- b. Eligible Employees, as defined above, should mention the following at the relevant place in the Bid-cum-Application Form, in addition to other details contained therein:
- c. Employee Number
- d. The sole/ first bidder should be Eligible Employees as defined above.
- e. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- f. Only those Bids by Eligible Employees, which are received at or above the Issue Price, would be considered for allocation under this category.
- g. Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. This facility is not available to Eligible Employees whose minimum Bid amount exceeds Rs. 100,000.
- h. The maximum bid in this category by any Eligible Employee cannot exceed 100,000 shares.
- i. Bid/Application by Eligible Employees can also be made in the "Net Issue to the Public" Portion and such Bids shall not be treated as multiple Bids.
- j. If the aggregate demand in this category is less than or equal to 100,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- k. Under-subscription in this category would be added back to the Non-Institutional and Retail Individual Bidders category in the ratio of 50:50. In case of under-subscription in the Net Issue to the Public Portion, spillover to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
- l. If the aggregate demand in this category is greater than 100,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to Para "Basis of Allotment or Allocation" on page [•] of this Draft Red Herring Prospectus.



Bids by NRIs

NRI bidders to comply with the following:

- Individual NRI bidders can obtain the Bid cum Application Forms from our Registered Office, 403, Regent Chambers, Nariman Point, Mumbai – 400 021 or the Registrars to the Issue or Syndicate Member.
- NRI bidders may please note that only such bids as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for resident Indians.

Bids by Eligible NRIs and FIIs on a repatriation basis

Bids and revision to Bids must be made:

On the Bid cum Application Form or the Revision Form, as applicable (blue in color), and completed in full in **BLOCK LETTERS in ENGLISH** in accordance with the instructions contained therein.

In a single name or joint names (not more than three).

By FIIs for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs.100,000/- and in multiples of [•] Equity Shares thereafter.

For further details, please refer to the section titled 'Issue Procedure - Maximum and Minimum Bid Size' on page no. [•] of this Draft Red Herring Prospectus.

Bids by NRIs for a Bid Amount of up to or less than Rs. 100,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000/- would be considered under Non Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund registered with SEBI for a minimum of such number of Equity Shares and in multiples of [•] Equity Shares thereafter so that the Bid Amount exceeds Rs. 100,000; for further details see “- Maximum and Minimum Bid Size”.

In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund registered with SEBI but not in the names of minors, firms or partnerships, foreign nationals or their nominees or OCB's.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money payable upon submission of the Bid-cum-Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for eligible NRIs and FIIs. All eligible NRIs and FIIs will be treated on the same basis with other categories for the purpose of allocation.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to



“qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Payment Instructions

We shall open an Escrow Account with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account:

- (a) The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid-cum-Application Form draw a payment instrument for the Bid Amount in favor of the Escrow Account and submit the same to the members of the Syndicate.
- (b) In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member by the BRLM.
- (c) The payment instruments for payment into the Escrow Account should be drawn in favor of:
 - (i) In case of resident QIBs: **“Escrow Account - Transwarranty Finance Public Issue – QIB-R”**
 - (ii) In case of non resident QIB Bidders: **“Escrow Account – Transwarranty Finance Public Issue – QIB-NR”**
 - (iii) In case of Resident Retails and Non Institutional Bidders: **“Escrow Account – Transwarranty Finance Public Issue”**
 - (iv) In case of Non Resident Retail and Non Institutional Bidders: **“Escrow Account – Transwarranty Finance Public Issue – NR”**
 - (v) In case of Employees: **“Escrow Account – Transwarranty Finance Public Issue – Employees”**
- (d) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
- (e) In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
- (f) Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder by the Refund Banker from the Refund Account.
- (g) The monies deposited in the Escrow Account will be held for the benefit of the Bidders until Designated Date.



- (h) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account with the Bankers to the Issue. Further, on the Designated Date, the Escrow Collection Banks shall transfer all amounts liable to be refunded to unsuccessful bidders and the excess amounts paid on Bidding to the Refund Account held by the Refund Banker for the benefit of the Bidders entitled to a refund.
- (i) On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Refund Banker shall, from the Refund Account, refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any.

Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/ postal orders will not be accepted.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.001/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Syndicate Member at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection center of the Syndicate Member will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favor of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. We reserve the right to reject, in our absolute discretion to accept or reject, all or any multiple Bids in any or all categories.



Permanent Account Number (PAN)

Where Bid(s) is/are for Rs. 50,000/- or more, the Bidder or in the case of an Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid Cum Application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

Unique Identification Number - MAPIN

With effect from July 1, 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (UIN) and the requirement to contain/quote UIN under the MAPIN Regulations/ Circulars vide its circular MAPIN/Cir-13/2005.

Our Right to Reject Bids

We and the BRLM reserve the right to reject any QIB Bid provided the rejection is at the time of receipt of Bid and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of Bid. In case of Non-Institutional Bidders and Retail Individual Bidders, we and the BRLM have a right to reject bids based on technical grounds. Consequent refunds shall be made as per the modes disclosed.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected among others on the following technical grounds:

- 1) Amount paid doesn't tally with the highest number of Equity Shares bid for;
- 2) Age of First Bidder not given;
- 3) Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
- 4) PAN not given if Bid is for Rs. 50,000 or more and GIR number given instead of PAN number;
- 5) Bids for lower number of Equity Shares than specified for that category of investors;
- 6) Bids at a price less than lower end of the Price Band;
- 7) Bids at a price more than the higher end of the Price Band;
- 8) Bids at cut-off price by Non-Institutional and QIB Bidders;
- 9) Bids for number of Equity Shares, which are not in multiples of [●];
- 10) Category not ticked;
- 11) Multiple bids as defined in this Draft Red Herring Prospectus;



- 12) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 13) Bids accompanied by Stock invest/money order/postal order/cash;
- 14) Signature of sole and/or joint bidders missing;
- 15) Bid-cum-Application Form does not have the stamp of the BRLM or Syndicate Member;
- 16) Bid-cum-Application Form does not have Bidder's depository account details;
- 17) In case no corresponding record is available with the Depository that matches three parameters: name of Bidder (including sequence of names of joint holders), depository participant identification number and beneficiary account number;
- 18) Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid-cum-Application Form;
- 19) Bids by QIBs not submitted through IDBI Capital Market Services Limited
- 20) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- 21) Bids by OCBs; and
- 22) Bid by U.S. residents or U.S persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the U.S. Securities Act of 1933.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- a) a tripartite agreement dated [●] with NSDL, us and Registrar to the Issue;
- b) a tripartite agreement dated [●] with CDSL, us and Registrar to the Issue.

All bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected.

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form or Revision Form.
- c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) Non-transferable allotment advice will be directly sent to the Bidder by the Registrar to this Issue. Refunds will be made directly by the Registrar to the Issue as per the modes disclosed.
- f) If incomplete or incorrect details are given under the heading 'Request for Equity Shares in electronic form' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- g) The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- h) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- i) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors.



Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque, number and issuing bank thereof.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

Basis of Allotment or Allocation

For Eligible Employees

- Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 100,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 100,000 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis up to 100,000 Equity Share. For the method of proportionate basis of allocation, refer below.
- Only eligible employees of our Company during the period commencing from the date of filing the Red Herring Prospectus with ROC and ending with the Bid/Issue Closing Date are eligible to apply

For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue Size less allotment to Non-Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 2,065,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 2,065,000 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis up to 2,065,000 Equity Shares. For the method of proportionate basis of allotment, refer below.



For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue Size less allotment to QIBs and Retail Portion shall be available for allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 885,000 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 885,000 Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis up to a 885,000 Equity Shares. For the method of proportionate basis of allotment refer below.

For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for allotment to all QIB Bidders as set out in (b) below;
 - (b) In the second instance allotment to all QIBs shall be determined as follows:
 - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- The aggregate allotment to QIB Bidders shall not be less than 2,950,000 Equity Shares.

Method of proportionate basis of allotment in the QIB, Retail and Non-Institutional portions

In the event of the Issue being over-subscribed, we shall finalise the basis of allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalised in a fair and proper manner.



The allotment shall be made in marketable lots, on a proportionate basis as explained below:

- Bidders will be categorised according to the number of Equity Shares applied for.
- The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- In all Bids where the proportionate allotment is less than [•] Equity Shares per Bidder, the allotment shall be made as follows:
 - Each successful Bidder shall be allotted a minimum of [•] Equity Shares; and
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- If the proportionate allotment to a Bidder is a number that is more than [•] but is not a multiple of one (which is the marketable lot), the number in excess of the multiple of one would be rounded off to the higher multiple of one if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of one. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Letters of allotment or refund orders

The Company shall give credit to the beneficiary account with Depository Participants within two working days from the date of the allotment of Equity Shares. Applicants having bank accounts at any of the 15 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). In case of other applicants, the Company shall ensure despatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders of Rs. 1,500 and above, if any, by registered post or speed post. 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 within 15 days of closure of Issue.

The Company shall ensure despatch of refund orders/refund advice, if any, by "Under Certificate of Posting" or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar by the Issuer.



In accordance with the requirements of the Stock Exchanges and SEBI Guidelines, the Company undertakes that:

- Allotment shall be made only in dematerialised form within 15 days from the Issue Closing Date;
- Despatch of refund orders/ refund advice shall be done within 15 days from the Issue Closing Date; and
- The Company shall pay interest at 15% per annum (for any delay beyond the 15-day time period as mentioned above), if allotment is not made, refund orders/ credit intimation are not despatched and in case where a refund is made through electronic mode, the refund instructions have not been given to the clearing system, and demat credit within the 15-day time prescribed above, provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the electronic transfer.

The Company will provide adequate funds required for the cost of despatch of refund orders/ refund advice/allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode i.e., ECS, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Payment of Refund

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification (DP ID) number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, the Bidders bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company nor the Refund Banker nor the Registrar shall have any responsibility and undertake any liability for the same.

Mode of Making Refunds

The payment of refund, if any, would be done through various modes in the following order of preference

- I. ECS - Payment of refund would be done through ECS for applicants having an account at any of the 15 centers where clearing houses for ECS are managed by Reserve Bank of India, namely Ahmedabad, Bangalore, Bhubneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf, from the depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 15 centers named hereinabove, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or RTGS
- II. Direct Credit – Applicants having their bank account with the Refund Banker, i.e. HDFC Bank shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to the eligible applicant's bank account with the Refund Banker.
- III. RTGS – Applicants having a bank account at any of the 15 centers detailed above, and whose bid amount exceeds Rs, 1 million, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All applicants eligible to exercise this option shall mandatorily provide the IFSC code in the Bid cum Application form. In the event of failure to provide the IFSC code in the Bid cum Application form, the refund shall be made through the ECS or direct credit, if eligibility disclosed.



Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in I, II and III hereinabove. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, the refund orders would be despatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above.

Interest in case of delay in dispatch of allotment letters/making refunds

We agree that allotment of securities offered to the public shall be made not later than 15 days from the Bid/Issue Closing Date. We further agree that we shall pay interest at 15% per annum if the allotment letters/refunds orders have not been dispatched to the applicants within 15 days of the Bid/ Issue Closing Date or if in a case where refund or portion thereof is made in an electronic manner, the refund instructions have not been given to the clearing system in a disclosed manner within 15 days from the Bid/Issue Closing Date, provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the electronic transfer.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and also by indicating the change on the web site of the BRLM and at the terminals of the Syndicate.

Undertaking by the Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of allotment;
- that 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 us;
- that where refunds are effected through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the Issue giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of the refund.
- that no further issue of Equity Shares shall be made till the Equity Shares issued through this Prospectus are listed or until the bid monies are refunded on account of non-listing, under-subscription etc.
- refunds shall be made as per the modes disclosed and allotment advice shall be dispatched to NRIs or FIIs or foreign venture capital investors registered with SEBI within the specified time.

Utilization of Issue proceeds

The Board of Directors of our Company certifies that:

- (a) all monies received out of the Issue shall be transferred to a separate Bank Account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (b) details of all monies utilized out of this Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such unutilized monies have been invested; and
- (c) Details of all unutilized monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.



We shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The details of all unutilized monies out of the funds received under the reservations shall be disclosed under a separate head in the balance sheet of the Company indicating then form in which such unutilized monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the 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. No person shall make a Bid in pursuance of this Issue unless such person is eligible to acquire Equity Shares of our Company in accordance with applicable laws, rules, regulations, guidelines and approvals.

Investors making a bid in response to the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLM, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to subscribed to the Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the BRLM, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor whether such investor is eligible to subscribe to Equity Shares of our Company.

Investment by FIIs

Under present regulations, the maximum permissible FII investment in our Company is restricted to 24% of our total issued capital. This can be raised to 100% by adoption of a Board resolution and special resolution by our shareholders; however, as of the date hereof, no such resolution has been recommended to Board or our shareholders for adoption.

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 Issue without prior RBI approval, so long as the price of Equity Shares to be issued is not less than the price at which Equity Shares are issued to residents.

The allotment/ transfer of Equity Shares of NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI shall be subject to the conditions as may be prescribed by the government of India or RBI while granting such approvals.

Note: The SEBI Guidelines have been recently amended on January 20, 2006. Pursuant to these amendments, certain significant changes have been made to the guidelines with regard to the modes of making refunds. Certain change may be made to the description of the Issue Procedure based on discussions the BRLM may have with SEBI, RBI and the Stock Exchanges.



SECTION VIII – DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting as detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Title of Article	Article No.	Contents
Table A not to apply but Company to be governed by these Articles		No regulations contained in Table `A' in the First Schedule to the Companies Act, 1956, shall apply to this Company, but the regulations for the management of the Company and for the observance of the Members thereof and their representatives, shall subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of, or additional to, its regulation by Special Resolution, as prescribed by the Companies Act, 1956, be such as are contained in these Articles.
VOTE OF MEMBERS		
Member in arrears not to vote	145.	No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right of lien.
Number of votes to which member entitled	146.	Subject to the provisions of the Articles 147 & 150 and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every Member, not disqualified by the last preceding Article, shall be entitled to be present and to speak and vote at such Meeting and on a show of hands, every Member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, however, if any preference shareholder is present at any Meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions placed before the Meeting which directly affect the rights attached to his preference shares.
Casting of votes by a Member entitled to more than one vote	147.	On a poll taken at a meeting of the Company, a Member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
Vote of Member of unsound mind and minor	148.	A Member of unsound mind or and 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 in respect of any shares registered in his name and any such committee or guardian may, on poll, vote by proxy. If any Member be a minor, the vote in respect of his share or shares shall be by his guardian, or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the Meeting.



Representation of body corporate	149.	(A) (i) A body corporate (whether a Company within the meaning of the Act or not) may, if it is a member or creditor of the Company (including a holder of debentures) having a right to vote, may in pursuance of Sections 187 or 187A of the Act, authorise such person as it thinks fit by a resolution of its Board of Directors or other governing body to act as its representative at any meeting of the Company or of any class of Members of the Company or at any meeting of the creditors of the Company or debenture holders of the Company. (ii) A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor, or holder of debentures of the Company. The production of a copy of the resolution aforesaid certified by a Director of such body corporate before the commencement of the meeting shall be accepted by the Company as sufficient evidence of the validity of the said representative appointment and his right to vote thereof. (B) (i) The President of India or the Governor of a State, if he is a member of the Company, may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company. (ii) A person appointed to act as aforesaid shall, for the purpose of this Act, be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers (including the right to Vote by proxy) as the President or as case may be, the Governor could exercise as a member of the Company.
Votes of joint member	150.	If there are joint registered holders of any shares, any one of such persons may vote at any meeting or may appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the Meeting, and if more than one of such joint-holders be present at any Meeting, that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint-holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose names shares stand shall, for the purpose of these Articles, be deemed joint-holders thereof.
Voting in person or by proxy	151.	Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member.



Votes in respect of shares of deceased and insolvent Member	152.	Any person entitled under Article 88 to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight 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 Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.
Appointment of proxy	153.	Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the Meeting.
Proxy either for specified meeting or for a period	154.	An instrument of proxy may appoint a proxy either for the purpose of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every Meeting of the Company or of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.
Votes by members present or by proxy	155.	A member present by proxy shall be entitled to vote only on a poll. However where such Member is a body corporate present by a proxy who is not himself a Member in which case such proxy shall also be eligible to vote on show of hands as if he were a Member.
Deposit of instrument of appointment	156.	The instrument appointing a proxy and the 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 later than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument or proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.
Form of proxy	157.	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.
Validity of votes given by proxy notwithstanding death of member	158.	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any authority or of any power of attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer have been received at the office before the commencement of the meeting or adjourned meeting at which the proxy is used.
Time for objection to vote	159.	No objection shall be made to the validity of any vote, except at any Meeting or poll at which such vote shall be tendered and every vote, whether given personally or by proxy, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.
Chairman of the meeting to be the Judge of the validity of every vote	160.	The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final, binding and conclusive.



DIVIDENDS AND CAPITALIZATION

Division of profits and dividends in proportion to amount paid up	233.	The profits of the Company, subject to any special rights relating thereof created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid up or credited as paid up and to the period during the year for which the capital is paid-up on the shares held by them respectively.
The Company in General Meeting may declare a dividend	234.	The Company in general Meeting may declare dividends to be paid to Members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.
Dividends only to be paid out of profits	235.	No dividend shall be declared or paid otherwise by the Company for any financial year out of profits for the year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act except after the transfer to the reserves of the Company of such percentage of its profits for the year as may be prescribed or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that : (a) If the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years; (b) If the Company has incurred any loss in any previous financial year or years, the amount of loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the years for which the dividend is provided to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of Sub-section (2) of Section 205 of the Act or against both. Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for the year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section.
Interim dividend	236.	The Board may, from time to time, pay to the Members such interim dividend as in their judgment the position of the Company justifies.
Capital paid up in advance at interest not to earn dividend	237.	Where Capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits.
Dividends in proportion to amount paid –up	238.	All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.



	239.	The Board may retain dividends payable upon shares in respect of which any person is, under Article 86 and 88, entitled to become a Member, or which any person under that Article is entitled to transfer, until such person shall become a Member, in respect of such shares or share duly transfer the same.
Dividend, etc. to joint-holders	240.	Any one of several persons who are registered as the joint-holder of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares.
No Member to receive Dividend while indebted to the Company and Company's rights of reimbursement thereof	241.	No Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons, and the Board may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.
Transfer of shares must be registered	242.	A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
Provided, however, that where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered, the company shall:		
(a) transfer the dividend in relation to such shares to the special account referred to in Section 205A unless the company is authorised by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer, and		
(b) keep in abeyance in relation to such shares any offer of rights shares under clause (a) of sub-section (1) of Section 81 and any issue of fully paid up bonus shares in pursuance of sub-section (3) of section 205.		
Unclaimed dividend	243.	Any dividend which has not been claimed or the warrant in respect whereof has not been encashed within the period prescribed under Section 205A of the Act, shall be deposited in a special account as provided for in the said section 205A of the Act and the whole of the amount envisaged in clause (a) to (e) of sub-section (2) of section 205C of the Companies Act, 1956 remaining unpaid or unclaimed for a period of seven years from the date they become payable by a company have been credited to the Investor Education and Protection Fund as per Section 205C of the Act and subject to any amendments that may be made thereto from time to time.
No interest on dividend	244.	No unpaid dividend shall bear interest as against the Company.
Dividend and call together	245.	Any General Meeting declaring a dividend may, on the recommendation of the Directors, make a call on the Members of such amount as the meeting fixes but so that the call on each Member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the Member, be set off against the calls.



Capitalization

246. (a) The Company, in General Meeting, may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend for representing premium received on the issue of shares and standing to the credit of the Share Premium Account be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same, if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares of debentures or debentures stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum, provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article only be applied in the paying of any unissued shares to be issued to members of the Company as fully paid bonus shares.
- (b) A General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company, or in investments representing the same, or any other undistributed profit of the Company not subject to charge for income tax be distributed among the members on the footing that they receive the same as capital.
- (c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any members upon the footing of the value so fixed or that fraction of less value than Rs.10/- may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Board. Where requisite a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Companies Act, 1956, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.

FORFEITURE OF SHARES

If money payable on shares not paid notice to be given to Members

66. If any Member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or installment remains unpaid, give notice to him 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.



Form of notice	67.	The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.
In default of payment, shares to be forfeited	68.	If the requirements of any such notice as aforesaid is not complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before the 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 or any other moneys payable in respect of the forfeited share not actually paid before the forfeiture.
Notice of forfeiture to a Member	69.	When any shares have been forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any commission or neglect to give such notice or to make any such entry as aforesaid.
Forfeited Share to be property of the Company and may be sold etc.	70.	Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board thinks fit.
Members still liable to pay calls owing at the time of forfeiture and interest	71.	Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment at such rate as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.
Effect of forfeiture	72.	The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.
Evidence of forfeiture	73.	A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.
Validity of sale under Articles 64 and 70	74.	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 shares sold and may cause the purchaser's name to be entered in the Register of Members in respect of the shares sold, and the Purchaser shall not be bound to see to the regularities of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.



Cancellation of share certificate in respect of forfeited shares	75.	Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect. Where any shares under the powers in that behalf herein contained are sold by the Board of Directors and the certificate in respect thereof has not been delivered to the Company by the former holder of such shares, the Board of Directors may issue a new certificate for such shares distinguishing it in such manner as it may think fit from the certificate not so delivered.
Power to annul forfeiture	76.	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.
Joint-holders	77	Where two or more persons are registered as the holders of any share, they shall be deemed (so far as the shares are concerned) to hold the same as joint holders with benefits of survivorship subject to the following and other provisions contained in these Articles: (a) The Company shall be entitled to decline to register more than three persons as the holders of any share. (b) The joint-holders shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments, which ought to be made in respect of the share. (c) On the death of any one or more of such joint- holders, the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share but the directors may require such evidence of death as may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. (d) Any one of such joint-holders may give effectual receipts of any dividends or other moneys payable in respect of such share. (e) Only the person whose name stands first in the Register of Members as one of the joint-holders shall be entitled to delivery of the certificates relating to the share or to receive notices. In the case of shares held in a dematerialised or fungible form every beneficial owner in the records of the Depository shall be entitled to receive notices.
Receipts		
Delivery of Certificate and giving of notice to first named holder		
Votes of Joint-holders		Any one of two or more joint-holders may vote at any meeting either personally or by an agent duly authorised under a power of attorney or by proxy in respect of a share as if he were solely entitled thereto and if more than one of such persons be present, that person whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote. Provided that a person present at any meeting personally shall be entitled to vote in preference to a person present by an agent, duly authorised under power of attorney or by proxy although the name of such person present by an agent or proxy stands first or higher in the Register. Several executors of a deceased member in whose (deceased member's) name any share stands shall for the purposes of this sub clause be deemed joint-holders.



CALLS AND LIEN

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|----------------------------------|-----|---|
| Directors may make calls | 49. | The Board may, from time to time, subject to the terms on which any shares have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by resolution by circulation) make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the person or persons and at all times and places appointed by the Board. A call may be made payable by installments. |
| | 50. | Whenever any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class. |
| Notice of Calls | 51. | Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to who such call shall be paid. |
| Call to date from resolution | 52. | A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board and may be made payable by the Members whose names appears on the Register of Members on such date or at the discretion of the Board on such subsequent date as may be fixed by the Board. |
| Call may be revoked or postponed | 53. | A call may be revoked or postponed at the discretion of the Board. |
| Liability of joint holders | 54. | The joint-holder of a share shall be jointly and severally liable to pay all calls in respect thereof. |
| Directors may extend time | 55. | 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 who from residence at a distance or other cause, the Board may, deem fairly entitled to such extension but no Member shall be entitled to such extension save as a matter of grace and favour. |
| Calls to carry interest | 56. | If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member. |
| Sums deemed to be calls | 57. | If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member. |



- Proof on trial of suit for money due to shares
58. On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the Minute Book, and that notice of such call was duly given to the Member or his representatives issued in pursuance of these Articles, and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
- Partial payment not to preclude forfeiture
59. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.
- Payment in anticipation of calls may carry interest
60. (a) The Board may, if it thinks fit, agree to and receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the Member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time the amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing. Provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or participate in profits.
- Voting rights in respect of calls in advance
- (b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.
- Company's lien on shares
61. The Company shall have a first and paramount lien on every share (other than fully paid-up shares) for all moneys (whether presently payable or not) payable at a fixed time in respect of such share. Provided that the Board may, at any time, declare any share to be wholly or in part exempt from the provisions of these Articles.
62. The Company's lien, if any, on a share shall extend to all dividends payable thereon.
63. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares, as against the transferor.



- As to enforcing lien by sale 64. For the purpose of enforcing such lien as aforesaid, the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made:
- Application of proceeds of sale 65. (a) unless a sum in respect of which the lien exists is presently payable; and
(b) until the expiration of seven days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists and as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by transmission, and default shall have been made by him in payment of the sum payable as aforesaid for seven days after such notice.
The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of sale.

CAPITAL, INCREASE AND REDUCTION OF CAPITAL

- Capital 3. The Authorised Share Capital of the Company shall be as per Clause V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The company may increase or decrease the Authorised Share Capital in accordance with Company's regulations and legislative provisions for the time being in that behalf.
- Increase of capital by the Company and how carried into effect. 4 The Company in General Meeting may, from time to time, increase the capital by the creation of new shares; such increase to be of such aggregate amount and to be divided into shares of such respective amount as the resolution shall prescribe. Subject to the provisions of the Act, any share of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction is given, as the Directors shall determine; and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at general meeting of the Company in conformity with Section 87 of the Act. Whenever the capital of the Company has been increased under the provisions of these Articles, the Directors shall comply with the provisions of Section 97 of the Act.
- Subject to the applicable provisions of the Act and/or any other applicable Rules, Guidelines or any other statutory provisions, the Company acting through its Board of Directors shall have power to issue equity share capital with differential rights as to dividend, voting and/or otherwise in such manner and on such terms and conditions as may be prescribed by the resolution authorising such issue.
- New Capital same as existing capital 5. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions here-in- contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise. Provided however that all



the equity shares issued by the Company to the Members shall be of the same class and shall be alike ranking parri passu in all respect and the holders thereof shall be entitled to identical rights and privileges including, without limitation, with respect to dividend, voting rights, payment of calls, liens, transfers, transmission, forfeiture, and the distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company on a pro rata basis. Provided that the above provision does not prohibit the Company from issuing redeemable preference shares. Subject to Article 6 here-in-below, the Company in general meeting may also, from time to time, by special resolution capitalise the undistributed profits standing to the credit of the Company's Free Reserves and to apply the same in paying up new equity shares in the share capital of the Company and to appropriate the same as capital and not as income and allot and distribute as fully paid-up bonus shares to and amongst the persons registered in the Register of Members as the holders of equity shares of the Company on such date and in such proportion as may be decided by the Board of Directors.

Redeemable
Preference Shares

6. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares, which are, or at option of the company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

Provisions to apply
on issue of
Redeemable
Preference Shares

7. On the issue of Redeemable Preference Shares under the provisions of Article 6 hereof the following provisions shall take effect: -
- (a) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption;
 - (b) no such shares shall be redeemed unless they are fully paid;
 - (c) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed;
 - (d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the provisions of the Act, relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.
 - (e) subject to the provisions of Section 80 and 80A of the Act, the redemption of preferential share hereunder may be effected in accordance with the terms and conditions of their issue and the absence of any specific terms and



conditions in that behalf in such manner as the Directors determine;

- (f) whenever the Company, redeem any redeemable preference shares, shall within one month thereafter, give notice thereof to the Registrar of Companies as required by Section 95 of the Act.

Reduction of Capital	8.	The Company may (subject to the provisions of Section 78, 80 and 100 to 105 of the Act) from time to time by Special Resolution, reduce its share capital and any capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorised by law and in particular capital may be paid off on the footing that it may called upon again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.
Sub-division and consolidation of shares	9.	Subject to the provisions of Section 94 of the Act, the Company, in General Meeting, may, from time to time, sub-divide or consolidate its shares, or any of them or any part of them, and the resolution whereby any share is sub-divided, may determine that as between the holder of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject to aforesaid, the Company, in General Meeting, may also cancel shares, which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
Modification of rights	10.	a) Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act be varied, modified, commuted, affected or abrogated, or dealt with by Agreement between the Company and any person purporting to contract on behalf of that class provided such agreement is ratified in writing by holders of at least three fourths in nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at a separate General Meeting of the holders of shares of that class. This Article is not to derogate from any power the Company would have if this Article were omitted. b) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise the shares of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
Shares at a discount	11.	Subject to the provisions, the Company may issue Shares at a discount of a class already issued, if the conditions contained in Section 79 of the Act are fulfilled.
Shares without voting rights	12.	Subject to the provisions of the Act, the Company may issue shares without voting right attached to them, upon such terms and conditions and with such rights and privileges attached thereto, as



the Board may deem fit.

SHARES CERTIFICATES AND DEMATERIALIZATION

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| Register and Index of Members | 13. | <p>The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act. The Company shall be entitled to keep in any State or country outside India a Branch Register of Members resident in that State or Country.</p> <p>(a) Notwithstanding anything herein contained, a person, whose name is at any time entered in the Register of Members of the Company as the holders of a share in the Company, but who does not hold the beneficial interest in such share, shall, within such time and in such form as may be prescribed, make a declaration to the Company specifying the name and other particulars of the person or persons, who hold the beneficial interest in such share in the manner provided in Section 187-C of the Act;</p> <p>(b) A person who holds a beneficial interest in a share or a class of shares of the Company shall, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in Section 187-C of the Act;</p> <p>(c) Whenever there is a change in the beneficial interest in a share referred to above, the beneficial owner shall, within the time prescribed from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed as provided in Section 187-C of the Act;</p> <p>(d) Notwithstanding anything herein contained in Section 153 of the Act and Sub-Article (a), (b), (c) above, where any declaration referred to above is made to the Company, the Company shall make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.</p> |
| Shares to be numbered progressively and no share to be sub-divided | 14. | <p>Save and except for dematerialisation of Share or Shares held in fungible form with a Depository, the shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.</p> |
| Further Issue of capital | 15. | <p>(a) Subject to the provisions of the Act, where at any time after the expiry of two years from the formation of the Company or the expiry of one year from the allotment of shares made</p> |



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, whether out of unissued share capital or out of increased share capital, then such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on these shares at the date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. Such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to above hereof shall contain this statement of this right, provided that the directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.

(b) Notwithstanding anything contained in the preceding sub-clause, the Company may:-

- i) by a special resolution; or
- ii) where no such special resolution is passed, if the votes cast (whether on a show of hands, or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy exceed the votes, if any, cast against the proposal by Members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company, offer further shares to any person or may not include the persons who at the date of the offer, are the holders of the equity shares of the Company.

(c) Notwithstanding anything contained in sub-clause (a) above, but subject, however, to Section 81 (3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debenture or loans into shares, or to subscribe for shares in the Company, provided however that the terms of the debentures or loans include a term providing for such option is in conformity with the rules, if any made by the Central Government in this behalf and has also been approved by a special resolution in the General Meeting.



Shares under control of Directors	16.	Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors; who may allot or otherwise dispose of the same to such persons in such proportion on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act) at premium or at par or a discount and such option being exercisable for such time and for such consideration as the Directors think fit. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act.
	17.	The Board shall observe the restrictions as to allotment of shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.
Power also to Company to issue shares in General Meeting	18.	In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 15 and 16 the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such person (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any shares.
Acceptance of Shares	19.	Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is entered on the Register of Members shall, for the purposes of these Articles, be a Member.
Deposit and call etc. to be a debt payable immediately	20.	The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
Liability of Members	21.	Every Member, or his heirs, executors, or administrator shall pay to the Company the portion of the capital represented by



his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

Share Certificates

22. (a) Every Member or allottee of shares shall be entitled, with or without payment, within three months after the allotment of shares and within two months after the application for the registration of transfer of any shares, the certificate in respect of such shares, unless the conditions of issue of shares otherwise provide. Every Member or allottee of shares shall be entitled, with or without payment, to receive one share certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid-up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in case of issues against letters of acceptance or of renunciation or in case of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose, and two Directors or their Attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole time Director. Particulars of every share Certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue, provided however that no share certificate(s) shall be issued for shares held by a Depository.
- (b) Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single Member, and the certificate of any share, which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.
- (c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.
- (d) The Company shall not be bound to register more than 3 persons as the joint holders of any share except in the case of executors or trustees of a deceased member and



in respect of a share held jointly by several persons, the Company shall not issue more than one certificate and the delivery of a certificate for a share to any one of several joint holders shall be sufficient delivery to all such holders.

- Renewal of Share Certificate
- 23.
- (e) Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued indicating the date of issue.
 - (f) The provisions stated above shall not be applicable to dematerialised Shares and shares held in fungible form with a Depository.
 - (a) No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the cages on the reverse for recording transfers have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company.
 - (b) When a new share certificate has been issued in pursuance of clause (a) of this Article, it shall state on the face of it and the stub or counterfoil to the effect that it is "issued in lieu of share certificate No. And sub-divided/ replaced/on consolidation of shares".
 - (c) If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board or its duly constituted Committee and on such terms, if any, as to evidence and indemnity as to the payment of out-of- pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.
 - (d) When a new share certificate has been issued in pursuance of clause (c) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "duplicate issued in lieu of share certificate No. ". The word "Duplicate" shall be stamped or punched in bold letters across the face of the share certificate.
 - (e) Where a new share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such share certificate shall be entered in a Register of Renewal and Duplicate Certificates indicating against the name of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the "Remarks" Column.
 - (f) All blank forms to be issued for issue of share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may appoint



for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

- (g) The Managing Director of the Company for the time being or, if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of shares certificates referred to in Sub-Article (f).

First named holder is deemed to be sole owner	24.	If any share stand in the names of two or more persons, the person first named in the Register of Members shall as regards receipt of dividends or bonus or service of notices, subject to the provisions of Article 22 and all or any other matter connected with Company, except voting at meetings, and the transfer of the shares, be deemed the sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.
Company not bound to recognize any interest in share other than that of registered holder	25.	Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.
Funds of the Company not to be applied in the purchase of shares of the company	26.	None of the funds of the Company shall be applied in the purchase of any shares of the Company, and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding Company save as provided by Section 77 of the Act.
Dematerialisation of Securities	27.	Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and / or offer its fresh securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.
Option to receive Securities certificates or hold Securities with Depository	28.	Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository.
	29.	If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottees as the Beneficial Owner of the security.



Securities Depositories	in	30.	All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owner.
Rights of Depositories and Beneficial Owners		31.	Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.
		32.	Save as otherwise provided in (a) above, the Depository, as the registered owner of the securities, shall not have any voting rights or any other rights in respect of the security held by it.
		33.	Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.
Beneficial Owner deemed as absolute owner		34.	Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be entitled at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.
Depository to furnish information		35.	Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
Cancellation of certificates upon surrender by a person		36.	Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.
Option to opt out in respect of any security		37.	If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.



	38.	The Depository shall, on receipt of information as above, make appropriate entries in its records and subsequently inform the Company.
	39.	The Company shall within thirty (30) days of the receipt of the intimation from the Depository and on fulfillment of such conditions and payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
Service of Documents	40.	Notwithstanding anything in the Act, or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
Provisions of Articles to apply to shares held in Depository	41.	Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares in physical form subject to the provisions of the Depository Act.
Allotment of Securities dealt with in a Depository	42.	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.
Distinctive number of securities held in a Depository	43.	The shares in the capital shall be numbered progressively according to their several denominations provided, however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.
Register and Index of Beneficial Owners	44.	The Company shall cause to keep a Register and index of Members and a Register and index of Debenture holders in accordance with Section 151 and 152 of the Act, respectively, and the Depositories Act, with details of shares and debentures held in material/physical and dematerialised form in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.
Register of Members	45.	The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.



TRANSFER AND TRANSMISSION OF SHARES

Register of Transfers	78.	The Company shall keep a "Register of Transfer" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share in the material form.
Form of Transfer	79.	A Common Form of Transfer shall be used.
Execution and Registration of transfer etc.	81.	The Instrument of transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. The Instrument of Transfer shall be accompanied by such evidence as the Board may require to prove the title of Transferor and his right to transfer the shares and every registered Instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer, the certificate or certificates of the shares must be delivered to the Company.
Closure of Register of members of Debenture holders	82.	The Board shall have power on giving not less than seven days' prior notice by advertisement in some newspaper circulating in the district in which the Registered office of the Company is situated to close the Transfer Books, the Register of Members or Register of Debenture-holder at such time or times and for such period or periods, not exceeding in the aggregate forty-five days in each year, and thirty days at one time.
Director's power to refuse to register a transfer	83.	Subject to the provisions of Section 111A of the Act, the Board may, at its own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of shares (whether fully paid or not and notwithstanding that the proposed Transferee is already a member), but in such case it shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the Transferee and the Transferor notice of the refusal to register such transfer provided that the registration of a transfer shall not be refused on the ground that the Transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.
Notice of application when to be given	84.	Where, in the case of partly paid share, an application for registration is made by the transferor; the company shall give notice of the application to the Transferee in accordance with the provisions of Section 110 of the Act.
Death of one or more joint-holders of shares	85.	In the case of the death of any one or more of the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from a liability on shares held by him jointly with any other person.



Title to shares of deceased share holders	86.	In absence of a nomination recorded in accordance with Section 109A of the Act, read with Section 109B of the Act, which shall, in any event, have precedent, the executors or administrators of holders of a Succession Certificate or the legal representatives of a deceased member (not being one or 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 recognise such executors or administrators or holders of a 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 indemnify or otherwise as the Board in its absolute discretion may think necessary and under Article 87 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a Member.
Restriction of transfer	87.	No share shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.
Transmission Clause	88	Subject to the provisions of the Act and Articles 84 and 85, any person becoming entitled to share in consequence of the death, lunacy, bankruptcy, insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an Instrument of Transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the shares. This clause is hereinafter referred to as the "transmission clause".
	89.	A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share.
	90.	There shall be no fee paid to the Company, in respect of the transfer or transmission of any number of shares, registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.



The Company is not liable for disregard of notice prohibiting registration of transfer

91. The Company shall have no liability or responsibility whatsoever in consequence of its 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 to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

92. The Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in the case of a transfer of shares presented for registration.

Right of successors

93. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividend and other advantages to which he would be entitled if he was the registered holder of the shares, except that he shall not, before being registered as a Member in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company provided that the directors shall, 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 ninety days, the directors may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the shares until the requirements of the notice have been complied with.



BORROWING POWERS

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| Borrowing Powers | 108. | Subject to the provisions of Sections 58A, 292 and 293 of the Act, the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposit from members either in advance of calls or otherwise and generally raise or borrow or secure the repayment of any sum or sums of money for the purposes of the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of the business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in General Meeting. Subject to the provisions of the Act and of these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board, receive deposits from its members, directors or their relatives and receive loans from its members, either in advance of call or otherwise, and generally raise or borrow money either in India or abroad by way of loans, overdrafts, cash credit or by issue of bonds denominated in various currencies, debentures or debenture stock with or without any option attached to it (perpetual or otherwise), commercial paper or in any other manner, from any bank, financial institution, company, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed. |
| | 109. | Subject to the provisions of these Articles hereof, the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Ordinary Resolution shall prescribe including by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being and debentures, 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. |
| Terms of issue of Debentures | 110. | Any debentures, debentures stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that may be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in general meeting accorded by a Special Resolution. |
| Register of mortgages, etc. to be kept | 111. | The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company and shall cause the requirements of Section 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with. |



- Register and Index of Debenture holders 112. The Company, if at any time issues debentures, shall keep a Register and Index of Debenture - holders in accordance with Section 152 and 157 of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Debenture-holders resident in that State or country.

MEETING OF MEMBERS

121. The Company shall, within a period of not less than one month and not later than six months from which it is entitled to commence business, hold the Statutory Meeting of the members of the Company subject to and in accordance with the provisions of Section 165 of the Act.
- Annual Meeting and Annual Return 122. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months from the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166 (i) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the office of the Company is situated as the Board may determine and the notice calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with Proxies and the Register of Directors' shareholdings which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, Summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Section 159, 161 and 220 of the Act.
- Extraordinary General Meeting 123. The Board may, whenever it thinks fit, call an Extra ordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one - tenth of such of the paid-up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made.



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| Requisition of Members to state object of Meeting | 124. | Any valid requisition so made by Members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the office provided that such requisition may consist of several documents in like form each signed by one or more requisitionists. |
| On receipt of requisition, directors to call Meeting and in default requisitionists may do so. | 125. | Upon the receipt of any such requisition, the Board shall forthwith call an Extra-ordinary General Meeting and if they do not proceed within twenty-one days from the date of the requisition being deposited at the office and cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitions, or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in Section 169 (4) of the Act, whichever is less, may themselves call the Meeting, but in either case any Meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid. |
| Meeting called by requisitionists | 126. | Any Meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meeting are to be called by the Board. |
| Notice of Meeting | 127. | Save and except the Statutory Meeting, twenty-one days' notice at the least of every General Meeting, Annual or Extra-Ordinary, and by whomsoever called specifying the day, place and hour of Meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the members entitled to vote thereat and in case of any other Meeting, with the consent of the Members holding not less than 95 per cent of such part of the paid-up share capital of the Company as gives a right to vote at the Meeting, a Meeting may be convened by a shorter notice. In the case of an Annual General Meeting if any business other than (i) the consideration of the Accounts, Balance Sheet and Reports of the Board of Directors and Auditors (ii) the declaration of dividend (iii) the appointment of Directors in place of those retiring, (iv) the appointment of, and fixing of the remuneration of the Auditors, is to be transacted, and in the case of any other Meeting in any event there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any, therein of every Director, and the Manager (if any). Where any such item or special business relates to, or affects any other company, the extent of share holding interest in the other company of every Director, and the Manager, if any of the Company shall also be set out in the statement if the extent of such shareholding interest is not less than 20 percent of the paid-up share capital of that other company. Where any item of business consists of the according of approval to any documents by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid. |



Omission to give notice not to invalidate a resolution passed	128.	The accidental omission to give any such notice as aforesaid to any of the Members, or the non receipt of such notice by, any member or other person to whom it should be given shall not invalidate any resolution passed at any such Meeting.
Meeting not to transact business not mentioned in notice	129.	No General Meeting, Annual or Extra-ordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.
Quorum for the General Meeting	130.	Five Members present in person shall be a quorum for a General Meeting. The Quorum for the meeting shall be as provided in Section 174 of the Act.
Body Corporate deemed to be personally present	131.	A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.
If quorum not present, meeting to be dissolved or adjourned	132	If, at the expiration of half an hour from the time appointed for holding a Meeting of the Company, a quorum is not present, the Meeting, if convened by or upon the requisition of Members, shall stand dissolved and in any other case the Meeting shall stand adjourned to the same day in the next week 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 or to such other day and at such other time and place in the City or town in which the Office of the company is for the time being situate, as the Board may determine, and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum, and may transact the business for which the meeting was called.
Chairman of General Meeting	133.	The chairman (if any) of the Directors shall be entitled to take the Chair at every General Meeting, whether Annual or Extra-ordinary. If there be no such Chairman of the Directors, or if at any Meeting he is not present within fifteen minutes of the time appointed for holding such Meeting or if he is unable or unwilling to take the chair then the members present shall elect another Director as Chairman, and if no Director is present or if all the Directors present decline to take the Chair, then the Members present shall elect one of their number to be Chairman.
Business confined to election of Chairman whilst chair vacant	134.	No business shall be discussed at any General Meeting except the election of a Chairman, whilst the Chair is vacant.
Chairman with consent with adjourn	135.	The Chairman with the consent of the Members may adjourn any Meeting from time to time and from place to place where the Office is situated. 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.
Question at General Meeting how decided	136.	At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless before or on the declaration of the result of the show of hands, a poll is ordered to be taken by the Chairman of the meeting of his own motion or unless a poll is demanded by any member or members present in person or by proxy and holding shares in the company;



		(a)	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
		(b)	on which an aggregate sum of not less than Rupees 50,000/-(Rupees Fifty Thousand Only) has been paid up.
		137.	The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
		138.	Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Minutes Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.
Chairman's casting vote		139.	In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.
Poll to be taken, if demanded		140.	If a poll is demanded as aforesaid, the same shall be taken at such time (not later than forty-eight hours from the time when the demand was made) and place in the City or town in which the Office of the Company is for the time being situate and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
Scrutineers at poll		141.	Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting provided such a Member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.
In what case poll taken without adjournment		142.	Any poll duly demanded on the election of a Chairman of a Meeting or on any question of adjournment shall be taken at the Meeting forthwith.
Demand for poll not to prevent transaction of other business		143.	The demand for a poll, except on the questions of the election of the Chairman and on an adjournment, shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll has been demanded.
Postal Ballot		144.	Notwithstanding anything contained in the Articles of Association of the Company, the Company does adopt the mode of passing the resolutions by its members by means of a postal ballot (including voting by an electronic mode) pursuant to the provisions of Section 192 A of the Act, read with the Companies (Passing of the Resolution by Postal Ballot Rules), 2001, and any modifications or amendments made thereto from time to time.



MINUTES OF MEETING

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| Minutes of General Meetings and inspection thereof by Members | <p>161. The Company shall cause minutes of all proceedings of every General Meeting to be kept within thirty days of the conclusion of every such Meeting and concerned entries thereof in books kept for that purpose with their pages consecutively numbered.</p> <p>162. Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each Meeting in such book shall be dated and signed by the Chairman of the same Meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorised by the Board for the purpose.</p> <p>163. In no case the minutes of proceedings of a Meeting shall be attached to any such book as aforesaid by pasting or otherwise.</p> <p>164. The minutes of each Meeting shall contain a fair and correct summary of the proceedings thereat.</p> <p>165. All appointments of Officers made at any Meeting aforesaid shall be included in the minutes of the Meeting.</p> <p>166. Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the Meeting (a) is or could reasonably be regarded as defamatory on any person, or (b) is irrelevant or immaterial to the proceedings, or (c) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.</p> <p>167. Any such minutes shall be evidence of the proceedings recorded therein.</p> <p>168. The book containing the Minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open during business hours, for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any Member without charge.</p> |
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DIRECTORS

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| Number of Directors | <p>169. a) Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not be more than twelve.</p> |
| Certain persons not to be Directors. | <p>b) No body corporate, association or firm shall be appointed a Director and only an individual shall be so appointed. As provided by Section 274 of the Act, certain persons mentioned therein shall not be capable of being appointed Directors of the Company, unless the Central Government, by Notification, removes the disqualification for some of the persons mentioned therein.</p> |



c) The Present Directors of the Company are:

1. Mr. Suresh N. Talwar – Chairman
2. Mr. Kumar Nair – Managing Director
3. Mr. Raghu R. Palat – Director
4. Mr. Jay Chandaran – Director
5. Mr. Pravin Khatau – Director

170. Unless the above named present Directors of the Company resign or otherwise cease to hold office of Director, they shall hold such office up to their term of appointment or retirement by rotation, as the case may be and thereafter the Directors shall be appointed in accordance with the provisions contained in these Articles.

Provision to appoint
ex-officio Directors

171. Whenever the Company/ directors enter into a contract with any Government, Central, State or Local, any bank or financial institution or any person or persons (hereinafter referred to as the "appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever, the Directors shall have, subject to the provisions of Section 255 of the Act, the power to agree that such appointer shall have the right to appoint or nominate, by a notice in writing addressed to the Company, one or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. The Directors may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill in any vacancy, which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including payment of remuneration and travelling expenses to such Director or Directors as may be agreed by the Company with the appointer.



NOMINEE DIRECTOR

172. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the State Bank of India (SBI), Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC), National Insurance Company Limited (NIC), The Orient Fire and General Insurance Company Limited (OFGI), The New India Assurance Company Limited (NIA), United India Insurance Company Limited (UI) or a State Financial Corporation or any financial institution owned or controlled by the Central Government or a State Government or the Reserve Bank of India or by two or more of them or by Central Government or State Government by themselves (each of the above is hereinafter in this Article referred to as "the Corporation"), out of any loans/debenture assistance granted by them to the Company or so long as the Corporation holds or continues to hold Debentures/ Shares in the Company as a result of underwriting or by direct subscription or private placement, or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint, from time to time, any person or persons as a Director or Directors, whole-time or non- whole-time, (which Director or Directors, is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.
173. The Board of Directors of the Company shall have no power to remove the Nominee Director/s from its/their office/s. At the option of the Corporation, such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation, such Nominee Director/s shall not be liable to retirement by rotation of Directors. The Company agrees that if the Board of Directors of the Company has constituted or proposes to constitute any management committee or other committee(s) it shall, if so required by the Corporation include the Nominee Director as a member of such management committee or other committee(s). Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Directors of the Company.
175. The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds or continues to hold Debentures/Shares in the Company as a result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the guarantee is outstanding the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished by the Corporation.



176. The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meeting, Board Meetings and of the Meetings of the Committee of which the Nominee Director/s is/are member/s also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.
177. The Nominee Director/s shall be entitled to the same sitting fees, commission, remuneration and expenses as are applicable to other Directors of the Company. The Company shall pay the sitting fees and other expenses to the Nominee Director/s directly, but the commission, remuneration or other monies and fees to which the Nominee Director/s is entitled shall accrue due to the Corporation and shall accordingly be paid by the Company directly to the Corporation.
- Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.
178. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Director/s.
179. Provided also that in the event of Nominee Director/s being appointed as whole time Director/s such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a whole time Director in the management of the affairs of the Company. Such whole time Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Corporation.
180. If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debenture, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as "Debenture Director". A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares.



Appointment of Alternate Directors	181.	The Board may appoint an Alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of office of the original Director is determined before he so returns to that State, any provisions in the Act or in these Articles for the automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.
Directors power to add to the Board	182.	(a) Subject to the provisions of Section 260 of the Act, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not, at any time, exceed the maximum strength fixed for the Board under the Article 169. Any such additional Director shall hold office only upto the next Annual General Meeting. (b) Subject to the provisions of Sections 262, 264 and 284 of the Act, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.
Qualification of Directors	183.	A Director shall not be required to hold any equity shares to qualify him to act as a Director of the Company.
Remuneration of Directors	184.	(a) Subject to the provisions of Sections 198, 309 and 310 of the Act, a Managing Director or Directors, who is in the whole-time employment of the Company may be paid remuneration either by way of monthly payment or at specified percentage of the net profits of the Company or partly by one way and partly by the other. (b) Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either; (i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or (ii) by way of Commission if the Company by a special resolution authorised such payment.
Fees payable to a Director for attending a meeting	185.	The fees payable to a Director for attending a meeting of the Board or committee/s thereof shall be such sum as may be decided by the Board from time to time, subject to such limit as may be prescribed in that behalf, from time to time, by the Central Government under or pursuant to the Act.



- Special remuneration of director performing extra service
186. If any Director is called upon to perform extra services or special exertion or efforts (which expression shall include work done by a Director as a member of any Committee/s formed by the Directors), the Board may arrange with such Director, for such special remuneration, for such extra services or special exertion or efforts either by a fixed sum or otherwise as may be determined by the Board and the said remuneration may be either in addition to or in substitution of his remuneration elsewhere specified in the Articles.
- Traveling expenses incurred by Director not a resident or by Director going out on Company's business
187. The Board may allow and pay to any Director, who travels for the purpose of attending and returning from meetings of the Board of Directors or any Committee/s thereof or General Meetings, or in connection with the business of the Company, his traveling and hotel and other expenses incurred by him in consequence or for the purpose of his attendance, and in connection with the business of the Company in addition to his fees for attending such meetings as above specified and other remuneration payable to him.
- Provided that if so desired by the Corporation appointing a Corporation Director, the Company may instead reimburse the Corporation appointing such Director any sums that may be paid by it to that Director in respect of his attendance at the meeting of the Board.
- Directors may act notwithstanding any vacancy
188. The continuing Directors may act, notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by the Act . The continuing Directors, not being less than two, may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting but for no other purpose.
- When the office of Director may become vacant
189. Subject to Section 283 (2) of the Act, the Office of a Director shall become vacant if :
- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or
 - (b) he applies to be adjudicated an insolvent; or
 - (c) he is adjudged an insolvent or



- (d) he fails to pay any call made on him in respect of 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 such call unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or
- (e) he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months, whichever is longer, without leave of absence from the Board; or
- (f) he becomes disqualified by an order of the Court under Section 203 of the Act; or
- (g) he is removed in pursuance of Section 284; or
- (h) he (whether by himself or by any person for his benefit or on his account) or any firm in 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
- (i) he acts in contravention of Section 299 of the Act; or
- (j) he is convicted by a court of an offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
- (k) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or
- l) he resigns his office by a notice in writing addressed to the Company.



Director may contract
with Company

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- (a) A Director or his relative, firm in which such Director or relative is a partner, or any other partner in such firm or a private company of which the Director is a member or Director, may enter into any contract with the Company for the sale, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company, provided that the sanction of the Board and the previous approval of the Central Government, if and as may be required, shall be obtained in accordance with Section 297 of the Act.
- (b) No sanction shall, however, be necessary for -
- (i) any purchase of goods and materials from the Company, or the sale of goods or materials to the Company by any such Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or
- (ii) any contract or contracts between the Company on, one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of goods, materials and services in which either the Company or the Director, relative, firm, partner or private company, as the case may be regularly trades or does business, where the value of the goods and materials or the cost of such services does not exceed Rs. 5,000/- in the aggregate in any year comprised in the period of the contract or contracts.

Provided that in circumstances of urgent necessity, a Director, relative, firm, partner or private company as aforesaid may, without obtaining the consent of the Board, enter into any such contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or the cost of such services exceeds Rs. 5,000/- in the aggregate in any year comprised in the period of the contract, if the consent of the Board shall be obtained to such contract or contracts at a meeting within three months of the date on which the contract was entered into.

Every consent of the board required under this article shall be accorded by resolution passed at a meeting of the board and not otherwise; and the consent of the Board required under clause (i) above shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.

If consent is not accorded to any contract under this article, anything done in pursuance of the contract shall be voidable at the option of the Board.



- Disclosure of interest 191. A Director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299(2) of the Act;. Provided that it shall not be necessary for Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into between two companies where any of the Directors of the Company or two or more of them together holds or hold not more than two per cent of the paid-up share capital in any such other company.
- General notice of interest 192. A General notice given to the Board by the Director, to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such General notice and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
- Interested Directors not to participate or vote in Board's proceedings 193. No Director shall as a Director, take any part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, nor shall his presence be counted for the purpose of forming a quorum at the time of any such discussion or vote, and if he does vote, his vote shall be void, provided however that nothing herein contained shall apply to :
- (a) any contract of indemnity against any loss which Directors, or any one or more of them, may suffer by reason of becoming or being a surety or sureties for the Company.
 - (b) any contract or arrangement entered into or to be entered into with a Public Company or a Private Company which is a subsidiary of Public Company in which the interest of the Director consist solely in his being :
 - (i) a director of such company, and
 - (ii) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such director by the Company.
 - (iii) in his being a member holding not more than 2% of its paid-up share capital.
- This article is subject to the provisions of section 300 (2)(c) of the Act.



Register of Contracts in which Directors are interested	194.	The Company shall keep a Register in accordance with Section 301(1) and shall, within the time specified in Section 301(2), enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act as the case may be.. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 192. The Register shall be kept at the office of the Company and shall be open to inspection at such office, and extracts may be taken therefrom and copies thereof may be required by any member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.
Directors may be Directors of Companies promoted by the Company	195.	A Director may be or become a Director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable.
Retirement and rotation of Directors	196.	At every 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, the number nearest to one-third shall retire from Office of Directors. The non-retiring Directors, Ex-Officio Directors/Nominee Directors and Debentures Directors, if any, shall not be subject to retirement under this clause and shall not be taken into account in determining the rotation of retirement or the number of Directors to retire.
Ascertainment of directors retiring by rotation and filing of vacancies	197.	Subject to provisions of the Act, the Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire, shall in default of and subject to any agreement among themselves, be determined by lot.
Eligibility for Re-election	198.	A retiring Director shall be eligible for re-election.
	199.	Subject to Section 258 of the Act, the Company, at the General Meeting at which a Director retires in the manner aforesaid, may fill up the vacated office by electing a person thereto.

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| Provisions in default of appointment | 200. | <p>(a) If the place of the retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.</p> <p>(b) If at the adjourned Meeting also, the place of the retiring Director is not filled up and that Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned Meeting unless :</p> <ul style="list-style-type: none"> (i) at the Meeting or at the previous Meeting, resolution for the re- appointment of such Director has been put to the Meeting and lost; (ii) the retiring Director has, by notice in writing addressed to the Company or its Board, expressed his unwillingness to be so appointed; (iii) he is not qualified or is disqualified for appointment; (iv) a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act, or (v) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case. |
| Company may increase or reduce the number of Directors | 201. | Subject to Section 259 of the Act, the Company may, by Ordinary Resolution from time to time, increase or reduce the number of Directors within the limits fixed in that behalf by these Articles, and may alter their qualifications and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another qualified person in his place. The person so appointed should hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed. |
| Notice of candidature and consent | 202. | <p>(a) No person not being a retiring Director, shall be eligible for appointment to the office of Director at any General Meeting unless he or some other Member intending to propose him has, not less than fourteen days before the Meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such Member to propose him as a candidate for that office.</p> <p>(b) The Company shall inform its members of the candidature of a person for the office of Director or the intention of member to propose such person as a candidate for that office, by serving individual notices on the members not less than seven days before the meeting:</p> |



Provided that it shall not be necessary for the Company to serve individual notices upon the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the place where the registered office of the Company is located, of which one is published in the English language and the other in the vernacular language of that place.

- (c) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as candidate for the office of a Director shall sign and file with the Company the consent in writing to act as a Director, if appointed.
- (d) A person, other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office or an Additional or Alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or re-appointed as an Additional or Alternate Director, immediately on the expiry of his term of office, shall not act as a Director of the Company, unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

Register of Directors
etc. and notification of
change to registrars

- 203. (a) The Company shall keep at its office a Register containing the particulars of its Directors, Manager, Secretary and other persons mentioned in Section 303 of the Act, and shall otherwise comply with the provisions of the said Section in all respects.
- (b) The Company shall, in respect of each of its Directors, also keep at its office a Register, (as required by sub-section (1) of Section 307 of the Act), and shall otherwise comply with the provisions of the said Section.

Disclosure by
Directors of
appointment to any
other body corporate

- 204. (a) Every Director (including a person deemed to be a Director by virtue of the Explanation to sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company shall, within twenty days of his appointment to any of the above offices to any other body corporate, disclose to the company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.
- (b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (1) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section.



Restriction on Management	205.	The Managing Director or Managing Directors shall not exercise the power to : (a) make calls on shareholders in respect of money unpaid on the shares in the Company, (b) issue debentures, and except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act, shall also not exercise the power to : (c) borrow moneys, other than on debentures, (d) invest the funds of the company and (e) make loans.
Certain persons only to be appointed Managing / Wholetime Directors	206.	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 of an offence involving moral turpitude.
	207.	A Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation and if he ceases to hold the office of Director, he shall ipso facto and immediately cease to be a Managing Director.

PROCEEDINGS AND POWERS OF THE BOARD OF DIRECTORS

Meeting of Directors	208.	The Directors may meet together as a Board for the dispatch of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings, as they think fit. The Board may, if the circumstances so require, meet by means of telephone, television or through any other audio-visual links. The provisions relating to notice, agenda, quorum and minutes stated hereinafter shall mutates mutandis apply to the meetings held through such audio visual media.
Notice of Directors Meeting	209.	Notice of every meeting of the Board shall be given in writing to every Director whether in or outside India, and otherwise regulate their meetings, as they think fit.



Quorum of Board Meeting	210.	Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the 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 meeting.
Adjournment of meeting for want of quorum	211.	If a meeting of the Board could not be held for want of a quorum then, the meeting shall stand adjourned to such other date and time (if any) as may be fixed by the Chairman.
When meeting to be convened	212.	The Secretary shall, as and when directed by any Director to do so, convene a meeting of the Board by giving a notice in writing to every other Director.
Chairman and Vice – Chairman of the Board	213.	If at any meeting of the Board, the Chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of their member to be Chairman of the meeting.
Questions at Board meetings how to be decided	214.	Questions arising at any meeting of the Board of Director or a committee or sub-committee thereof or in resolution to be passed by circular shall be decided by a majority of votes and in the case of a equality of votes, the Chairman shall have a second or casting vote.
Powers of Board in Meetings	215.	A meeting of the Board, for the time being at which a quorum is present, shall be competent to exercise all or any of the authorities, powers, and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.
Directors may appoint Committees	216.	Subject to the restrictions contained in Section 292 of the Act, the Board may delegate any of their powers to one or more Committees of the Board consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and 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 shall be in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board. Provided that every such Committee shall have, as one of its member, the Director referred to in Article 209 or his alternate Director.



Meeting of Committee how to be governed	217.	The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article; provided that no resolution shall be deemed to have been passed by the Committee unless the Director referred to in the proviso to Article 209 or his Alternate Director has voted in favour of the Resolution.
Resolution circulation	by 218.	No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors or all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board, or a 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 the Directors or Members as are then in India, or by a majority of such of them, as are entitled to vote on the resolution. The provisions of this Article shall be subject to the provision of Article 209.
Acts of Board or Committee valid notwithstanding informal defect in appointment	219.	All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it afterwards discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated; 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 terminated.



Minutes of
proceedings of the
Board

220. (a) The Company shall cause minutes of all proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for that purpose with their pages consecutively numbered.
- (b) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the next succeeding meeting.
- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (f) The minutes shall also contain -
- (i) The name of the Directors present at the meeting and
- (ii) In the case of each resolution passed at the meeting, the name of the Directors, if any, dissenting from or not concurring in the resolution.
- (g) Nothing contained in sub-clause (a) to (f) shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting -
- (i) is, or could reasonably be regarded as defamatory of any person,
- (ii) is irrelevant or immaterial to the proceedings; or
- (iii) is detrimental to the interest of the Company.
- (h) The Chairman shall exercise an absolute discretion in regard to the inclusion or non- inclusion of any matter in the minutes on the grounds specified in this sub-clause.
- (i) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.



Powers of the Board

221. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting :-

- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;
- (b) remit, or give time for the repayment of, any debt due by a Director,
- (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
- (d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose;
- (e) Provided further that the powers specified in Section 292 of the Act shall subject to these Articles be exercised only at meetings of the Board, unless the same be delegated to the extent therein stated; or
- (f) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding whichever is greater.



Certain powers to be exercised by board only at meeting

222. The board of directors of the company shall exercise the following powers on behalf of the company and it shall do so only by means of resolution passed at meetings of the Board.

- (a) the power to make calls on shareholders in respect of money unpaid on their shares
- (b) the power to issue debentures;
- (c) the power to borrow money otherwise than on debenture ;.
- (d) the power to invest the funds of the Company; and
- (e) the power to make loans.

Provided that the Board may by a resolution passed at a meeting, delegate to any committee of Directors, the Managing Director, if any, the manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the Branch office, the powers specified in clause (c), (d) and (e) of this Article to the extent specified in sub-sections (2) (3) and (4) respectively of Section 292 of the Act on such conditions as the Board may prescribe. In respect of dealings between the Company and its bankers the exercise by the Company of the power specified in clause (c) shall mean the arrangement made by the Company with its bankers for the borrowing of money by way of overdraft or cash credit or otherwise and not the actual day-to-day operation on overdraft, cash credit of other accounts by means of which the arrangement so made is actually availed of.

Certain powers of the Board

223. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power :

- (a) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;
- (b) To pay and charge to the capital account of the Company commission or interest lawfully payable under the provisions of Section 76 and 208 of the Act;
- (c) Subject to Sections 292, 293 and 297 of the Act, to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition, to accept such title as the Directors may believe or may be advised to be reasonably satisfied;



- (d) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;.
- (e) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit;
- (f) To accept from any Member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;
- (g) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees;
- (h) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon;
- (i) To act on behalf of the Company in all matters relating to bankrupts and insolvents.;
- (j) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company;
- (k) Subject to the provisions of Sections 292, 293(1)(a) 295, 370, 372 and 372A, 373 of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company), or without security and in such manner as they may think fit, and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name;



- (l) To execute, in the name and on behalf of the Company, in favour of any Director or other person who may incur or be about to incur any personal liability, whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;
- (m) To determine, from time to time, who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose;
- (n) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and to give to any office or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as part of the working expenses of the Company;
- (o) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee any charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;



- (p) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as Reserve Fund or any special fund to meet contingencies or to repay debentures or debentures stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of Reserve Fund or division of a Reserve Fund and with full power to employ assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of debentures or debenture stock, and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper;
- (q) To appoint and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may, from time to time, think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the generally conferred by this sub-clause;
- (r) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration;



- (s) Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation;
- (t) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board think fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such Powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them;
- (u) Subject to Section 294, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts deeds and things in the name and on behalf of the Company as they may consider expedient;
- (v) From time to time to make, vary and repeal by laws for the regulations of the business of the Company, its officers and servants;
- (w) To comply with the requirements of any local law which in their opinion it shall, in the interest of the Company, be necessary or expedient to comply with.



THE SEAL

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| The Seal its custody and its use | 231. (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have the power, from time to time, to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given. |
| | (b) The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India. |
| Deeds how executed | 232. Every Deed or other instrument, to which the Seal of the Company is required to be affixed, shall, unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board for the purpose provided that in respect of the Share Certificate the Seal shall be affixed in accordance with Article 22(a). |

AUDIT

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| Accounts to be audited | 255. Auditors shall be appointed and their rights and duties shall be as regulated in accordance with Section 224 to 233 of the Act. |
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DOCUMENTS AND NOTICE

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| Manner or service of documents or notice on Members by Company | 256. A document or notice may be served or given by the Company on any Member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him. |
| When notices of documents served on Members | 257. Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, preparing and posting a letter containing the document or notice, provided, that where a Member has intimated to the Company in advance that documents or notices 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 sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of a Notice of a meeting at the expiration of forty eight hours (48) after the letter containing the document or notice is posted and in any other cases, at the time at which the letter would be delivered in the ordinary course of post. |



By Advertisement	258.	A document or notice advertised in a newspaper circulating in the neighborhood of the office shall be deemed to be duly served or sent on the day on which the advertisement appears on to every member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.
On Joint Holders	259.	A document or notice may be served or given by the Company on or to the joint-holders of a share by serving or giving the document or notice on or to the joint-holder named first in the Register of Members in respect of the share.
On personal representatives, etc.	260.	A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title of representatives of the deceased, or assignee of the deceased, or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the persons claiming to be entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.
To whom documents or notices must be given	261.	Documents or notices of every General Meeting shall be served or given in same manner hereinbefore authorised on or to (a) every Member, (b) every person entitled to a share in consequence of the death or insolvency of a member, and (c) the Auditor or Auditors for the time being of the Company.
Members bound by documents or notices served on or given to previous holders	262.	Every person who, by operation of law, transfer or other means whatsoever, become entitled to any share shall be bound by every document or notice in respect of such share, have been duly served on or given to the person from whom he derives his title to such share.
Service of document or notice by Members	263.	All documents or notices to be served or given by members on or to the Company or any Officer thereof shall be served or given by sending it to the Company or Officer at the Office by post under a certificate of posting or by registered post, or by leaving it at the office.
Documents or notice by Company and signature thereto	264.	Any documents or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signature thereto may be written, printed or lithographed.



WINDING-UP

- Liquidator may divide assets in specie
265. The Liquidator on any winding-up (whether voluntary, under supervision or compulsory) may, with the sanction of a Special Resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction may think fit.



SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the Registrar of Companies, Maharashtra located at Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office situated at 403, Regent Chambers, Nariman Point, Mumbai – 400021 between 10.00 a.m. to 4.00 p.m. on any working days, excluding Saturday and Sunday, from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated May 24, 2006 with IDBI Capital Market Services Limited, appointing them BRLM to the Issue.
2. Memorandum of Understanding dated May 24, 2006 signed with Intime Spectrum Registry Limited appointing them as Registrar to the Issue.

MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company.
2. Original Certificate of Incorporation of our Company dated August 09, 1994.
3. Certificate of Commencement of business dated August 30, 1994
4. Fresh Certificate of Incorporation of our Company dated July 08, 2005 consequent upon change of name.
5. Fresh Certificate consequent upon change of object clause dated August 18, 1997.
6. Copy of resolution passed under Section 81(1A) of the Act authorizing the present Issue, at the Annual General Meeting of the Company held on May 11, 2006.
7. Consent Letters of BRLM, Syndicate Members, Legal Advisors, Directors, Company Secretary, Compliance Officer, Registrars, Bankers to the Issue, Bankers to the Company, Escrow Collecting Bankers, Auditors as referred thereto, in their respective capacities.
8. Certificate dated May 06, 2006, from Haridas Associates, Auditors of the Company detailing tax benefits.
9. Copy of Auditor's report dated May 06, 2006, included in the Draft Red Herring Prospectus.
10. Copies of annual reports of our Company for the years ended March 31, 2002, 2003, 2004, 2005 and 2006.
11. Copies of Annual Reports of our Subsidiary Companies for the years ended March 31, 2002, 2003, 2004, 2005 and 2006.
12. Copies of the Resolution dated March 30, 2005 appointing Mr. Kumar Nair as the Managing Director. Copy of Agreement entered into with Mr. Kumar Nair, our Managing Director for the revision in terms of appointment.
13. Copy of in-principle listing approval received from BSE dated [•] and NSE dated [•]
14. Due Diligence Certificate dated June 05, 2006 to SEBI from the BRLM
15. Tripartite Agreement dated [•] between NSDL, our Company and Registrars to the Issue.
16. Tripartite Agreement dated [•] between CDSL, our Company and Registrars to the Issue.
17. SEBI observation letter no. [•] dated [•].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus 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 GoI or the guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures made in this Draft Red Herring Prospectus are true and correct.

Signed by all the Directors

Sd/-

Mr. Suresh N. Talwar, Non-Executive Chairman & Alternate Director

Sd/-

Mr. Kumar Nair, Managing Director

Sd/-

Mr. Raghu Palat, Independent Director

Sd/-

Mr. Jay Chandran, Non-Executive Director *

Sd/-

Mr. Pravin Khatau, Independent Director *

*** Signed by constituted Power of Attorney Holder Mr. Kumar Nair**

Signed

Sd/-

Mr. Sreedhar Hirimbi, Company Secretary and Compliance Officer

Place: Mumbai

Date: June 05, 2006