



GOLDEN GOENKA FINCORP LIMITED

Our Company was incorporated as Golden Securities Private Limited under Companies Act, 1956 on October 7, 1993 with the Registrar of Companies, West Bengal. Pursuant to a special resolution passed by the shareholders of our Company at the Extra Ordinary General Meeting held on November 30, 1994, our Company was converted into a Public Limited Company under Section 44 of the Companies Act, 1956 and subsequently the name of our Company was changed to Golden Securities Limited. A fresh Certificate of Incorporation reflecting the new name was issued by the Registrar of Companies, West Bengal on December 13, 1994. The name of our Company was changed to Golden Goenka Fincorp Limited vide fresh Certificate of Incorporation dated November 16, 2011 issued by the Registrar of Companies, West Bengal. Subsequently the name of our Company was changed to its present name Golden Goenka Fincorp Limited and a fresh Certificate of Incorporation reflecting the new name was issued by the Registrar of Companies, West Bengal on November 21, 2011. The Corporate Identification Number of our Company is L65993WB1993PLC060377. (For details of changes in the Registered Office of our Company, please refer to page no. 67 of this Draft Letter of Offer).

Registered Office: 1st British Indian Street, Room No. B-10, Kolkata - 700069. **Tel:** +91 33 2262 3827; **Fax:** +91 33 4407 0020

Corporate Office: 1st British Indian Street, Room No. 109, 1st Floor, Kolkata - 700069

Tel: +91 33 4004 2424; **Fax:** +91 33 4407 0020

Contact Person: Mr. Sudhir Kumar Banthiya, Compliance Officer to the Rights Issue

E-mail: rights@goldengoenka.com; **Website:** www.goldengoenka.com

PROMOTERS OF OUR COMPANY: GIRDHARILAL GOENKA AND RISEWELL CREDIT PRIVATE LIMITED

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF GOLDEN GOENKA FINCORP LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF [●] EQUITY SHARES WITH A FACE VALUE OF ₹ 5 EACH ("EQUITY SHARES") FOR CASH AT A PREMIUM OF ₹ [●] PER EQUITY SHARE FOR AN AMOUNT NOT EXCEEDING ₹ 13100 LAKHS BY GOLDEN GOENKA FINCORP LIMITED (THE "COMPANY" OR THE "ISSUER") ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] EQUITY SHARE(S) FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) HELD ON THE RECORD DATE, THAT IS ON [●] ("THE ISSUE" OR "THE RIGHT ISSUE"). THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE SEE THE CHAPTER "TERMS OF THE ISSUE" ON PAGE NO. 155 OF THIS DRAFT LETTER OF OFFER.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. **Investors are advised to refer to section "Risk Factors" beginning on page no. ix before making an investment in this Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING ARRANGEMENT

The existing Equity Shares are listed on the BSE Limited ("BSE") and The Calcutta Stock Exchange Limited ("CSE"). We have received "in-principle" approvals from the BSE and the CSE for listing the Equity Shares to be allotted in the Issue vide their letters dated [●] and [●] respectively. For the purposes of the Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE



SREI CAPITAL MARKETS LIMITED

'Vishwakarma', 86C, Topsia Road (South)

Kolkata - 700 046, West Bengal, India

Tel : +91 33 6602 3845

Fax: +91 33 6602 3861

E-Mail: capital@srei.com

Investor Grievance e-mail: scmlinvestors@srei.com

Website: www.srei.com

Contact Person : Mr. Manoj Agarwal

SEBI Regn. No.: INM 000003762

REGISTRAR TO THE ISSUE



NICHE TECHNOLOGIES PRIVATE LIMITED

D-511, Bagree Market, 71, B.R.B Basu Road,

Kolkata - 700001, West Bengal, India

Tel : +91 33 2235 7270/7271/5236 2234 2318/3576

Fax : +91 33 2215 6823

Email : nichetechpl@nichetechpl.com

Investor Grievance email : ggfl_ri@nichetechpl.com

Website : www.nichetechpl.com

Contact Person : Mr. S. Abbas / Mr. Aniruddha Dutta

SEBI Registration No. : INR000003290

ISSUE PROGRAMME

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

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SECTION I: DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith. Reference to any legislation, act or regulation shall be to such legislation, act or regulation as amended from time to time

COMPANY RELATED TERMS

Term	Description
"Golden Goenka Fincorp Limited", "GGFL", "Golden Goenka", "Golden", "the Issuer", "the Issuer Company", "the Company", "Our Company", "us", "we", "our"	Unless the context otherwise requires, refers to Golden Goenka Fincorp Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 having its registered office at 1 st , British Indian Street, Room No. B-10, Kolkata- 700 069, West Bengal India
AOA/Articles/ Articles of Association	The Articles of Association of our Company
Auditors/Joint Auditors	Our joint auditors being M/s. Vasudeo & Associates, Chartered Accountants and Haribhakti & Co., Chartered Accountants
Board of Directors / Board/Our Board	The Board of Directors of our Company or a duly constituted committee thereof
Corporate Office	The corporate office of our Company presently located at 1 st British Indian Street, Room No. 109, 1 st Floor, Kolkata – 700069
Director(s)	The director(s) of our Company, unless otherwise specified
Equity Shares	Equity Shares of our Company of face value of ₹ 5/- each unless otherwise specified in the context thereof
Group Companies	Companies, firms, ventures etc. promoted by our promoters irrespective of whether such entities are covered under Section 370(1) (b) of the Companies Act, 1956 as described in the chapter "Our Promoters, Promoter Group and Group Companies" on page no. 89
MOA/ Memorandum/ Memorandum of Association	Memorandum of Association of our Company
Promoters	The promoters of our Company being Mr. Girdhari Lal Goenka and Risewell Credit Private Limited
Promoter Group	Unless the context otherwise requires, refers to such persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the ICDR Regulations and which are disclosed by our Company to the Stock Exchanges from time to time. For details please see "Our Promoters, Promoter Group and Group Companies" on page no. 89
ROC	Office of the Registrar of Companies, West Bengal located at Nizam Palace, 2 nd MSO Building, 2nd Floor, 234/4, A. J. C. Bose Road, Kolkata – 700020, West Bengal
Registered Office	The registered office of our Company presently located at 1 st British Indian Street, Room No. B-10, Kolkata – 700069
Subsidiaries	The subsidiaries of our Company within the meaning of Section 4 of the Companies Act, namely Golden Goenka Management Consultancy Services Private Limited, Golden Goenka Financial Advisors Private Limited and Golden Goenka Properties & Construction Private Limited
You, Your, Your's	Unless the context otherwise requires, refers to, investors

CONVENTIONAL/GENERAL TERMS

Term	Description
Act/ Companies Act	The Companies Act, 1956, as amended from time to time
Depository	A body corporate registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996
Depositories Act	The Depositories Act, 1996
Depository Participant/DP	A Depository Participant as defined under the Depositories Act, 1996

Indian GAAP	Generally Accepted Accounting Principles in India
Non Resident	A person resident outside India, as defined under FEMA and includes a Non Resident Indian, FIIs registered with SEBI and FVCIs registered with SEBI
NRI/ Non-Resident Indian	A person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000 as amended
Quarter	A period of three continuous months
RBI Act	The Reserve Bank of India Act, 1934
Stock Exchanges	Collectively BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE)

ISSUE RELATED TERMS

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to Eligible Equity Shareholders of our Company with respect to this Issue in accordance with SEBI ICDR Regulations and the Companies Act
Allot/Allotment/Allotment of Rights Shares	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue to allottees
Allottees	The successful applicant(s) eligible for Allotment of Right Shares of our Company pursuant to the Issue
Applicant(s)	Eligible Equity Shareholders and/or Renounees who are entitled to apply or have applied for Right Shares in terms of the Letter of Offer, as the case may be
Application	Unless the context otherwise requires, refers to an application for the allotment of Equity Shares in this Issue
Application Money	The amount payable on application in respect of the Rights Shares applied for in this Issue at Issue Price
Application Supported by Blocked Amount / ASBA	The application (whether physical or electronic) used compulsorily by QIBs and Non Institutional Investors and optionally by Retail Individual Investors subscribing to the Issue and authorizing the SCSB to block the amount payable on application in their specified bank account
ASBA Account	An account maintained with an SCSB and specified in the CAF for blocking the amount mentioned in the CAF
ASBA Investor	Applicants who intend to apply through ASBA and (a) are holding Equity Shares in dematerialised form as on the Record Date and have applied for (i) their Rights Entitlement or (ii) their Rights Entitlement and Equity Shares in addition to their Rights Entitlement, in dematerialised form; (b) have not renounced their Rights Entitlement in full or in part; (c) is not a Renounee and (d) are applying through blocking of funds in bank accounts maintained with SCSBs Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs and Non-Institutional Investors, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process
Bankers to the Issue / Collection Bank	[•]
Composite Application Form/ CAF	The form used by an Investor to make an application for allotment of the Equity Shares pursuant to this Issue
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that our Company would issue for the Equity Shares Allotted to one folio
Controlling Branches of the SCBs	Such Branches of SCSB which co-ordinates applications under the Issue by the ASBA Investor with the Registrar to the Issue and the Stock Exchanges and the list of which is available at www.sebi.gov.in
Demographic Details	The demographic details of the Applicants, including address, Equity Shareholder's bank account details, MICR code and occupation derived by the Registrar to the Issue from the PAN, DP ID and Client ID

Term	Description
	mentioned in the Application Form, or the ASBA Form, as the case may be
Designated Branches/ DBs	Such branches of the SCSBs which shall collect the CAF Form from the ASBA Investor and a list of which is available on www.sebi.gov.in
Designated Stock Exchange	BSE is the designated stock exchange for the purpose of this issue
Draft Letter of Offer/ DLOF / Draft LOF	This Draft Letter of Offer dated September 25, 2012 filed with the SEBI for its observations
Equity Shareholders	The Equity Shareholders of our Company
Eligible Equity Shareholder(s)	A holder(s) of Equity Share(s) as on the Record Date
First Applicant	The Applicant whose name appears first in the Application Form
FII / Foreign Institutional Investors	Foreign Institutional Investor as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, and registered with SEBI
Investors	The Eligible Equity Shareholders of our Company, the Renounees and any other persons eligible to subscribe the Issue
Issue / Right Issue / Present Issue	Issue of [●] Equity Shares with a face value of ₹ 5/- each for cash at a premium of ₹ [●] per Equity Share for an amount not exceeding ₹ 13100 lakhs on a rights basis to the Eligible Equity Shareholders of our Company on a rights basis in the ratio of [●] Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date (i.e. [●]).
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	[●]
Issue Period	The period between the Issue opening date and the Issue closing date inclusive of both the days and during which Applicants can submit their Application Forms
Issue Proceeds	The proceeds of the Issue that is available to our Company
Lead Manager / LM	Srei Capital Markets Limited
Letter of Offer	The final letter of offer to be filed with the Stock Exchanges after incorporating the observations, if any, received from SEBI on the Draft Letter of Offer
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchanges
Net Proceeds	The Issue Proceeds less the Issue expenses. For further information on the use of Issue Proceeds and Issue expenses, please refer to the section titled "Objects of the Issue" beginning on page no. 30 of this Draft Letter of Offer
Non Institutional Investor(s)	All Investors including sub-accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Rights Shares for an cumulative amount more than ₹ 2 lakhs
Qualified Foreign Investor/QFI	Shall have the meaning assigned to it in SEBI Circular No. CIR/ IMD/ FII&C/ 13/ 2012 dated June 07, 2012 as hosted in www.sebi.gov.in
QIBs/ Qualified Institutional Buyers	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FIIs and sub account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹ 2500 lakhs, pension fund with minimum corpus of ₹ 2500 lakhs, National Investment Fund set up by the Government of India and insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India
Record Date	[●]
Registrar to the Issue	Niche Technologies Private Limited

Term	Description
Renouncee(s)	Any person(s) other than ASBA investors who has / have acquired Rights Entitlements from the Eligible Equity Shareholders or renounces thereof
Retail Investor(s)	Individual Investors who have applied for Rights Shares for an amount not more than ₹ 2 lakhs (including HUFs applying through their Karta)
Rights Entitlement	The number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by him/her on the Record Date
Rights Shares	The equity shares of face value ₹ 5/- each of our Company offered and to be issued and allotted pursuant to the Issue
SAF(s)	Split Application Form(s)
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, including instructions and clarifications issued by SEBI from time to time
Self Certified Syndicate Bank/SCSB	A Self Certified Syndicate Bank, registered with SEBI, which acts as a Banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at www.sebi.gov.in
Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended

INDUSTRY RELATED TERMS

Term	Description
CRAR	Capital to risk weighted asset ratio
CAR	Capital Adequacy Ratio
KYC	Know Your Customer
NBFC	Non-Banking Financial Company as defined under Section 45-I(f) of the RBI Act, 1934
NOF	Net Owned Fund
NBFC-ND	Non-deposit taking NBFC
NBFC-ND-SI	Systemically important non-deposit taking NBFC
PLR	Prime Lending Rate

ABBREVIATIONS

Term	Description
AGM	Annual General Meeting
AS	Accounting Standards issued by The Institute of Chartered Accountants of India
A Y	Assessment Year
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
CSE	The Calcutta Stock Exchange Limited
DIN	Director Identification Number
DP ID	Depository Participant Identity
DIPP	The Indian Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
Depositories	NSDL and CDSL
EBITDA	Earnings before Interest, Tax Depreciation and Amortisation
EGM	Extraordinary General Meeting of the shareholders
EPS	Earnings Per Share
ESOP	Employee Stock Option Plan
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999

Term	Description
FIPB	Foreign Investment Promotion Board
Financial Year / Fiscal / FY	Period of 12 months ended March 31 of that particular year
FVCI	Foreign Venture Capital Investors as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 registered with SEBI under applicable laws in India
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GoI/Government	Government of India
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards
IT Act	The Income Tax Act, 1961, as amended
MOU	Memorandum of Understanding
Mutual Fund / MF	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
MICR	Magnetic Ink Character Recognition
N. A.	Not Applicable
NAV	Net Asset Value being paid-up Equity Share Capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NPV	Net Present Value
NRI	Non-Resident Indian
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
Overseas Corporate Body / OCB	Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB's) Regulations 2003 and which was in existence on the date of the commencement of these Regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations. OCBs are not allowed to invest in this Issue
P.A./ p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PBT	Profit Before Tax
PAT	Profit After Tax
RBI	Reserve Bank of India
Registrar of Companies / RoC	Registrar of Companies, West Bengal
RONW	Return on Net Worth
₹ / INR	Indian Rupees
RTGS	Real Time Gross Settlement
SEBI	The Securities and Exchange Board of India
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time
VAT	Value added tax
YoY	Year on Year

SECTION II – GENERAL

NOTICE TO OVERSEAS SHAREHOLDERS

The rights and the securities of our Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any U.S. State Securities Laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the "United States" or "U.S."), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in the Draft Letter of Offer are being offered in India, but not in the United States. The offering to which the Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, the Draft Letter of Offer or Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe is in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. Our Company is making the issue of Equity Shares on a rights basis to Equity Shareholders of our Company on the Record Date and the Letter of Offer and CAF will be dispatched only to Equity Shareholders who have an Indian address. Any person who acquires rights and the Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it does not have a registered address (and is not otherwise located) in the United States, and (iii) it is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.

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

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Financial Data

Unless stated otherwise, the financial information used in the Draft Letter of Offer is derived from our Company's restated financial statements for the financial year ended March 31 2008, 2009, 2010, 2011 as audited by M/s Vasudeo & Associates, Chartered Accountants and for March 31, 2012 as jointly audited by our Company's Statutory Auditors Haribhakti & Co., Chartered Accountants and M/s. Vasudeo & Associates, Chartered Accountants and prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI ICDR Regulations as stated in the Auditors' Report of Haribhakti & Co., Chartered Accountants and M/s. Vasudeo & Associates, Chartered Accountants beginning from page no. 116 of the Draft Letter of Offer.

Our Company's Financial Year commences on April 1 and ends on March 31 of the ensuing calendar year. Unless stated otherwise, references herein to a Financial Year (e.g., Financial Year 2012), are to the Financial Year ended March 31 of that particular year.

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

Throughout this Draft Letter of Offer, all figures have been expressed in Lakhs, unless otherwise stated. All references to "India" contained in this Draft Letter of Offer are to the Republic of India. All references to "Rupees" or (to introduce the symbol) "₹" Or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to US\$, USD, or US Dollars are to the United States Dollars, the Official currency of the United States of America. All references to £ or Pounds are to the United Kingdom Pounds, the Official currency of the United Kingdom.

The degree to which the Indian GAAP financial statements included in the Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, Companies Act and SEBI ICDR Regulations, 2009. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Letter of Offer should accordingly be limited. Our Company has not attempted to explain these differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on financial data.

Market and Industry Data

Unless stated otherwise, industry data used throughout the Draft Letter of Offer has been obtained or derived from industry publications and/or publicly available Government documents and/or other authenticated published data available in the public domain and/or internal Company reports. Industry publications or publicly available Government documents generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although our Company believes that industry data used in the Draft Letter of Offer is reliable, it has not been verified by us or any other person connected with the Issue.

For additional definitions used in this Draft Letter of Offer, see the section "Definitions and Abbreviations" beginning from on page no. i of this Draft Letter of Offer. In the section entitled "Main Provisions of the Articles of Association" of our Company on page no. 187 of this Draft Letter of Offer, defined terms have the meaning given to such terms in the Articles of Association of our Company.

FORWARD LOOKING STATEMENTS

Certain statements in this Draft Letter of Offer are not historical facts but are "forward-looking" in nature. Forward looking statements appear throughout the Draft Letter of Offer, including, without limitation, under the headings "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry Overview" and "Our Business". Our Company may from time to time make written or oral forward looking statements in reports to Equity Shareholders and in other communications. Forward-looking statements include statements concerning our Company's plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Company's competitive strengths and weaknesses, our Company's business strategy and the trends our Company anticipates in the industries and the political and legal environment in which our Company operates, and other information that is not historical information.

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

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

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

- General economic and business conditions;
- Company's ability to successfully implement its strategy, its growth and expansion plans, and technology initiatives;
- Inability to generate sufficient cash flows to enable it to service its debt or to fund its business of disbursement of loans or investment/trading in securities;
- Volatility in the Indian and global securities market or in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- Perceptions about the future performance or the performance of Indian NBFC companies in general;
- Performance of the competitors in the Indian NBFC industry and the perception in the market about investments in the industry;
- Adverse media reports on our Company or the Indian NBFC industry;
- Changes in the estimates of our Company's performance or recommendations by financial analysts;
- Significant developments in India's fiscal and environmental regulations.

For a further discussion of factors that could cause our Company's actual results to differ, see the chapters "Risk Factors" and "Our Business" on page nos. ix and 50 respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the Lead Manager make any representation, warranty or prediction that the results anticipated by such forward looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Neither our Company nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI/Stock Exchanges requirements, our Company and Lead Manager will ensure that Investors in India are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges.

SECTION III: RISK FACTORS

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Investors should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our Company. If any of the following risks actually occur, the same have a material adverse effect on our business, results of operations and financial condition and could cause the trading price of our Equity Shares to decline, and you may lose all or part of your investment. In addition, the risks set out in the Draft Letter of Offer are not exhaustive. The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section.

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing all or a part of their investment. Investors are advised to read the risk factors described below carefully before making an investment decision in this offering. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved.

This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including considerations described below and in the chapter entitled "Forward Looking Statements" on page no vii. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with restated stand alone financial statements prepared in accordance with Indian GAAP including the schedules, annexure and notes thereto.

Materiality

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

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

Internal Risk Factors

- 1. Our Company, our Directors, our Promoters and our Group Companies are involved in various legal proceedings. Any adverse outcome in such proceedings may have a material adverse effect on our reputation, business, results of operations and financial condition.**

Our Company, our Directors, our Promoters and our Group Companies are currently involved in a number of legal proceedings in India. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Unfavourable decisions in such proceedings may have an adverse effect on our business, results of operations and financial condition.

A summary of the pending proceedings initiated against the aforementioned persons / entities are as follows:

(Aggregate Amount Involved In ₹ Lakhs)

Type of Proceeding	Company	Aggregate Amount Involved (Approx.)	Directors	Aggregate Amount Involved (Approx.)	Promoters	Aggregate Amount Involved (Approx.)	Group Companies	Aggregate Amount Involved (Approx.)
Criminal	1	NIL	NIL	-	NIL	-	NIL	-

Proceedings								
Civil Proceedings	1	NIL	1	0.008	NIL		1	0.001
Tax Proceedings	NIL	-	NIL	-	NIL	-	1	2.13
Past Penalties Imposed	1	0.10	NIL	-	NIL	-	NIL	-
Notices	4	NIL	NIL	-	NIL	-	4	75.24 ^{##}

^{##}Demand Notices from Tax Authorities

A summary of the pending proceedings initiated by the Our Company, our Directors, our Promoters and our Group Companies are as follows:

(Aggregate Amount Involved In ₹ lakhs)

Type of Proceeding	Company	Aggregate Amount Involved (Approx.)	Directors	Aggregate Amount Involved (Approx.)	Promoters	Aggregate Amount Involved (Approx.)	Group Companies	Aggregate Amount Involved (Approx.)
Criminal Proceedings	4	23.87	NIL	-	1	101.60	NIL	-
Civil Proceedings	1	NIL	1	Not Ascertainable	NIL		3	5.72

For further details of these legal proceedings, please refer to the section titled "Outstanding Litigation and Material Developments" on page 132 of this Draft Letter of Offer.

2. As an NBFC, we are required to adhere to several regulatory norms prescribed by RBI from time to time. Any non-compliance with such norms or any adverse change could negatively affect our Company's operations, business, financial condition and the trading price of Equity Shares.

NBFCs in India are subject to strict regulation and supervision by the RBI. We require certain approvals, licenses, registrations and permissions for operating our business. Such approvals, licenses, registrations and permissions must be maintained/renewed over time and we may have to comply with certain conditions in relation to these approvals. Moreover the applicable requirements may change and we may not be aware of or comply with all requirements all of the time. We are required to obtain and maintain a certificate of registration for carrying on business as an NBFC that is subject to numerous conditions (for further details, see the section titled "Key Industry Regulations and Policies" on page no. 57 of this Draft Letter of Offer). If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. RBI has the authority to change these norms/criteria as and when required. Inability to meet the prescribed norms/criteria, can adversely affect the operations and profitability of our Company. Given the extensive regulation of the financial services industry, it is possible that we could be found, by a court, arbitration panel or regulatory authority not to have complied with applicable legal or regulatory requirements and in that event we may suffer punitive measures like imposition of penalties and/or suspension or cancellation of our certificate of registration. We may also incur substantial costs related to litigation if we are subject to significant legal action, which may materially and adversely affect our business, future financial performance and results of operations.

3. Our Company has not filed or belatedly filed the requisite returns with RBI as applicable to NBFCs-ND-SI for which we maybe proceeded against by the RBI for such violations.

Our Company's asset base has crossed Rs 10000 lakhs during the quarter ended June 30, 2012. RBI has vide its letter dated 17 September 2012, clarified that our Company has

become NBFC-ND-SI w.e.f. quarter ended June 2012 and hence our Company is required to submit certain regulatory/ supervisory returns to RBI in terms of the provisions of the RBI Act, 1934 and various directions issued by it from time to time in respect of NBFCs-ND-SI. As an NBFC-ND-SI, we were and are required, inter alia, to file certain prescribed periodical returns and statements with the RBI like Quarterly statement of capital fund, risk weighted assets, risk asset ratio etc., Monthly Return on Important Financial Parameters of NBFCs-ND-SI, Monthly Statement of short term dynamic liquidity etc. Out of the said returns, since June 30, 2012, we have only filed belately the Monthly Return on Important Financial Parameters of NBFCs-ND-SI and Monthly Statement of short term dynamic liquidity in format ALM - NBS-ALM1 for the months of July '12 and August '12 and have not filed any other returns as required under the regulations framed by RBI in relation to NBFCs-ND-SI and may be subjected to regulatory actions by the RBI. Any such action may adversely affect our business, prospects, results of operations, financial condition and the trading price of our Equity Shares.

4. Our Company is non-compliant with certain RBI's Prudential norms applicable to an NBFC-ND-SI as regards CRAR and prudential exposure norms and in relation thereto our Company may be subject to regulatory actions by the RBI including the levy of fines or penalties and/or the cancellation of our Company's registration as an NBFC. Any such action may adversely affect our business, prospects, results of operations, financial condition and the trading price of our Equity Shares.

We have become a systemically important non-deposit taking NBFC during the quarter ended June 30, 2012 and are subject to various regulations by the RBI as an NBFC-ND-SI.

NBFCs-ND-SI are required to comply with various applicable norms as per "Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007". Such requirements include maintenance of a minimum CRAR of 15%; restrictions on investing in the shares of another company in excess of 15% of its owned fund and the shares of a single group of companies exceeding 25% of its owned fund; lend to any single borrower exceeding 15% of its owned fund and any single group of borrowers exceeding 25% of its owned fund; and restriction on lending and investing, collectively, exceeding 25% of its owned fund to a single party and 40% of its owned fund to a single group of parties.

For the quarter ended June 30, 2012, Our Company is non-compliant with the following prudential norms under the Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007":-

- a. maintenance of a minimum CRAR of 15%;
- b. invest in the shares of another company in excess of 15% of its owned fund
- c. lend to any single borrower exceeding 15% of its owned fund
- d. lend to any single group of borrowers exceeding 25% of its owned fund;

Since we have not complied with any of the aforesaid prudential requirements applicable to an NBFC-ND-SI, RBI may take punitive measures against our Company including the levy of fines or penalties and/or the cancellation of our Company's registration as an NBFC. We cannot assure you that our Company will be able to comply with the RBI norms applicable to an NBFC-ND-SI, in future. Any levy of fines or penalties or the cancellation of our registration as an NBFC may adversely affect our business, future prospects, results of operations, financial condition and the trading price of our Equity Shares.

5. The objects of the Issue are based on the internal estimates of our management, and have not been appraised by any bank or financial institution. Any inability on our part to effectively utilize the Issue Proceeds could adversely affect our financial results.

The funds raised under this Issue will be used to augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities. The objects of the Issue are based on management estimates and have not been appraised by any bank or financial institution. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financial results. Utilization of Issue proceeds would be disclosed to our Company's shareholders in the manner required under the Listing Agreement. For further details, please refer to the section titled "Objects of the Issue" on page no. 30 of this Draft Letter of Offer.

6. Our risk management policies and procedures may leave us exposed to unidentified risks or unanticipated levels of risk.

The policies and procedures we employ to identify, monitor and manage risks may not be fully effective. Some methods of risk management are based on the use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures indicate. Other risk management methods depend on evaluation of information regarding markets, clients or other matters that are publicly available or otherwise accessible by us. This information may not be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. We cannot assure you that our policies and procedures will effectively and accurately record and verify this information.

We seek to monitor and control our risk exposure through a variety of separate but complementary financial, credit, operational and legal reporting systems. Nonetheless, the effectiveness of our ability to manage risk exposure cannot be completely or accurately predicted or fully assured. For example, unexpectedly large or rapid movements or disruptions in one or more markets or other unforeseen developments could have a material adverse effect on our results of operations and financial condition. The consequences of these developments could include losses due to adverse changes in collateral values, decreases in the liquidity of trading positions, higher volatility in earnings, increases in our credit risk to customers as well as to third parties and increases in general systemic risk. For further details in this regard, see the section "Our Business" on page no.50 of this Draft Letter of Offer.

7. Our Company is contemplating augmentation of our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities.

Our Company intends to utilize the entire Net Proceeds to augment our capital base to meet the future capital requirements arising out of growth in our assets, primarily our loan portfolio. However, the Income from Loan assets has contributed merely 3.76%, 2.02% and 1.00% of the total revenue from operations during the fiscal 2012, 2011 and 2010 respectively. Our inability to grow and expand our loan portfolio could adversely affect our revenues and thereby our profitability.

8. Our total loan portfolio as at March 31, 2012 was ₹ 5508.00 lakhs. During the financial year 2011-12, 4 (four) borrowers accounted for 58.73% of our total loan portfolio. Our inability to maintain our relationship with such customers could adversely affect our revenues and thereby our profitability. Moreover any default and non-payment in future by borrowers where we have a substantial exposure could materially and adversely affect our profitability and operations.

Further, our lending activities are exposed to credit risk arising from the risk of default and non-payment by borrowers. The size of our loan Portfolio is expected to grow as a result of our expansion strategy in existing as well as new products. Sustained growth may expose us to an increasing risk of defaults as our Portfolio expands. The borrowers and/or guarantors and/or third parties may default in their repayment obligations due to various reasons including insolvency, lack of liquidity, and operational failure.

We cannot be certain, and cannot assure you, that we will be able to improve our collections and recoveries in relation to the NPAs or otherwise adequately control our level of NPAs in the future. Moreover, as our loan Portfolio matures, we may experience greater defaults in principal and/or interest repayments. Thus, if we are not able to control or reduce our level of NPAs, the overall quality of our loan Portfolio may deteriorate and our results of operations may be adversely affected. Furthermore, our current provisions may not be comparable to those of other financial institutions.

9. We provide unsecured as well as secured loans to our borrowers. Further, our inability to foreclose on security taken against our disbursements, in the event of a default, may result in failure to recover the expected value of the security. Additionally, the value of the security may decrease, or our Company may experience delays in enforcing security when borrowers default on their obligations.

We are in the business of providing loans to retail customers, small and medium enterprises and Corporates. Our loan portfolio is either unsecured in nature or is secured by a pledge of shares/bonds.

In case of disbursement which is unsecured in nature, there is no underlying security with us in case of any default by such borrowers. This may expose us to difficulties in timely recovery of interest and principal amount from such borrowers.

The value of the security on the loans disbursed by our Company may decline due to adverse market conditions. In case of security interest being a movable asset, it may be difficult to foreclose on collateral in the event of a default. Additionally, the realizable value of our collateral in liquidation may be lower than its book value. Failure to recover the expected value of collateral could expose our Company to losses and, in turn, adversely affect the business and financial performance.

Moreover, foreclosure of such collateral may require court or tribunal intervention that may involve protracted proceedings and the process of enforcing security interests against collateral can be difficult. We cannot guarantee that we will be able to realize the full value of our collateral, due to, among other things, defects in the perfection of collateral, delays on our part in taking immediate action in bankruptcy foreclosure proceedings, stock market downturns, claims of other lenders, legal or judicial restraint and fraudulent transfers by borrowers, defects in title, documentation of collateral, the necessity of obtaining regulatory approvals for the enforcement of rights in such collateral, and destruction of underlying assets may affect the value of the collateral and the ability to foreclose. In the event a specialized regulatory agency gains jurisdiction over the borrower, creditor actions can be further delayed.

Any deterioration in the quality of our borrowers in terms of their financial worth may expose us to difficulties in timely recovery of interest and principal amount from such borrowers. In the event of such deterioration in our Company's asset portfolio, there could be an adverse impact on our business, our future financial performance and consequently on the price of our Equity Shares. Further, any default in repayment by our borrowers, will result in losses to our company by way of provisioning for/ write off of bad debts. While we have been very selective and conservative in our lending policies and are generally satisfying ourselves with credit worthiness and repayment capacities of our borrowers, there can be no assurance that we will be able to timely recover the interest and / or principal on loans advanced by us. In such an eventuality, there could be an adverse impact on our business, our future financial performance and consequently on the price of our Equity Shares.

10. Our customer base significantly comprises of retail customers, small and medium enterprises segment borrowers, who generally are more likely to be affected by declining economic conditions than larger corporate borrowers.

A significant majority of our customer base belongs to the retail customers, small and medium enterprises sector. Furthermore, unlike several developed economies, a nationwide credit bureau has only recently become operational in India, so there is less financial information available about small and medium enterprises. It is therefore difficult to carry out a precise credit risk analysis on such customers. Although we believe that our risk management controls are sufficient, it cannot be certain that they will continue to be sufficient or that additional risk management policies for individual and/or small and medium enterprise borrowers will not be required. Failure to maintain sufficient credit assessment policies, particularly for small and medium enterprise borrowers, could adversely affect our credit portfolio, which could have a material and adverse effect on our results of operations and/or financial condition.

11. Our Company invests/trades in the stock market and our Company's revenue and operating results will be influenced by factors affecting the companies or funds in which it has invested or proposed to be invested.

Our Company invest/trades in the stock market and presently, a major portion of our Company's revenue is derived from proceeds arising from the sale of its investments/stock. The profitability of our Company's investments is, therefore, dependent on the factors affecting the companies in which it has invested/ proposed to be invested or the performance of entities in which investments will be made. The Companies in which our Company has invested may experience decreased revenues, financial losses, difficulty in obtaining access to financing and increased funding costs owing to difficult market conditions, slowdowns in particular sector or other factors beyond the control of the Issuer Company. Any decline in profitability of these Companies, would directly affect our Company's revenue.

12. Our business is vulnerable to interest rate risk and volatility in interest rates which could adversely affect our income from our operations and adversely affect our financial performance and profitability.

Our business is dependent on interest income from the loans we disburse. Accordingly, we are affected by volatility in interest rates in our lending operations. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. Due to these factors, interest rates in India have historically experienced a relatively high degree of volatility.

If interest rates rise we may have greater difficulty in maintaining a low effective cost of funds compared to our competitors who may have access to low-cost deposit funds. Further, in case our borrowings are linked to market rates, we may have to pay interest at a higher rate as compared to other lenders.

When interest rates decline, we are subject to greater repricing and prepayment risks as borrowers take advantage of the attractive interest rate environment. When assets are repriced, our spread on our loans, which is the difference between our average yield on loans and our average cost of funds, could be affected. During periods of low interest rates and high competition among lenders, borrowers may seek to reduce their borrowing cost by asking lenders to reprice loans. If we reprice loans, our results may be adversely affected in the period in which the repricing occurs. If borrowers prepay loans, the return on our capital may be impaired as any prepayment premium we receive may not fully compensate us for the redeployment of such funds elsewhere.

Sharp and sustained increases in the rates of interest charged on various loans in our Company's loan portfolio, would result in extension of loan maturities due from borrowers and higher rates of default. This could have a material adverse effect on our Company's results of operations and financial condition. In addition, potential customers may be deterred from entering into any financing arrangements in an increasing interest rate scenario. Interest rate risk and volatility in interest rates are inherent in the field of finance and investments. The interest rate cycle is an economic phenomenon and our Company tries to factor the expected volatility in interest rate risk while assessing the credit worthiness and repayment capacities of prospective borrowers.

13. We have not been consistent in earning favourable returns from our investment.

As at March 31, 2012, our investments in securities and stock for trade accounted for 24.25 % of our asset base. The trading and profitability are directly linked to secondary market activities, investor interest and direction of indices in the capital market. We had reported revenues from Sale of Stock for Trade of ₹ 1102.85 lakhs, ₹ 430.96 lakhs, and ₹ 9149.50 for the FY 2010, 2011 and 2012 respectively. Despite our efforts to earn favourable returns on our capital employed, we have not been successful to consistently achieve the same as the financial markets are volatile by nature and there may be certain phases of extreme uncertainty and volatility.

14. Our Company has undergone change of management control in the recent past.

The present promoters, Mr. Girdhari Lal Goenka and Risewell Credit Private Limited, had acquired management control of our Company pursuant to a postal ballot in compliance with Section 192A of the Companies Act read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001 & Regulation 12 read with regulation 2(1) (c) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 from the erstwhile promoters/promoter group comprising Mr. Binod Kumar Mehra and his associates. The present promoters do not have track record of managing any other listed company and their business experience is limited to managing closely held companies in the field of financial services and real estate.

15. Some of our Subsidiaries, Group Companies, ventures promoted by our Promoters have incurred losses during the last three years.

The following subsidiaries, group companies, have incurred losses in at least one of the last three financial years as per their respective audited financial statements.

(₹ in Lakhs)

Sr. No.	Name of the Group Company	Profit/(Loss) for the year ended 31.03.12	Profit/(Loss) for the year ended 31.03.11	Profit/(Loss) for the year ended 31.03.10
1	Girdhar Fiscal Services Private Limited (Group Company)	(228.85)	(36.28)	28.02
2	Shree Karni Projects Private Limited (Group Company)	2.34	1.36	(0.16)
3	Fort Vanijya Private Limited (Group Company)	0.06	0.01	(0.06)
4	Rajgaj Traders Private Limited (Group Company)	4.85	11.21	(26.31)
5	Aristro Capital Markets Private Limited (Associate & Group Company)	(37.03)	(230.29)	0.37
6	Aslow Estates Private Limited (Group Company)	(0.02)	0.01	0.04
7	Golden Goenka Financial Advisors Private Limited (Subsidiary)	(0.31)	-	-
8	Golden Goenka Management Consultancy Private Limited (Subsidiary)	(0.31)	-	-

For further details please refer to the sections titled "Our Subsidiaries Holding and Associate Companies" and "Our Group Companies" on page nos. 70 and 97 respectively of this Draft Letter of Offer. If our Subsidiaries fail to improve their financial performance, our overall profitability on a consolidated basis could be impacted, which in turn may affect the valuation of our Company and Subsidiaries as a whole. Similarly if our Group companies are unable to improve or sustain their financial performance the reputation of our group could be adversely affected.

16. Reliance/Concentration on few scrips may have adverse impact on our profit.

As a part of our business, our investment activities may have concentration in few scrips at any given point of time on which we may be having a positive outlook. Despite our efforts to enter into such transactions after understanding of the business prospects of the investee company, there is potential risk of reliance /concentration on few scrips by us and any factor adversely affecting such companies may have an adverse impact on the profits of our Company.

17. We face increasing competition in our business which may result in declining margins if we are unable to compete effectively.

Our primary competitors are other NBFCs, public sector banks, private sector banks and other financial institution. Banks have access to low cost funds which enables them to enjoy higher margins and / or offer finance at lower rates. NBFCs do not have access to large quantities of low cost deposits, a factor which may render them less competitive. Our ability to compete effectively will depend, to some extent, on our ability to raise funds at competitive rates or at all. Increasing competition may have an adverse effect on our net interest margin and other income, and, if we are unable to compete successfully, our market share may decline.

18. Failure of our operational systems or infrastructure, or those of third parties, could impair our liquidity, disrupt our businesses, cause damage to our reputation and result in losses.

Our business is highly dependent on our ability to process a large number of transactions. Our financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, adversely affecting our ability to process these transactions. As we grow our business, the inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand our businesses. Additionally, shortcomings or failures in our internal processes or systems could lead to an impairment of our financial condition, financial loss, disruption of our business and damage to our reputation.

Our failure to maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations. We may also be subject to disruptions of our operating systems, arising from events that are wholly or partially beyond our control including, for example, computer viruses or electrical or telecommunication service disruptions, which may result in a loss or liability to us.

19. We have not raised any bank loans and may not raise such loans in the future but our business requires substantial funding and any disruption in funding sources would have a material and adverse effect on our liquidity and financial condition.

The liquidity and on-going profitability of our business are, in large part, dependent upon our timely access to, and the costs associated with, raising funds. Our funding requirements historically have been met from a combination of shareholder funds, secured and unsecured loan, redeemable non-convertible debentures, short term loans etc. Currently our Company has no exposure to bank or institutional finance and may not have such exposure in the future. Thus, our business depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition. Moreover, we are a "Non-deposit accepting" NBFC, and do not have access to deposits.

20. We have experienced negative net Cash Flow from activities in the year year 2009-10 on standalone basis.

Our Company has reported a negative net cash flow on the standalone basis from activities as detailed below:

(₹ in Lakhs)

Particulars	Fiscal 2010	Fiscal 2011	Fiscal 2012
Net Cash Flow from/ (used in) Operating Activities (A)	(41.40)	(260.63)	(6606.90)
Net Cash Flow from/ (used in) Investing Activities (B)	Nil	67.93	(1056.94)
Net Cash Flow from/ (used in) Financing Activities (C)	Nil	200.03	7896.33
Net Cash Flow (A+B+C)	(41.40)	7.33	232.49

Our net cash used in operating activities in Fiscal 2010 was ₹ 41.40 lakhs which was primarily due to net increase in working capital of ₹ 40.89 lakhs.

Our net cash used in operating activities in Fiscal 2011 was ₹ 260.63 lakhs which was primarily due to net increase in working capital of ₹ 259.31 lakhs.

Our net cash used in operating activities in Fiscal 2012 was ₹ 6606.90 lakhs which was primarily due to net increase in working capital of ₹ 6842.12 lakhs.

Our net cash used in investing activities in Fiscal 2012 was ₹ 1056.94 lakhs which was primarily due to Purchase of Investments of ₹ 1130.74 lakhs.

21. Our Company has obtained unsecured debt aggregating ₹ 650 lakhs from our Promoter that is repayable on demand, which may adversely affect our business, financial condition and results of operations.

As on March 31, 2012, our Company has obtained unsecured debt aggregating ₹ 650 lakhs as follows from our Promoter that is repayable on demand:

(₹ in Lakhs)

Name of Party	As on 31.03.2012
Risewell Credit Private Limited	650.00
Total	650.00

In the event that Promoters or any other lender, from whom we have availed, unsecured debt or which we may avail in the future, call in such loans/ debt, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms or at all. For further details in this regard, see "Related Party Transactions" on page no. F-33.

22. We are yet to create charge on our movable and immovable assets on the Rated Secured Taxable Redeemable Non – Convertible Debentures ("NCDs") issued by us under Debenture Trust Deed dated 5 April 2012. Further, we have not issued Debenture certificate(s) to the above Rated Secured Taxable Redeemable Non – Convertible Debenture holders ("NCD holders").

We have issued 250000 Rated Secured Taxable Redeemable Non- Convertible Debentures of Rs. 1000 each aggregating to Rs. 25.00 crores with an option to retain 100% over subscription aggregating to Rs. 50.00 crores on a Private Placement basis in the Financial Year 2011-12. The Debenture Trust Deed has been entered into on 5 April 2012 with the Debenture Trustee in terms of which our Company has secured the NCDs inter alia by a first legal mortgage and charge in favour of the Debenture Trustee over our Company's immovable property located in Gujarat hypothecation of the future stock and trade receivables of our Company.

In relation thereto, our Company had filed Form 10 for creation of charge on the said immovable property on 3 May 2012 with the ROC within the time period as stipulated under Section 128 of the Act. However, the said Form 10 filed by our Company on 3 May 2012 was rejected and not taken on record. Our Company has approached the Company Law Board for condonation of delay in filing particulars of creation of charge with the ROC on 29 June 2012. The said matter is still pending. In case we are unable to file the particulars of charges then our Company may have to redeem the NCDs prematurely for violation of the terms of the Debenture Trust Deed.

Since the Form 10 filed by our Company was rejected and not taken on record, our Company could not deliver the debentures certificates within the stipulated time i.e. 7 June 2012 leading to non compliance of Section 111 of the Companies Act. Our Company has approached the Company Law Board under Section 141 of the Act for extension of time for delivery of debenture certificates. The said matter is still pending. In case the extension of time is not granted to us, we would be non compliant with the provisions of the Companies Act and may be subject to such penalties as may be applicable.

23. We may fail to pay interest on our debt obligations in a timely manner. If in future our Company fails to make interest payments to our lenders in a timely manner or at all we may be liable for pre-mature repayments of the relevant loans with interest or otherwise face action for default under the relevant borrowing agreements.

We have issued Rated Secured Taxable Redeemable Non – Convertible Debentures of face value of ₹1000 each of the aggregate value of ₹ 5000 lakhs on a private placement basis to various investors in February 2012. Further we also take ICDs, Unsecured Loans, short term loans regularly. If in the future our Company fails to make interest payments and repayments to our lenders in a timely manner we may face action for default under the relevant borrowing agreements.

24. We have entered into certain transactions with related parties, including our Promoters, Subsidiaries, Associates, relatives of our Promoters, Directors and our employees.

We have entered into certain transactions with related parties, including our Promoters, Subsidiaries, Associates, relatives of our Promoters & Directors and our employees and may continue to do so. There can be no assurance that we could not have achieved more favourable terms on such transactions had they not been entered into with related parties as disclosed in the accounts. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. Such transactions we have entered into and any future transactions with our related parties could potentially involve conflicts of interest. For more information regarding our related party transactions, see the section titled "Financial Statements – Related Party Disclosure" on page no. F-33 of this Draft Letter of Offer.

25. Our Company may have not complied or belatedly complied with certain provisions of the Listing Agreement and SEBI (Substantial Acquisition of Shares And Takeovers) Regulations, 1997 and SEBI (Prohibition of Insider Trading) Regulations, 1992.

Our Company, in the past, may not have complied or may have belatedly complied with certain provisions of the Listing Agreement with the Stock Exchanges for which our Company had received or may receive notices/reminders from the Stock Exchange.

Further the erstwhile Promoters and our Company had not complied/belatedly complied with Chapter II of the SEBI Takeover Regulations and Regulation 13 of the SEBI Insider Trading Regulations in the past. Our Company has also delayed in adopting the code of conduct as prescribed under Regulation 12 of the SEBI Insider Trading regulations.

26. We may not have certain statutory licenses/approvals and/or some of them have expired. In the absence of these statutory licenses/approvals, we may not be in a position to carry on our operations in future and that may affect our performance or we may have to even face penalties and action can be taken against us by the concerned authorities for carrying on the operations without the requisite licenses/approvals.

While we have endeavoured to obtain or apply for all applicable Governmental, statutory and regulatory registrations, permits, licenses and approvals, including renewals thereof, to operate our businesses, certain Governmental or statutory registrations, approvals and/or licenses may have expired or are still pending before the concerned authorities or the applications for the same are yet to be made (or for renewals thereof). In future, our Company will be required to renew such permits, licenses and approvals, and obtain new permits, licenses and approvals in order to carry on current business operations and for any proposed new operations. While we believe that we will be able to renew or obtain such registrations, permits, licenses and approvals as and when required, there can be no assurance that the relevant authorities will issue or renew any of such permits, licenses or approvals or accept registrations in the time-frame anticipated by us or at all. Such non-issuance or non-renewal may result in the interruption of our business operations and may have a material adverse effect on our results of operations and financial conditions. For further details regarding Approvals, please refer to the section titled "Government and Other Approvals" beginning on page no. 142 of this Draft Letter of Offer.

27. We do not own our Registered Office and Corporate Office.

We do not own the premises on which our Registered Office and Corporate Office are situated and operate from licensed premises. We have taken our Registered office on Leave and License basis from Mrs. Raj Goenka, who is a part of our Promoter Group for a Initial Period of 11 months and further period of 22 months with effect from October 25, 2010 and our Corporate office on Leave and License basis from Karni Infracon (P) Ltd., for a period of three years w.e.f. January 25, 2012. We cannot be sure of continuity of the said premises after expiry of the current leave and license period and if such agreement is not renewed, there may be temporary disruption in our operations due to relocation of our offices. Further, the terms and conditions on which the said premises may be renewed on lease basis may not be favourable to us. Further, any adverse impact on the title/ownership rights of our owner, from whose premises we operate our registered office or breach of the contractual terms or non renewal of the operational business agreement may impede our Company's operations.

28. We do not own intellectual property rights over our logo.

The application for registration of our logo is pending before the Trademark Registry, Kolkata. If our application for registration is not accepted or if any order against us is passed in the oppositions that may be filed against our trademark applications, we may lose the statutory protection available to us under the Trade Marks Act, 1999 for such trademarks.

29. Our insurance coverage may not adequately protect us against losses, and successful claims against us that exceed our insurance coverage could harm our results of operations and diminish our financial position.

We maintain insurance coverage of the type and in the amounts that we believe are commensurate with our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage. In addition, there are various types of risks and losses for which we do not maintain insurance, such as losses due to business interruption and natural

disasters, because they are either uninsurable or because insurance is not available to us on acceptable terms. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, future financial performance and results of operations.

30. Conflicts of interest may arise out of common business objects shared by our Company and certain Group Companies.

The following companies/entities/ventures, which are in similar line of business, have been promoted by our Promoters or our Promoters are associated with them. Being in the same industry, it may lead to conflict of interest between us and the following companies/firms/entities/ventures.

Name of the Concern	Nature of Main Activity	Nature of Interest
Aristro Capital Markets Limited (ACML)	Stock Broker and investment in securities	Our Company holds 20.00% of the equity share capital of ACML. Our Promoters and relatives of Mr. Girdhari Lal Goenka together hold 11.11% of the equity share capital of ACML. One of our Director holds 22.22% of the equity share capital of ACML.
Girdhar Fiscal Services Private Limited (GFSPL)	GFSPL is a non-deposit taking NBFC registered with the RBI to carry on the business of non – banking financial institution under Section 45IA of the Reserve Bank of India Act, 1934.	Our Promoters, companies controlled by them and relatives of Mr. Girdhari Lal Goenka together hold 57.90% of the equity share capital of GFSPL.
Elegant Shelters Private Limited (ESPL)	The main business of ESPL is presently in investment in shares.	Our Promoters and relatives of Mr. Girdhari Lal Goenka together hold 11.76% of the equity share capital of ESPL.
GSL Share Holdings Private Limited (GSHPL)	The main business of the Memorandum of Association of GSHPL provide that GSHPL can undertake the activities of Core Investment Company as defined by the Reserve Bank of India and to purchase, hold, subscribe to any securities etc issued exclusively by its group companies and to give loans advances exclusively to any of its group companies.	Our Promoters and relatives of Mr. Girdhari Lal Goenka together hold 100.00% of the equity share capital of GSHPL.
Karni Realtors Private Limited (KRPL)	KSPL is presently in the business of investment in shares.	Our Promoters and companies controlled by them together hold 75.36% of the equity share capital of KRPL.
Karni Shelter Private Limited (KSPL)	KSPL is presently in the business of investment in shares.	Our Promoters and companies controlled by them together hold 98.37% of the equity share capital of KSPL.
Aristro Fincorp Private Limited (AFPL)	AFPL is a non-deposit taking NBFC registered with the RBI to carry on the business of non – banking financial institution under Section 45IA of the Reserve Bank of India Act, 1934	AFPL is an associate Company and our Company, holds 33.67% of the equity share capital of AFPL

There is no undertaking made by the Promoters or Group Companies to not compete. In addition, there is no undertaking by the Promoters, Group Companies or such similar entities to conduct or direct any opportunities in the NBFC services sector only to our Company. As a result, conflicts of interest may arise in allocating or addressing business opportunities and strategies amongst our Company and Group Companies in circumstances where our Company's interest differs from theirs. There can be no assurance that the Promoters or Group Companies will not compete with the existing business or any future business, nor that their interests will not conflict with those of our Company.

Please refer to page nos. 70 and 97 of this Draft Letter of Offer for further details on the above companies.

31. Our success depends in large part upon our management team and skilled personnel and our ability to attract and retain such persons.

Our future performance will be affected by the continued service of our management team and skilled personnel. We also face a continuing challenge to recruit and retain a sufficient number of suitably skilled personnel, particularly as we continue to grow. There is significant competition for management and other skilled personnel in the various segments of the financial services industry in which we operate, and it may be difficult to attract and retain the personnel we need in the future. The loss of key personnel may have a material and adverse effect on our business, future financial performance, results of operations and ability to grow in line with our strategy and future plans.

32. Our results of operations could be adversely affected by any disputes with our employees.

As of March 31, 2012, our total employee's strength was 14. Currently, none of our employees are members of any labour union. While we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

33. We are exposed to various operational risks, including the risk of fraud and other misconduct by employees or outsiders.

As with other financial intermediaries, we are exposed to various operational risks such as fraud or misconduct by our employees or by an outsider, unauthorized transactions by employees or third parties, misreporting of and non-compliance with various statutory and legal requirements and operational errors. It may not always be possible to deter employees from or otherwise prevent misconduct or misappropriation of cash collections, and the precautions we take to detect and prevent these activities may not always be effective. Any instance of employee misconduct, fraud or improper use or disclosure of confidential information could result in regulatory and legal proceedings which if unsuccessfully defended, could materially and adversely affect our business, future financial performance and results of operations.

34. System failures or inadequacy and security breaches in computer systems may adversely affect our business.

Our business is increasingly dependent on our financial accounting and information technology systems. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services.

Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security.

Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner or at all could materially and adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the localities in which we are located.

35. Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our counterparts in India and in some developed countries.

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data.

Our risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Our risk management methods depend upon our internal risk management policies and principles evolved by our management. This information may not in all cases be accurate, complete, current, or properly evaluated. Although we have established these policies and procedures, they may not be fully effective.

36. Our inability to manage growth may have an adverse effect on our business and results of operations.

We have experienced significant growth in the past years and we expect the financial services business to continue to grow at the same pace, in future. Our Revenue from Operations and Other Income increased from ₹ 255.11 lakhs in fiscal 2009 to ₹ 9600.88 lakhs in fiscal 2012, at a CAGR of 235.12%, while our profit after tax increased from ₹ 2.35 lakhs in fiscal 2010 to ₹ 94.41 lakhs in fiscal 2012, at a CAGR of 242.49%.

There can be no assurance that our past performance will be sustained. Further, if this growth continues, it will be a challenge for us to continuously evolve and improve our operational, financial and internal controls. Continued expansion will bring challenges including: -

- preserving the uniform culture, values, work environment and quality across the projects of our Company;
- developing and improving the internal administrative infrastructure, internal controls and other internal systems;
- recruiting, training and retaining sufficient skilled management, technical and marketing personnel and maintaining professional standards; and
- maintaining high levels of client satisfaction.

Any inability to manage the above factors may have an adverse effect on the revenues, business operations of our Company.

37. Our business is based on the trust and confidence of our customers; any damage to that trust and confidence may materially and adversely affect our business, future financial performance and results of operations.

We are dedicated to earning and maintaining the trust and confidence of our customers; and we believe that the good reputation created thereby is essential to our business. As such, any damage to our reputation could substantially impair our ability to maintain or grow our business. In addition, any action on the part of any of our promoters, subsidiaries, associates, promoter group companies and group companies that negatively impact our reputation could have a material and adverse affect on our business, future financial performance and results of operations.

38. The proposed adoption of IFRS could result in our financial condition and results of operations appearing materially different than under Indian GAAP.

Our financial statements, including the financial statements provided in this Draft Letter of Offer are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of the International Financial Reporting Standards ("IFRS") or U.S. GAAP on the

financial data included in this Draft Letter of Offer nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS, U.S. GAAP and IFRS differ in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

However we may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the Ministry of Corporate Affairs, GoI in January, 2010. The convergence of certain Indian Accounting Standards with IFRS was notified by the Ministry of Corporate Affairs on February 25, 2011 to be implemented in phases. The date of implementing such converged Indian accounting standards has not yet been determined, and will be notified by the Ministry of Corporate Affairs in due course after various tax-related and other issues are resolved.

Because there is significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice on which to draw in forming judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IFRS than under Indian GAAP, which could have a material adverse effect on the price of our Equity Shares.

As we transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by an agreed deadline could have a material adverse effect on our business and operations.

39. In absence of lock in requirements for Promoter in the Rights Issue, the Promoters may offload part of their holding/ shares allotted in Rights Issue in the market.

Since the promoter's shares are not under lock-in, the Promoters are free and may offload part of their shareholding in the secondary market, which may cause the price to be very volatile or may cause the price to decline.

40. Our Company has declared interim dividend on Equity Shares for the financial year 2011-12 and 2012-13. There can be no assurance that our Company will declare dividend in future.

Our Company has declared interim dividend for the financial years 2011-12 and 2012-13. The amount of dividend payments in future, if any, will depend upon several factors including its future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that the Issuer Company will pay dividend in future.

41. Fluctuations in operating results and other factors may result in decrease in Equity Share price of our Company.

If our Company is unable to meet market or investor expectations in relation to the financial performance, investors could sell the Equity Shares when it becomes apparent that the expectations of the market may not be realized, resulting in a decrease in the market price of the Equity Shares. In addition, our Company's operating results, changes in financial estimates or recommendations by analysts, governmental investigations, litigations, speculation in the press or investment community, the possible effects of a war, terrorist and other hostilities, changes in general conditions in the economy or the financial markets or other developments affecting the financial services industry, could cause the market price of Equity Shares to fluctuate substantially

42. Renunciation by any shareholder in favour of a non-resident or FII will require prior approval of the RBI and/or FIPB subject to certain terms and conditions

Renunciation of rights entitlement in our Company by any shareholder in favour of a nonresident or a FII will require prior approval of the RBI and/or FIPB subject to certain terms and conditions. There can be no certainty as to the conditions subject to which the approval

will be granted or if the approval will be granted at all. For more details on the restrictions applicable to non residents or FIIs please refer to the section titled "Terms of the Issue" beginning on page no. 155 of this Draft Letter of Offer.

43. Future sale of Equity Shares by some of our current shareholders could affect the price of our Equity Shares in the secondary market.

The sale of our Equity Shares by any major shareholders could adversely affect trading price of our Equity Shares and could impact our ability to raise capital through an offering of our securities. In addition, any perceptions by investors that such an issuance or sale might occur, could also affect the trading price of our Equity Shares.

44. We will continue to be controlled by our Promoter after the completion of the Issue.

As of the date of this Draft Letter of Offer, our Promoters and Promoter Group hold 63.37% of the pre-Issue share capital. Furthermore, after the completion of this Issue, our Promoter and Promoter group will continue to exercise significant control over us, including being able to control the composition of our board of directors and determine decisions requiring simple or special majority voting, and our other shareholders will be unable to affect the outcome of such voting. Our Promoters and Promoter Group may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders, such as actions which delay, defer or cause a change of our control or a change in our capital structure, merger, consolidation, takeover or other business combination involving us, or which discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

We cannot assure you that our Promoter and members of our Promoter Group will act in our interest, or in the interests of minority shareholders, while exercising their rights.

45. Your Equity Shareholding in our Company may be diluted if the holders of the Zero percent Optionally Convertible Debentures ("OCDs") convert the OCDs held by them into Equity Shares.

On July 4, 2012, our Company issued and allotted 1,75,00,000 Zero percent Optionally Convertible Debentures ("OCDs") of face value of ₹ 40/- each aggregating to ₹ 70,00,00,000/- to the promoter/promoter group and non promoters on preferential basis. Each OCD may be converted at the option of the OCD holder into 2 equity share of face value of ₹ 5/- at any time within a period of 18 months from the date of allotment of OCDs i.e. July 4, 2012 in accordance with SEBI ICDR Regulations. As on the date of this Letter of Offer, 1,52,50,000 of the aforementioned OCDs are outstanding which would entitle the holders thereof to acquire a maximum of 3,05,00,000 Equity Shares of ₹ 5 each. Accordingly, your Equity Shareholding in our Company may be diluted if the holders of the OCD holders convert the OCDs held by them into Equity Shares.

46. We may raise additional equity capital which may dilute your existing shareholding.

Our growth and business strategies may require us to raise additional capital. We may raise such additional capital through a further issue of securities. Any issuance of Equity Shares to persons other than the Equity Shareholders will dilute your existing equity shareholding. Further, we may obtain a funding from our Promoters through an equity infusion. This will also dilute your shareholding.

47. Our Company cannot warrant that its Equity Shares will continue to be listed on the Stock Exchange.

As a listed company, we are required to comply with certain regulations and/or guidelines as prescribed by SEBI and the Stock Exchange. However, in the event that our Company fails to comply with any of the aforesaid regulations and/or guidelines, our Company cannot warrant that its Equity Shares will continue to be listed on the Stock Exchange.

48. There is ambiguity on whether or not NBFCs are required to comply with the provisions of money lending laws as prevailing in different states in India, which, if interpreted unfavorably by the concerned statutory/regulatory authorities, could, adversely affect our operations and/or profitability.

There is ambiguity on whether or not NBFCs are required to comply with the provisions of state money lending laws that establish ceilings on interest rates. The relevant state money lending statutes provide penalties for non-compliance with such statutes, including civil and criminal consequences. In the event that the government of any state in India requires us to

comply with the provisions of their respective state money lending laws or imposes any penalty against us, our directors or officers, including for prior non-compliance, prospectively or retrospectively, our operations and/or profitability may be adversely affected.

EXTERNAL RISK FACTORS

1. Governmental and statutory regulations, including the imposition of an interest rate ceiling, may adversely affect our operating results and financial position.

As a non-deposit taking NBFC, our Company is subject to regulation by Indian governmental authorities, including the RBI. These laws and regulations impose numerous requirements on us, including asset classifications and prescribed levels of capital adequacy, cash reserves and liquid assets. There may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect us.

For instance, a number of states in India have enacted laws to regulate money lending transactions. These state laws establish maximum rates of interest that can be charged by a person lending money. For unsecured loans, these maximum rates typically range from 20.0% to 24.0% per annum and are subject change to from time to time. Currently, the RBI requires that the board of all NBFCs adopt an interest rate model taking into account relevant factors such as the cost of funds, margin and risk premium. It is unclear whether NBFCs are required to comply with the provisions of state money lending laws that establish ceilings on interest rates. In October, 2004, the Honourable High Court at Calcutta observed that Bengal Money Lender's Act, 1940 applies to NBFCs. However, in January 2010, the High Court of Gujarat held that the provisions of the RBI Act have an overriding effect upon state money lending laws. The subject matter is pending before the Supreme Court of India in a different case and the final decision has not been passed.

In the event that the Supreme Court of India and/or the government of any state in India requires us to comply with the provisions of their respective state money lending laws, or imposes any penalty against us, our Directors or our officers, including for prior non-compliance, our business, future financial performance and results of operations may be materially and adversely affected.

2. Political instability or changes in the Government in India or in the Government of the states where we operate could cause us significant adverse effects.

We are incorporated in India and all of our operations, assets and personnel are located in India. Consequently, our performance and the market price and liquidity of our equity shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The central government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business is also impacted by regulation and conditions in the various states in India where we operate. Our business, and the market price and liquidity of our equity shares may be affected by interest rates, changes in central government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive central governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued. A significant change in the central government's policies could adversely affect our business, financial condition and results of operations and could cause the price of our equity shares to decline.

3. Regional hostilities, terrorist attacks, civil disturbances or social unrest, regional conflicts could adversely affect the financial markets and the trading price of our Equity Shares could decrease.

Certain events that are beyond our control, such as terrorist attacks and other acts of violence or war, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy.

India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country leading to overall political and economic instability, it could have

a materially adverse effect on our business, future financial performance, results of operations and the trading price of the equity shares.

4. Our growth depends on the sustained growth of the Indian economy. An economic slowdown in India and abroad could have a direct impact on our operations and profitability.

Macroeconomic factors that affect the Indian economy and the global economic scenario have an impact on our business. The growth in our business is primarily driven by the need for finance. Any slowdown in the Indian economy may have a direct impact on the growth in our business and a slowdown in the economy as a whole can increase the level of defaults thereby adversely impacting our Company's profitability and growth plans.

5. Financial difficulties and other problems in certain Financial Institutions in India could cause our Company's business to suffer and the price of our Equity Shares to go down.

Our Company is 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 various financial and liquidity crisis. There has been a trend towards consolidation of 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 Company's business, its future financial performance, its Shareholders' funds and the market price of its Equity Shares.

6. Restrictions on foreign investment limit our ability to raise debt or capital outside India.

Indian laws constrain our ability to raise capital outside India through the issuance of equity or convertible debt securities and restrict the ability of non-Indian companies to invest in us. Foreign investment in, or an acquisition of, an Indian company requires approval from the relevant government authorities in India, including the Reserve Board of India and the Foreign Investment Promotion Board.

7. 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 Indian stock exchanges may fluctuate after this Issue as a result of several factors, including:

- Volatility in the Indian and global securities market or in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- Perceptions about the future performance or the performance of Indian NBFC companies in general;
- Performance of the competitors in the Indian NBFC industry and the perception in the market about investments in the industry;
- Adverse media reports on our Company or the Indian NBFC industry;
- Changes in the estimates of our Company's performance or recommendations by financial analysts;
- Significant developments in India's fiscal and environmental regulations.

There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the prices at which our Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue. Our share price may be volatile post-listing.

Also, no assurance can be given that an active trading market for our Equity Shares will develop or as to the liquidity or sustainability of any such market, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which shareholders will be able to sell their Equity Shares. If an active market for the Equity Shares fails to develop or be sustained, the trading price of the Equity Shares could fall. If an active trading market does not develop, the Equity Shares could trade at prices that may be lower than their Issue Price.

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

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our financial results and business prospects, ability to obtain financing for capital expenditures and the price of our Equity Shares.

9. We will require final listing and trading approvals from the CSE and BSE prior to the commencement of trading of our Equity Shares.

We will apply to the Stock Exchanges for final listing and trading approvals after the allotment of the Equity Shares in the Issue. There can be no assurance that our Company will receive such approvals on time or at all.

10. You will not be able to sell immediately on an Indian Stock Exchange any of the Equity Shares you purchase in the Issue

Under the SEBI ICDR Regulations, we are permitted to allot the Equity Shares within 12 days of the Issue Closing Date. Consequently, the Equity Shares you purchase in the Issue may not be credited to your demat account with Depository Participants until approximately 12 days after the Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account and final listing and trading approvals are received from the Stock Exchanges. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time periods.

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

Capital gains arising from the sale of the Equity Shares are generally taxable in India. Currently, any gain realised on the sale of our shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax (STT) has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which our shares are sold. Any gain realised on the sale of our shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of our shares held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of our shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. For more information, please see the chapter entitled "Statement of Tax Benefits" at page no. 36. However, capital gains on the sale of our Equity Shares purchased in the Issue by residents of certain countries may not be taxable in India by virtue of the provisions contained in the taxation treaties between India and such countries. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of Equity Shares.

Prominent Notes:

1. Issue of [●] Equity Shares with a face value of ₹ 5 each at a premium of ₹ [●] per Equity Share for cash not exceeding ₹ 13100 lakhs on a rights basis to the existing Equity Shareholders of our Company in the ratio of [●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held by the existing Equity Shareholders on the Record Date. The Issue price is [●] times the face value of the Equity Shares.
2. Our Company's net worth as at 31 March, 2012 was ₹ 2,857.26 lakhs based on restated standalone financial information of our Company. Our Company's net worth as at 31 March, 2012 was ₹ 2,883.01 lakhs based on restated consolidated financial information of our Company.
3. The book value per Equity Share was ₹ 16.81 (Face Value of equity shares at ₹ 10/-) as of March 31, 2012 based on the restated standalone financial information of our Company. The book value per Equity Share was ₹ 16.96 (Face Value of equity shares at ₹ 10/-) as of March 31, 2012 based on the restated consolidated financial information of our Company.
4. The average cost of acquisition per Equity Share by our Promoter is as follows:

Name	Average Cost of Acquisition of Equity Shares of the Promoters

	(₹)(Face Value ₹ 5)
Girdhari Lal Goenka	5.00
Risewell Credit Private Limited	9.66

5. For details of the transactions of our Company with the Promoters, Associate Companies, Group Companies or Subsidiaries during the last one year preceding the date of filing of the Draft Letter of Offer with the Stock Exchanges, the nature of transactions and the cumulative value of transactions, please see the chapter "Related Party Transactions" on page no. F-33.
6. There has been no financing arrangement whereby the Promoter Group, the Directors of Risewell Credit Private Limited, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Letter of Offer with SEBI.
7. Except as disclosed in the sections titled "Our Promoters, Promoter Group and Group Companies" or "Our Management" on page nos. 89 and 75, respectively, none of our Promoters, our Directors and our other key managerial employees have any interest in our Company except to the extent of remuneration, sitting fees and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner or trustee and to the extent of the benefits arising out of such shareholding.
8. Investors are advised to refer to the paragraph titled "Basis for Issue Price" on page no. 33 of this Draft Letter of Offer before making any investment in this issue.
9. Other than as disclosed in the section titled 'Related Party Transactions', at page no. F-33 none of our Group Companies have any business interest or other interests in our Company.
10. Our Company originally was incorporated as a Golden Securities Private Limited October 7, 1993. The status of our Company was changed to a public limited company and our name was changed to Golden Securities Limited pursuant to a fresh certificate of incorporation issued by the Registrar of Companies, West Bengal on December 13, 1994. The name of our Company was changed to Golden Goenka Fincrop Limited vide fresh Certificate of Incorporation dated November 16, 2011 issued by the Registrar of Companies, West Bengal. Subsequently the name of our Company was changed to its present name Golden Goenka Fincorp Limited vide a fresh certificate of incorporation issued by the Registrar of Companies, West Bengal on November 21, 2012. There has however been no change in the line of business of our Company and hence there is no requirement for change in Object clause.
11. All information shall be made available by the Lead Manager and our Company to the public and investors at large and no selective or additional information would be available only to a section of investors in any manner whatsoever.

Investors may contact the Lead Manager for any complaint, clarifications and information pertaining to the Issue. Any clarification or information relating to this Issue shall be made available by the Lead Manager to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner. All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, application number, number of Equity Shares applied for, application money blocked, ASBA Account number and the Designated Branch of the SCSBs where the CAF Form has been submitted by the ASBA Investor. For contact details please refer to the chapter titled "General Information" beginning on page no. 13.

SECTION IV: INTRODUCTION

Summary

This is only a summary and does not contain all the information that one should consider before investing in the Equity Shares of our Company. You should read the following summary together with the "Risk Factors" beginning on page no. ix of this Draft Letter of Offer and the more detailed information about Golden Goenka Fincorp Limited in the section titled "Industry Overview", "Our Business" and its "Financial Statements" beginning on page nos. 42, 50 and 116 respectively of this Draft Letter of offer before deciding to invest in the equity shares offered by our Company.

We have relied on websites and publicly available documents from various sources. The data may have been reclassified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has independently verified the information provided in this chapter. Industry sources and publications, referred to in this section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information

SUMMARY OF INDUSTRY

Structure of India's Financial Services Industry

The financial institutions in India are varied, comprising commercial banks (including regional rural banks and local area banks), urban cooperative banks, rural co-operative banks, non-banking financial companies (NBFCs), insurance companies and mutual funds. The regulatory and supervisory arrangements for these entities are well defined, with strong legal underpinnings. The RBI is the central regulatory and supervisory authority for the Indian financial system. The banking sector is regulated by the Reserve Bank, whose regulatory perimeter also extends to cover NBFCs. A variety of financial institutions and intermediaries, in both the public and private sector, participate in India's financial services industry. These are:

- Commercial banks;
- Non-Banking Finance Companies ("NBFCs");
- Specialized financial institutions, such as the National Bank for Agriculture and Rural Development, the Export-Import Bank of India, the Small Industries development Bank of India and the Tourism Finance Corporation of India;
- Securities brokers;
- Investment banks;
- Insurance companies;
- Mutual funds; and
- Venture capital funds.

Source: RBI, AMFI, IRDA, CFSA.

NBFCs, which provide a gamut of services and account for around 9 per cent of financial sector assets, have become an integral part of the financial system in India, playing a crucial role in broadening access to financial services, enhancing competition and bringing in greater risk diversification.

(Source :<http://rbi.org.in/scripts/PublicationReportDetails.aspx?UrlPage=&ID=586#CH5>)

Non-Banking Finance Companies

Non-banking financial companies (NBFCs) are fast emerging as an important segment of Indian financial system. It is an heterogeneous group of institutions (other than commercial and co-operative banks) performing financial intermediation in a variety of ways, like accepting deposits, making loans and advances, leasing, hire purchase, etc. They raise funds from the public, directly or indirectly, and lend them to ultimate spenders. They advance loans to the various wholesale and retail traders, small-scale industries and self-employed persons. Thus, they have broadened and diversified the range of products and services offered by a financial sector. Gradually, they are being recognised as complementary to the banking sector due to their customer-oriented services; simplified procedures; attractive rates of return on deposits; flexibility and timeliness in meeting the credit needs of specified sectors; etc.

*(Source: Non-Banking Financial Companies (NBFCs),
http://business.gov.in/business_financing/non_banking.php, accessed on May 19, 2012)*

Meaning and Types of NBFCs:

The structure and operations of NBFCs are regulated by the RBI, within the framework of Chapter III B of the RBI Act and the directions issued by it under the RBI Act. As set out in the RBI Act, a "non-banking financial company" is defined as:

- (i) a financial institution which is a company;
- (ii) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or
- (iii) such other non-banking institution or class of such institutions, as the bank may, with the previous approval of the central Government and by notification in the Official Gazette, specify.

Size of NBFCs Sector and their Growth

In line with the global trend, NBFCs in India too emerged primarily to fill in the gaps in the supply of financial services which were not generally provided by the banking sector, and also to complement the banking sector in meeting the financing requirements of the evolving economy. Over the years NBFCs have grown sizably both in terms of their numbers as well as the volume of business transactions. The number of such financial companies grew more than seven-fold from 7,063 in 1981 to 51,929 in 1996. Thus, the growth of NBFCs has been rapid, especially in the 1990s owing to the high degree of their orientation towards customers and simplification of loan sanction requirements.

Further, the activities of NBFCs in India have undergone qualitative changes over the years through functional specialisation. NBFCs are perceived to have inherent ability and flexibility to take quicker decisions, assume greater risks, and customise their services and charges according to the needs of the clients. These features, as compared to the banks, have tremendously contributed to the proliferation of NBFCs in the eighties and nineties.

Future prospects of NBFC sector

NBFCs have been playing a very important role both from the macro economic perspective and the structure of the Indian financial system. NBFCs are the perfect or even better alternatives to the conventional Banks for meeting various financial requirements of a business enterprise. They offer quick and efficient services without making one to go through the complex rigmarole of conventional banking formalities. However to survive and to constantly grow, NBFCs have to focus on their core strengths while improving on weaknesses. They will have to be very dynamic and constantly endeavour to search for new products and services in order to survive in this ever competitive financial market.

Since NBFCs have been kept outside the purview of SARFAESI Act, a reform in this area is quite urgently needed. A suitable legislative amendment extending the operation of the said Act to NBFCs too would go a long way in fortifying the faith of the investors and which in turn would greatly contribute to the growth of this Sector. The coming years will be very crucial for NBFCs and only those who will be able to face the challenge and prove themselves by standing the test of time will survive in the long run.

For further details, please see the section on "Industry Overview" beginning from page no. 42 of this Draft Letter of Offer.

SUMMARY OF BUSINESS

We are a non deposit taking non-banking financial company registered with RBI to carry on the NBFI activities under Section 45IA of the Reserve Bank of India Act, 1934 bearing Registration no. 05.01596 dated April 20, 1998. Subsequently, we have received a fresh certificate bearing Registration no. B.05.01596 dated May 21, 2012 pursuant to change of name of our Company.

Our Company is primarily engaged in the business of providing short term to medium term loans viz. inter corporate loans, business loans, investments in securities and trading in securities.

We have various types of financial products on offer suiting the requirement of different clients. Vanilla products like Inter Corporate Deposits, Credit against Securities/properties, IPO Funding etc. are preferred by short term borrowers while specialized products like Lease Finance, Real

Estate Project Finance, Acquisition funding etc. generally form part of the long term funding requirements.

Our Strengths

We believe that the following are our key strengths:

- **Experienced Promoter and Management Team**
- **Effective risk management framework and operating efficiency**
- **Focus on a disciplined business philosophy**
- **Internal controls and risk management**

Our Strategies

Our key strategic priorities are as follows:

- **To Leverage on our experience and relationships**
- **To achieve operational efficiency through advanced technology and processes**
- **To adhere to a disciplined investment policy**
- **To maintain and expand long term Relationship with Client**
- **To attract and Retain Experienced Professionals**

For further details, please see the section on "Our Business" beginning from page no. 50 of this Draft Letter of Offer.

THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section "Terms of the Issue" on page no. 155.

Equity Shares outstanding prior the Issue	3,85,00,400 equity shares of ₹ 5/- each
Equity Shares outstanding prior the Issue (assuming full conversion of Zero percent Optionally Convertible Debentures ("OCDs"))	6,90,00,400 equity shares of ₹ 5/- each
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[●]
No. of Equity Shares proposed to be issued by our Company	[●]
Rights Entitlement	[●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date
Record Date	[●]
Face Value per Equity Share	₹ 5/-
Issue Price per Equity Share	[●]
Terms of the Issue	For more information, please refer to the section "Terms of the Issue" on page no. 155
Use of Issue Proceeds	For further information, please refer to the chapter "Objects of the Issue" on page no. 30
Terms of Payment	The full amount of ₹ [●] per Equity Share is payable on application

Notes:

The Issue of Equity Shares on Rights Basis in terms of this Draft Letter of Offer has been authorized by the Board of Directors in their meeting held on August 4, 2011.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our restated financial statements as of and for the years ended March 31, 2012, 2011, 2010, 2009 and 2008. These financial statements have been prepared in accordance with the Indian GAAP, the Companies Act and the SEBI ICDR Regulations and presented under the section titled "Financial Statements" on page no. 116. The summary financial information presented below should be read in conjunction with our restated financial statements, the notes thereto and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" beginning on page nos 117 and 116, respectively.

Statement of Standalone Assets and Liabilities - Restated

(₹ in lakhs)

Sl. No.	Particulars	As at March 31				
		2012	2011	2010	2009	2008
(1)	Non – Current Assets					
(a)	Fixed Assets					
	Gross Block	24.62	9.60	98.61	98.61	98.61
	Less: Depreciation	6.01	4.47	42.39	42.36	42.32
	Net Block	18.61	5.13	56.22	56.25	56.29
(b)	Non-Current Investments	453.55	2.78	10.00	10.00	121.00
(c)	Deferred Tax Assets (Net)	2.33	-	-	-	-
(d)	Long-Term Loans and Advances	2,175.03	100.19	118.18	88.18	55.82
		2,649.52	108.10	184.40	154.43	233.11
(2)	Current Assets					
(a)	Current Investments	600.00	-	-	-	-
(b)	Stock for Trade	1,021.27	319.20	60.17	44.67	36.24
(c)	Trade Receivables	475.31	58.50	40.20	32.97	40.61
(d)	Cash and Bank Balances	270.93	38.44	31.11	72.51	39.74
(e)	Short-Term Loans and Advances	3,459.37	6.34	28.59	33.54	33.81
(f)	Other Current Assets	78.97	-	-	0.77	0.16
		5,905.85	422.48	160.07	184.46	150.56
(3)	Non-Current Liabilities					
(a)	Long-Term Borrowings ₹	5,000.00	-	-	-	-
(b)	Deferred Tax Liabilities (Net)	-	-	0.01	0.01	0.01
(c)	Other Long-Term Liabilities	3.42	-	10.44	10.44	10.44
(d)	Long-Term Provisions	17.00	0.25	52.94	48.80	56.57
		5,020.42	0.25	63.39	59.25	67.02
(4)	Current Liabilities					
(a)	Short-Term Borrowings	650.00	-	-	-	-
(b)	Other Current Liabilities	27.64	5.03	0.27	0.26	0.28
(c)	Short-Term Provisions	0.05	-	0.11	1.03	-
		677.69	5.03	0.38	1.29	0.28
(5)	Share application money pending allotment	-	200.00	-	-	-
(6)	Net Worth (1+2-3-4-5)	2,857.26	325.30	280.70	278.35	316.37
(7)	Net Worth Represented by Shareholders' Funds					
	Share Capital	1,700.02	300.02	299.99	299.99	299.99
	Reserves and Surplus	1,157.24	25.28	(19.29)	(21.64)	16.38
		2,857.26	325.30	280.70	278.35	316.37

Statement of Standalone Profits and Losses - Restated

(₹ in lakhs)

Particulars	Year ended March 31				
	2012	2011	2010	2009	2008
INCOME					
Revenue From Operations	9,584.87	443.18	1,113.99	252.06	428.15
Other Income	16.01	0.08	0.69	3.05	0.67
Changes in Stock-for-Trade	702.07	259.01	15.51	8.42	(13.44)
	10,302.95	702.27	1,130.19	263.53	415.38
EXPENSES					
Purchases of Shares, Mutual Fund & Commodities	9,849.00	680.02	1,111.10	286.68	378.11
Employees Benefits Expenses	44.41	5.08	4.28	3.45	3.35
Finance Cost	190.95	-	-	-	-
Depreciation and Amortization Expense	1.54	0.69	0.03	0.04	0.07
Other Expenses	83.89	18.48	5.13	6.64	16.52
	10,169.79	704.27	1,120.54	296.81	398.05
PROFIT BEFORE BAD DEBTS, PROVISIONS, TAX AND EXTRAORDINARY ITEMS	133.16	(2.00)	9.65	(33.28)	17.33
Bad Debts	-	6.13	-	-	-
Contingent Provisions against Standard Assets	13.52	0.25	-	-	-
Provision for Non-Performing Assets	-	(52.94)	4.15	(0.83)	(20.89)
	13.52	(46.56)	4.15	(0.83)	(20.89)
PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	119.64	44.56	5.50	(32.45)	38.22
Tax Expense:					
Current Tax	28.95	-	1.41	0.03	5.90
MAT Credit Entitlement	(1.39)	-	-	-	-
Income-tax for earlier years	-	-	1.74	5.54	-
Deferred Tax Charge/(Credit)	(2.33)	(0.01)	-	-	2.88
	25.23	(0.01)	3.15	5.57	8.78
PROFIT BEFORE EXTRAORDINARY ITEMS	94.41	44.57	2.35	(38.02)	29.44
Extraordinary Items	-	-	-	-	-
	94.41	44.57	2.35	(38.02)	29.44
Earnings per equity share (Basic and Diluted) (in Rs)	0.62	1.49	0.08	(1.27)	0.98
(par value ₹ 10/- per Equity Share)					

Statement of Standalone Cash Flows - Restated

(₹ in lakhs)

Particulars	Year ended March				
	2012	2011	2010	2009	2008
A. Cash Flow from Operating Activities					
Net Profit Before Tax	119.64	44.56	5.50	(32.45)	38.22
Adjustments for:					
Depreciation and Amortization	1.54	0.69	0.03	0.04	0.07
Provision for Diminution in value of the Long term investments	2.22	-	-	-	-
Contingent Provisions against Standard Assets	13.52	0.25	-	-	-
Provision for Non-Performing Assets	-	(52.94)	4.15	(0.83)	(20.89)
Profit on sale of Investments (Net)	(7.39)	(3.27)	-	(2.42)	(0.33)
Dividend income	(0.02)	(0.08)	-	-	-
Interest income on Fixed Deposits	-	-	-	(0.42)	-
Interest Income on Investment in Bond	(3.63)	-	-	-	-
Liabilities No Longer Required written back	(0.01)	-	-	-	-
Loss on valuation of Stock for Trade	166.54	16.32	0.80	17.49	6.88
Operating Profit before Working Capital changes	292.41	5.53	10.48	(18.59)	23.95
Adjustment for:					
Increase/(Decrease) in Liabilities and Provisions	20.51	(5.73)	0.02	(0.04)	0.10
Decrease/(Increase) in Trade Receivables	(416.81)	(18.29)	(7.23)	0.80	24.83
Decrease/(Increase) in Stock for Trade	(868.61)	(275.36)	(16.30)	(25.91)	6.56
Decrease/(Increase) in Loans and Advances/ Other Assets	(5,577.21)	34.54	(27.86)	(36.04)	30.44
Cash Generated from/(used in) Operations	(6,549.71)	(259.31)	(40.89)	(79.78)	85.88
Taxes paid (Net of refunds)	(57.19)	(1.32)	(0.51)	(1.29)	(3.75)
Net Cash (Used in)/Generated by Operating Activities	(6,606.90)	(260.63)	(41.40)	(81.07)	82.13
B. Cash Flows from Investing Activities					
Purchase of Fixed Assets	(14.97)	(5.60)	-	-	-
Proceeds from Sale of Fixed Assets	-	62.95	-	-	-
Purchase of Investments	(1,130.74)	(2.77)	-	(50.00)	(110.00)
Interest received on Bond	3.63	-	-	-	-
Interest received on Fixed Deposits	-	-	-	0.42	-
Proceeds from Sale of Investments	85.12	13.27	-	163.42	1.33
Dividend Received	0.02	0.08	-	-	-
Net Cash (Used in)/Generated by Investing Activities	(1,056.94)	67.93	-	113.84	(108.67)
C. Cash Flows from Financing Activities					
Share Application money received	-	400.00	-	-	-
Share Application money refunded	-	(200.00)	-	-	-
Calls in arrears received	-	0.03	-	-	-
Proceeds from Issuance of Share Capital	2,320.00	-	-	-	-
Proceeds from issue of Secured	5,000.00	-	-	-	-

Redeemable Debentures	Non-Convertible					
Proceeds from Unsecured Long-Term Borrowings		650.00	-	-	-	-
Interim Dividends Paid on Equity Shares		(62.64)	-	-	-	-
Corporate Dividend Tax Paid		(11.03)	-	-	-	-
Net Cash (Used in)/ Generated by Financing Activities		7,896.33	200.03	-	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		232.49	7.33	(41.40)	32.77	(26.54)
Cash and Cash Equivalents at the beginning of the year		38.44	31.11	72.51	39.74	66.28
Cash and Cash Equivalents at the end of the year		270.93	38.44	31.11	72.51	39.74
Cash and Cash Equivalents are represented by:						
Cash on hand		20.23	3.39	2.06	2.29	2.12
In Current Accounts		245.35	35.05	28.89	70.22	37.62
In Unclaimed Dividend Account		5.35	-	-	-	-
Cheques on Hand		-	-	0.16	-	-
Total		270.93	38.44	31.11	72.51	39.74

Statement of Consolidated Assets and Liabilities - Restated

(₹ in lakhs)

Sr. No.	Particulars	As at 31st March, 2012
(1)	Non-Current Assets	
(a)	Fixed Assets	
	Gross Block	25.18
	Less: Depreciation/Amortization	6.01
	Net Block	19.17
(b)	Non-Current Investments	474.28
(c)	Deferred Tax Assets (Net)	2.33
(d)	Long-Term Loans and Advances	2,175.03
		2,670.81
(2)	Current Assets	
(a)	Current Investments	600.00
(b)	Stock for Trade	1,021.27
(c)	Trade Receivables	475.31
(d)	Cash and Bank Balances	273.15
(e)	Short-Term Loans and Advances	3,458.72
(f)	Other Current Assets	81.99
		5,910.44
(3)	Non-Current Liabilities	
(a)	Long-Term Borrowings	5,000.00
(b)	Other Long-Term Liabilities	3.42
(c)	Long-Term Provisions	17.00
		5,020.42
(4)	Current Liabilities	
(a)	Short-Term Borrowings	650.00
(b)	Trade Payables	-
(c)	Other Current Liabilities	27.77
(d)	Short-Term Provisions	0.05
		677.82
(5)	Net Worth (1+2-3-4)	2,883.01
(7)	Net Worth Represented by Sources of Funds	
	Shareholders' Funds	
	Share Capital	1,700.02
	Reserves and Surplus	1,182.99
		2,883.01

Statement of Consolidated Profits and Losses -Restated

(₹ in lakhs)

Particulars	Year ended 31st March, 2012
INCOME	
Revenue From Operations	9,584.87
Other Income	43.10
Changes in Stock-for-Trade	702.07
	10,330.04
EXPENSES	
Purchases of Shares, Mutual Fund & Commodities	9,849.00
Employees Benefits Expenses	44.41
Finance Cost	190.95
Depreciation and Amortization Expense	1.54
Other Expenses	84.23
	10,170.13
PROFIT BEFORE BAD DEBTS, PROVISIONS,TAX AND EXTRAORDINARY ITEMS	159.91
Contingent Provisions against Standard Assets	13.52
PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	146.39
Tax Expense:	
Current Tax	29.95
MAT Credit Entitlement	(1.39)
Deferred Tax Charge / (Credit)	(2.33)
Total Tax for current year	26.23
PROFIT BEFORE EXTRAORDINARY ITEMS	120.16
Extraordinary Items	-
Net Profit After Extraordinary Items	120.16
Earnings per equity share (Basic and Diluted) (in Rs)	0.79
(par value ₹ 10/- per Equity Share)	

Statement of Consolidated Cash Flows -Restated

(₹ in lakhs)

Particulars	Year ended 31st March, 2012
A. Cash Flow from Operating Activities	
Net Profit Before Tax	146.39
Adjustments for:	
Depreciation and Amortization	1.54
Provision for Diminution in value of the Long term investments	2.22
Contingent Provisions against Standard Assets	13.52
Loss on sale of Investments (Net)	(7.39)
Dividend income	(0.02)
Interest Income on Investment in Bond	(3.63)
Interest Income on Inter - Corporate Loan	(3.36)
Liabilities No Longer Required written back	(0.01)
Loss on valuation of Stock for Trade	166.54
Share in Income of Associate	(23.73)
Operating Profit before Working Capital changes	292.07
Adjustment for:	
Increase/(Decrease) in Liabilities and Provisions	20.64
Decrease/(Increase) in Trade Receivables	(416.81)
Decrease/(Increase) in Stock for Trade	(868.62)
Decrease/(Increase) in Loans and Advances/ Other Assets	(5,327.21)
Cash Generated from Operations	(6,299.93)
Direct Tax paid (Net of refunds)	(57.19)
Net Cash (Used in)/Generated by Operating Activities	(6,357.12)
B. Cash Flows from Investing Activities	
Purchase of Fixed Assets	(15.53)
Loan given by Subsidiary	(250.00)
Purchase of Investments	(1,127.74)
Interest received	3.63
Proceeds from Sale of Investments	85.13
Dividend Received	0.02
Net Cash (Used in)/Generated by Investing Activities	(1,304.49)
C. Cash Flows from Financing Activities	
Proceeds from Issuance of Share Capital	2,320.00
Proceeds from issue of Secured Redeemable Non-Convertible Debentures	5,000.00
Proceeds from Unsecured Long-Term Borrowings	650.00
Interim Dividends Paid on Equity Shares	(62.64)
Corporate Dividend Tax Paid	(11.03)
Net Cash (Used in)/Generated by Financing Activities	7,896.33
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	234.72
Cash and Cash Equivalents at the beginning of the year	38.43
Cash and Cash Equivalents at the end of the year	273.15
Cash and Cash Equivalents are represented by:	
Cash on hand	20.34
In Current Accounts	247.45
In Unclaimed Dividend Account	5.36
Total	273.15

Note:

Current year being the first occasion that Consolidated Financial Statements are presented, hence comparative figures for the previous period have not been presented, in accordance with Accounting Standard 21 (AS-21) "Consolidated Financial Statements."

GENERAL INFORMATION

Incorporation

Our Company was incorporated as Golden Securities Private Limited Company under the Companies Act on October 7, 1993 with the Registrar of Companies West Bengal. Pursuant to a special resolution passed by the shareholders of our Company at the Extra Ordinary General Meeting held on November 30, 1994, our Company was converted into a Public Limited Company under Section Sec. 44 of the Companies Act and subsequently the name of our Company was changed to Golden Securities Limited. A fresh certificate of Incorporation reflecting the new name was issued by the Registrar of Companies West Bengal on December 13, 1994. The name of our Company was changed to Golden Goenka Fincorp Limited vide fresh Certificate of Incorporation dated November 16, 2011 issued by the Registrar of Companies, West Bengal. Subsequently the name of our Company was changed to its present name Golden Goenka Fincorp Limited and a fresh Certificate of Incorporation reflecting the new name was issued by the Registrar of Companies, West Bengal on November 21, 2011.

Registered Office of our Company Golden Goenka Fincorp Limited

1st British Indian Street
Room No. B-10
Kolkata – 700069
Tel : +91 33 2262 3827
Fax: +91 33 4407 0020
Website: www.goldengoenka.com
Email: rights@goldengoenka.com

For details of changes in the Registered Office of our Company, see the section "Brief History and Certain Other Corporate Matters – Changes in Registered Office of our Company" on page no. 67 of this DLOF.

Corporate Office of our Company Golden Goenka Fincorp Limited

1st British Indian Street
Room No. 109, 1st Floor
Kolkata – 700069
Tel : +91 33 4004 2424
Fax: +91 33 4407 0020

Company Registration Number: 21-60377

Corporate Identification Number: L65993WB1993PLC060377

Address of the Registrar of Companies Registrar of Companies, West Bengal

Nizam Palace,
2nd MSO Building, 2nd Floor
234/4, A.J.C. Bose Road,
Kolkata-700 020,
West Bengal, India

The existing Equity Shares of our Company are listed on the BSE and the CSE.

Board of Directors

Our Company's Board of Directors as on the date of this Draft Letter of Offer is as follows:

Name of the Director	Designation	DIN	Address
Mr. Girdhari Lal Goenka	Chairman and Managing Director	00613725	Satyam Towers, 3 Alipore Road, Flat No.2B/1, Kolkata – 700 027
Mr. Dinesh Burman	Executive Director	00612904	1, Abdul Hamid Street, 2 nd Floor, Kolkata- 700 069
Mr. Shree Mohan Kothari	Non Executive & non Independent Director	00234702	50A Ballygunge Place, 2nd Floor, Shubham Vihar, Kolkata – 700019

Name of the Director	Designation	DIN	Address
Mr. Niranjan Kumar Choraria	Non Executive Independent Director	03626290	403, Divya Darshan Apt., Ghod Dod Road, Surat – 395007, Gujarat
Mr. Rhythm Arora	Non Executive Independent Director	03586033	B-303, Prestige, St Johns Woods Thavrekere Main Rd. Bangalore 560029
Mr. Arun Kumar Goenka	Non Executive Independent Director	00844069	1205 Liliun, Nahar Amrit Shakti of Saki Vihar Road, Andheri (E) Mumbai - 400072

For Further details and profile of our Chairman and Managing Director and Executive Director see the section titled "Our Management" on page no. 75.

Company Secretary

Mr. Biswanath Mukherjee
Golden Goenka Fincorp Limited

1st British India Street
Room No. B-10
Kolkata – 700 069.

Tel : +91 33 2262 3827

Fax: +91 33 4407 0020

E-mail: rights@goldengoenka.com

Compliance Officer to the Rights Issue

Mr. Sudhir Kumar Banthiya
Golden Goenka Fincorp Limited

1st British Indian Street
Room No. 109, 1st Floor
Kolkata – 700069

Tel : +91 33 4004 2424

Fax: +91 33 4407 0020

E-mail: rights@goldengoenka.com

Investors may contact the Registrar to the Issue or our Company Secretary or our Compliance Officer to the Right Issue for any pre-Issue /post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investor.

Auditors of our Company

Our joint auditors being:

M/s. Vasudeo & Associates

5 Fancy Lane, 3rd Floor
Room No. 09
Kolkata – 700 001

Tel: +91 33 2248 8986

Fax: +91 33 4006 9647

E-mail: vda_info@mail.com

Firm Registration No.: 319299E

Haribhakti & Co.

Geetanjali Apartments, Suite 7G, 7th Floor
8B, Middleton Street, Kolkata 700 071

Tel: +91 33 3201 6298

Fax: +91 33 2226 4140

Email :

Firm registration no: 103523 W

Bankers to our Company

HDFC Bank Ltd. Stephen House Branch 4, B B D Bag East, Kolkata – 700 001 Tel: +91 33 4402 6486 Fax: +91 33 4402 6487 E-mail: dhruv.lahoty@hdfcbank.com Website : www.hdfcbank.com	Standard Chartered Bank N.S. Road Branch 19 N. S. Road Kolkata – 700 001 Tel: +91 33 39120359 Fax: +91 33 2230 1696 E-mail: Rajib.Chatterjee@sc.com Website : www.standardchartered.com
United Bank of India Royal Exchange Branch 10 N.S. Road Kolkata – 700 001 Tel: +91 33 2242 1814 Fax: +91 33 2242 1814 E-mail: bmlrx@unitedbank.co.in Website : www.unitedbankofindia.com	

Lead Manager to the Issue

Srei Capital Markets Limited

“Vishwakarma”
86C Topsia Road (S)
Kolkata - 700046
Tel: +91 33 6602 3845
Fax: +91 33 6602 3861
Email: capital@srei.com
Investor Grievance email : scmlinvestors@srei.com
Contact Person: Mr. Manoj Agarwal
Website: www.srei.com
SEBI registration number: INM000003762

Legal Counsel to the Issue

Khaitan & Co LLP

Emerald House
1B Old Post Office Street
Kolkata - 700 001
Tel: +91 33 2248 7000
Fax: +91 33 2248 7656

Registrar to the Issue

Niche Technologies Private Limited

D-511, Bagree Market
71, B.R.B Basu Road
Kolkata - 700001
Tel : +91 33 2235 7270/7271/5236 2234 2318/3576
Fax : +91 33 2215 6823
Email : nichetechpl@nichetechpl.com
Investor Grievance email : ggfl_ri@nichetechpl.com
Website : www.nichetechpl.com
Contact Person : Mr. S. Abbas / Mr. Aniruddha Dutta
SEBI Registration No. : INR000003290

Bankers to the Issue

[•]

Self Certified Syndicate Banks

All Equity Shareholders who hold Equity Shares in dematerialized form may apply in this Issue through the ASBA process. The Equity Shareholders are required to fill the CAF and submit the

same to their Self Certified Syndicate Banks ("SCSB") which in turn will block the amount as per the authority contained in the CAF and undertake other tasks as per the specified procedure. On allotment, the amount would be unblocked and the account would be debited only to the extent required to pay for the Rights Shares allotted.

The lists of banks notified by SEBI to act as SCSBs are provided at www.sebi.gov.in. For details on designated branches of SCSBs collecting the ASBA form, please refer the above mentioned SEBI link.

Statement of responsibility of Lead Manager

Srei Capital Markets Limited is the sole Lead Manager to the Issue and all the responsibilities relating to coordination and other activities in relation to the Issue shall be performed by them. The list of major responsibilities of the Lead Manager inter alia are as follows .:

Sr. No.	Activities
1	Capital structuring with the relative components and formalities. Undertaking liaison with the Stock Exchanges, as may be required under the prevailing framework of guidelines issued by SEBI and the Stock Exchanges
2	Undertaking due diligence activities and drafting and design of the Draft Letter of Offer/Letter of Offer and the application forms or memorandum containing salient features of the Draft Letter of Offer/Letter of Offer
3	Drafting and approval of all statutory advertisements or publicity material including newspaper advertisement and brochure
4	Selection of various agencies connected with the Issue, such as Registrars to the Issue, Printers, Advertising Agencies, Bankers to the Issue etc
5	Liaisoning with the Stock Exchanges and SEBI, including for obtaining in-principle listing approval and completion of prescribed formalities with the Stock Exchanges and SEBI.
6	The post Issue activities will involve essential follow up steps, which must include finalization of basis of allotment, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrar to the Issue, Bankers to the Issue and the bank handling refund business. Lead Manager shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge this responsibility through suitable agreements with our Company.

Credit rating

As the present Issue is an issue of Equity Shares, no credit rating is required.

However our Company has received 'CARE BB (-)' indicating that instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations from Credit Analysis and Research Limited ("CARE") for its issue of Rated Secured Taxable Redeemable Non - Convertible Debentures of face value of ₹1000 each aggregating to ₹ 2500 lakhs with an option to retain 100% oversubscription aggregating to ₹ 5000 lakhs on a private placement basis in the financial year 2011-12.

Monitoring Agency

There is no requirement for appointing a monitoring agency for this issue under Regulation 16(1) of the SEBI ICDR Regulations since our proposed Issue Size is less than ₹ 50,000 Lakhs. However, we have appointed HDFC Bank Ltd. as the monitoring agency in relation to the Issue under the provisions of the SEBI ICDR Regulations. Also as per Clause 49 of the Listing Agreement entered into with the stock exchanges, the Audit Committee of the Board will monitor the utilization of issue proceeds. The details of the Monitoring Agency is as under :

HDFC Bank Ltd.

Lodha I Think Techno Campus, Office 3rd Floor
Crompton Greaves Ltd., Next to Kanjurmarg Railway Station
Kanjurmarg East, Mumbai - 400 042

Tel: +91 22 3075 2927

Fax: +91 22 2579 9801/809

Email: uday.dixit@hdfcbank.com

Investor Grievance email : Uday.dixit@@hdfcbank.com

Website : www.hdfcbank.com

Contact Person : Mr. Uday Dixit
SEBI Registration No. : INBI00000063

Listing of Securities

The Equity Shares of our Company have been listed on the BSE and the CSE w.e.f June 19, 1995 and June 15, 1995 respectively. We have received in-principle approvals for listing of the Rights Shares to be issued pursuant to this Issue from the BSE and the CSE by letters dated [•] and [•], respectively. For further details, please refer to the section titled "Terms of the Issue" on page 155 of this Draft Letter of Offer.

Appraising Entity

The objects of the Issue have not been appraised by any agency. The objects of the Issue and means of finance therefore are based on internal estimates of our Company.

Principal Terms of Loans and Assets charged as security

For details of the principal terms of loans and assets charged as security, please see "Financial Indebtedness" on page no. 131 of this Draft Letter of Offer.

Experts

Except for the reports of the Auditors of our Company on the restated financial informations and statement of tax benefits, included in the Draft Letter of Offer, our Company has not obtained any expert opinions.

Issue Schedule

Issue Opening Date	[•]
Last date for receiving requests for split forms	[•]
Issue Closing Date	[•]

Underwriting

The Issue shall not be underwritten.

CAPITAL STRUCTURE

The share capital of our Company and related information as on the date of the Draft Letter of Offer, prior to and after the proposed Issue, is set forth below:

No.	Particulars	Aggregate Nominal Value (₹ In Lakhs)	Aggregate Value at Issue Price (₹ In Lakhs)
A	Authorised Share Capital		
	1,70,00,000 Equity Shares of ₹ 5/- each	8500.00	
B	Issued, Subscribed and Paid-Up Capital before the Issue		
	3,85,00,400 Equity Shares of ₹ 5/- each (fully paid up)	1925.02	
	Issued, Subscribed and Paid-Up Capital before the Issue (assuming full conversion of Zero percent Optionally Convertible Debentures ("OCDs"))		
	6,90,00,400 Equity Shares of ₹ 5/- each (fully paid up)	3450.02	
C	Present Issue being offered to the existing Equity Shareholders through the Draft Letter of Offer		
	[●] equity shares of ₹ 5 each at a Issue Price of ₹ [●] per equity share		
D	Issued, subscribed and paid up capital after the Issue (assuming full subscription for and allotment of the Rights Entitlement)		
	[●] equity shares of ₹ 5 each fully paid up		
E	Share Premium Account		
	Before the Issue	1795.00	
	After the allotment of the Equity Shares (assuming full subscription for and allotment of the Rights Entitlement)		

This Issue of Equity Shares has been authorised by the resolution passed by the Board of Directors of our Company at their meetings held on August 4, 2011.

The Authorized Share Capital of our Company has been built-up as per the details given below:

Date	Number of Shares	Cumulative Number of Shares	Authorised Capital (₹)	Particulars
Incorporation	5,00,000	5,00,000	50,00,000	On Incorporation
08.12.1994	30,00,000	35,00,000	3,50,00,000	Increase in Authorised Share capital
10.11.2010	90,00,000	1,25,00,000	12,50,00,000	Increase in Authorised Share capital
27.04.2011	50,00,000	1,75,00,000	17,50,00,000	Increase in Authorised Share capital
16.09.2011	5,25,00,000	7,00,00,000	70,00,00,000	Increase in Authorised Share capital
24.03.12	-	14,00,00,000	70,00,00,000	Split of each Share from face Value of ₹ 10/- each to 2 shares of Face value of ₹ 5/- each
22.08.2012	3,00,00,000	17,00,00,000	85,00,00,000	Increase in Authorised Share capital

The current authorized capital is sufficient to meet the requirements of the fresh issue.

Notes to the Capital Structure

1. Equity Share Capital history

- a) **Capital Build up:** The existing equity share capital of our Company has been subscribed and allotted as under:

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration	Nature of allotment	No. of Equity Shares Cumulative	Paid Up Capital (₹)	Cumulative Share Premium (₹)
7.10.93	200	10/-	10/-	Cash	Subscriber to the Memorandum of our Company ¹	200	2000	Nil
31.03.94	1,10,000	10/-	10/-	Cash	Further Allotment ²	1,10,200	11,02,000	Nil
20.04.94	1,00,000	10/-	10/-	Cash	Further Allotment ³	2,10,200	21,02,000	Nil
28.11.94	2,80,000	10/-	10/-	Cash	Further Allotment ⁴	4,90,200	49,02,000	Nil
10.01.95	7,59,800	10/-	10/-	Cash	Further Allotment ⁵	12,50,000	1,25,00,000	Nil
31.05.95	17,50,200	10/-	10/-	Cash	Pursuant to Initial Public Offering ⁶	30,00,200	3,00,02,000	Nil
19.05.11	1,40,00,000	10/-	18/-	Cash	Pursuant to Preferential Allotment ⁷	1,70,00,200	17,00,02,000	11,20,00,000
Pursuant to the Shareholders resolution dated March 24, 2012 the face value of the equity shares of ₹ 10/- each was split into 2 shares of face value of ₹ 5/- each and consequently the issued share capital was split from 1,70,00,200 equity shares of ₹ 10/- each to 3,40,00,400 equity shares of ₹ 5/- each								
22.08.12	45,00,000	5/-	20/-	Cash	Pursuant to conversion of OCDS ⁸	3,85,00,400	19,25,02,000	17,95,00,000
TOTAL	3,85,00,400							

¹ Binod Kumar Mehra and S. Ramamirtham were allotted 100 Equity Shares each pursuant to their subscription to our Memorandum of Association

² Indu Bala Acharya, Sanjay Kumar Agarwal, Lalit Kumar Jain, Krishan Kumar Singhania, Rajani Singhania were allotted 5000 Equity Shares each, Madan Lal Khemka was allotted 6000 Equity Shares, Madan Lal Agarwal was allotted 4500 Equity Shares, Kailash Kumar Ranga was allotted 7500 Equity Shares, Deepak Bajaj was allotted 4000 Equity Shares, Maghendra Kumar Agarwal was allotted 3000 Equity Shares, Sunil Kumar Agarwal, Sanjay Kumar Gupta, Ramkali Agarwal, Mirendra Kumar Agarwal were allotted 2500 Equity Shares each and Shampa Paul, Gobind Lal Dhanuka, Kailash Nath Danuka, Shankar Lal Mohta and Rameshwar Lal Chandak were allotted 10,000 Equity Shares each

³ Manish Lath, Amal Kumar Sarkar, Rameshwar Lal Chandak, Sampa Paul, Rajesh Kumar Daduka, Gobind Lal Danuka, Kailash Nath Danuka, Sankar Lal Mohta, Abhay Goenka and Rajmati Barmawat were allotted 10,000 Equity Shares each

⁴ Kishan Goenka, Shyam Sundar Agarwal, Ram Gopal Kedia, Meena Agarwal, Suresh Banka, Santanu Dutta, Ashok Ganeriwal, Mahesh Agarwal, Prakash Chand Lath and Jitendra Agarwal were allotted 5000 Equity Shares each, Jagan Nath Sarawgi was allotted 8,500 Equity Shares, Bhalothia Marketing P Ltd. was allotted 50,000 Equity Shares, Triara Vyapaar P. Ltd., Soarma Vinimay P. Ltd. and Goodware Distributors P. Ltd. were allotted 25,000 Equity Shares each, Shreyansh Sales Promoting P. Ltd. was allotted 75,000 Equity Shares and Sarawgi Fiscal Services P. Ltd. was allotted 21,500 Equity Shares

⁵ Jwala Prasad Agarwal, Rathindra Kumar Dey, Arun Kumar More, Ratna Lila, Sanjay Lachhramka, Ramakant Beriwal, Rama Kishan Kasat, Sunil Kr Bajaj, Banwari Lal Tak, Panna Lal Jain, Rakhal Dutta, Jenko Business Pvt. Ltd, Suresh K Jalan, Balkishan Agarwal, Feroz Tandon, Surendra Kumar Bhuwania, Kavita Bhuwania, Nikita Bhagnani, Lalita Jalan, Neelam Agarwal, Madhu Sudan Agarwala, Surendra Kumar Poddar, Chinni Lal Patel, Bhagwan Das Mohta, Saroj Modi, Nidhi Saraf, Atma Ram Mathran, Baltic Resources Pvt. Ltd, Disney Resources Pvt. Ltd, East West Securities Pvt. Ltd, Surendra Singh Jain, Manish Khetan, Bidyut Das, Murari Lal Goenka, Saroj Devi Baid, Bineta Devi Jain, Bindu Kumari Lunia, Lalita Kumari Lunia, Deepa Kumari Lunia, Gorak Nath Sharma, Anil Kumar Saraf, Kamala Devi Lunia, Parwati Devi Bhuwania, Ram Gopal Bhuwania, Kishan Kumar Tibrewala, Gita Devi Saraf, Raj Rani Arora, Swapna Chowdhary, Ram Prasad Alamal, Vishnu Kumar Lodha, Anand Nopany, Jitendra Anchalina, Banwari Lal Choudhary, Basudeo Sharma, Meera Sultania, Jagdish Prasad Jalan, Raj Kumar Singh, Neelam Banthia, Pravin Kumar Kothari, Sailendra Kumar Shroff, Sanyukta Chowdhury, Ram Kishan Agarwal, Lalit Kumar Sarawagi, Rajesh Khanna, Neeraj Kapoor, Ravi Budhia, Barnali Mukherjee, Amit Kumar Luharuka, Monica Jain, Agarwal and Surendra Kumar Bajaj were allotted 2500 shares each, Shashi Seth was allotted 2800 shares, Shakuntala Sogani was allotted 3000 shares, Lalita Singhania was allotted 3500 shares, Santosh Kumar Sikaria, Suresh Kumar Alwal, Chandra Sekhar Nevatia, J M Choudhary, Prem Lata Choudhary, Achal Singh, Uma Khanna, Shanti Swarup Burman, Arun Kumar Dalmia, Kamala Mehra, Manish Mehra, Manisha Mehra, Lok Nath Saraf, Bijay Ratan Bahety, George Burman, Mohan Lal Poddar and Pawan Kumar Todi were allotted 5000 shares each, Sohan Lal Sureka and Minoo Seth were allotted 7000 shares each, Dashrath Lal Sureka was allotted 8000 shares, Nav Ratan Tibrewala, Narayan Das Agarwala, Ritesh Agarwala, Sangram Singh Baid, Arun Kumar Sureka, Sutodia Trade & Fin Pvt.Ltd, Sanjay Kumar Gupta, Pramod Kumar Mehra, Kishori Lal Pandey, Bani Das, Padma Karel, Tapas Kumar Biswas, Indira Chakraborty, Suresh Banka, Akash Soni, Ratan Lal Gupta, Bimal Kumar Bararia, Gita Mehra, B. Nath, Kumar Karel, Wimper Trading & Distributors, Pradyut Kumar Banerjee and Ram Nath Poddar were allotted 10000 shares each, Shiv Narayan Rathi and Shailendra Kumar Lath were allotted 20000 shares each, Classic Growers Ltd was allotted 30000 shares, Santosh Kumar Choudhury was allotted 50000 shares, Manoj Kumar Singhi was allotted 51000 shares, Sagar Finvest Pvt. Ltd was allotted 65000 shares

⁶ Pursuant to Initial Public Offering of our Company to the public and promoters

⁷ Risewell Credit Private Limited was allotted 83,40,000 Equity Shares, Anchor Vinimay Pvt. Ltd. was allotted 24,00,000 Equity Shares, Dwarkapati Suppliers Pvt. Ltd. was allotted 11,60,000 Equity Shares and Vinayaka Finlease Pvt. Ltd. was allotted 21,00,000 Equity Shares pursuant to the preferential allotment

⁸ Risewell Credit Private Limited was allotted 15,00,000 Equity Shares, Rajgaj Traders Private Limited was allotted 15,00,000 Equity Shares, and Girdhar Fiscal Services Private Limited was allotted 15,00,000 Equity Shares pursuant to the conversion of OCDs

b) Equity Shares issued for consideration other than cash

No Equity Shares have been issued by our Company for consideration other than cash.

c) Equity Shares issued at a price which may be lower than the Issue Price during the preceding one year

No Equity shares have been issued by our Company at a price which may be lower than the Issue Price during the preceding one year from the date of filing this Draft Letter of Offer with SEBI

2. Outstanding Instruments:

On July 4, 2012, our Company has issued and allotted 1,75,00,000 Zero percent Optionally Convertible Debentures ("OCDs") of face value of ₹ 40/- each aggregating to ₹ 70,00,00,000/- to the promoter/promoter group and non promoters on preferential basis. Each OCD may be converted at the option of the OCD holder into 2 equity share of face value of ₹ 5/- at any time within a period of 18 months from the date of allotment of OCDs i.e. July 4, 2012 in accordance with SEBI ICDR Regulations. The OCDs would be converted at the price of ₹ 20/- per equity share, being the issue price as arrived in accordance with the terms of Chapter VII of the SEBI ICDR Regulations.

The OCDs so issued and allotted upon exercise of conversion of option to allotment to equity shares shall be of an aggregate face value not exceeding ₹ 17,50,00,000.

The holder of OCDs may exercise the option to convert the OCDs at any point of time on or before 18 months from their date of allotment. In the event the option to convert the OCDs is not exercised by the holder within 18 months from their date of allotment, such OCDs shall immediately be redeemed by our Company at par after January 3, 2014.

As on date 22,50,000 OCDs have already been converted. Details in connection with the balance OCDs are as follows:

Particulars	Details
Outstanding OCDs as on the date of this Draft Letter of Offer	1,52,50,000 of face value of ₹ 40 each aggregating to ₹ 6100 lakhs
Conversion Price	₹ 20/- per share in accordance with the terms of Chapter VII of the SEBI ICDR Regulations
Maximum number of Equity Shares to be allotted assuming conversion of all outstanding OCDs	3,05,00,000 Equity Shares of ₹ 5/- each
Conversion date	Before 18 months from their date of allotment i.e. on and before January 3, 2014.

The OCDs allotted shall be locked in as per the provisions of Chapter VII of SEBI ICDR Regulations i.e. 1 year/3 years from the date of their allotment as per table given below. Lock-in of equity shares allotted pursuant to conversion of the OCDs shall be reduced to the extent the OCDs have already been locked-in. Further, the entire holding prior to the OCD issue of all the allottees, shall also be under lock in from the relevant date upto a period of six months from the date of preferential allotment of OCDs.

As on the date of this draft Letter of Offer, no OCD other than as mentioned below have been converted into Equity Shares:

Sl. No.	Name of the OCD holder	No. of OCDs allotted	% to total Number of OCDs	No. of OCDs converted	No. of Equity shares converted	Balance no. of OCDs remaining conversion
1	Risewell Credit Private	50,00,000	28.57	7,50,000	15,00,000	42,50,000

	Limited					
2.	Rajgaj Traders Pvt. Ltd.	25,00,000	14.29	7,50,000	15,00,000	17,50,000
3	Girdhar Fiscal Services Pvt Ltd.	25,00,000	14.29	7,50,000	15,00,000	17,50,000

3. Details of OCDs held by our Promoter, Promoter Group and others

The table below presents the details of the OCDs of our Company held by our Promoters, Promoter Group and others as on date:

Sl. No. (I)	Name of the OCD holder (II)	Details of equity shares held pre OCD allotment	Details of OCDs allotted		Equity shares allotted (VI)	Equity shares to be allotted (assuming conversion of all outstanding OCDs (VII))
		No. of Equity shares held (III)	No. of OCDs allotted (IV)	As a % total number of OCDs allotted (V)		
1	Risewell Credit Private Limited	1,98,25,130	5000000*	28.57	1500000**	8500000
2	Rajgaj Traders Pvt Ltd.	0	2500000	14.29	1500000**	3500000
3	Girdhar Fiscal Services Pvt Ltd.	0	2500000	14.29	1500000**	3500000
4	Strong Dealtrade Pvt Ltd.	0	5250000	30.00	-	10500000
5	Moonrise Vincom Pvt Ltd.	0	2250000	12.86	-	4500000
	Total	1,98,25,130	1,75,00,000	100.00	45,00,000	3,05,00,000

** Risewell Credit Private Limited, Rajgaj Traders Pvt Ltd. and Girdhar Fiscal Services Pvt Ltd. were allotted 15,00,000 equity Shares of ₹ 5 each on August 22, 2012 pursuant to exercise of conversion option.

3. Share Capital Build up of the Promoters :

Name of the Promoter	Date of Allotment/ Transfer or when the Equity Shares were made fully paid-up	Nature of Transaction	Nature of Consideration	No. of Shares	Face Value (₹)	Issue Price/ Acquisition Price (₹)	%age of Pre-Issue Paid-up Capital
Girdhari Lal Goenka	10.08.2010	Transfer	Cash	23500	10	10	0.06
	30.11.2010	Transfer	Cash	12500	10	10	0.03
Sub Total (A)				36000			
Shareholding of Girdhari Lal Goenka after the split of Shares from face Value of ₹ 10/- each to 2 shares of Face value of ₹ 5/- each (A)				72,000			0.19
Risewell Credit Private Limited	10.08.2010	Transfer	Cash	294300	10	10	0.76
	19.05.2011	Preferential Allotment	Cash	8340000	10	18	21.66
	28.07.2011	Through Open Offer	Cash	1278265	10	18	3.32
Shareholding of Risewell Credit Private Limited after the split of Shares from face Value of ₹ 10/- each to 2 shares of Face value of ₹ 5/- each				19825130			51.49
	22.08.2012	Conversion of OCDs	Cash	1500000	5	20	3.90
Sub Total (B)				2,13,25,130			55.39
Total Promoters Holding (A+B)				2,13,97,130			55.58

Our Promoters have not pledged any shares held in our Company.

4. Additional Subscription by the Promoters and Promoters Group

Mr. Girdhari Lal Goenka and Risewell Credit Private Limited (Our Promoters) and Rajgaj Traders Pvt Ltd. and Girdhar Fiscal Services Pvt Ltd. (Part of the Promoter Group) have undertaken vide their letters dated September 10, 2012 to fully subscribe to their Rights Entitlement in the Issue. They reserve their right to subscribe to its entitlement of Equity Shares in the Rights Issue, either by themselves or through a combination of entities belonging to the Promoter Group, including by subscribing for renunciations, if any, made by other entities in the Promoter Group or any other shareholder, subject to compliance with the Takeover Regulations. The above Promoters and Promoter Group of our Company have provided an undertaking dated September 10, 2012 to our Company to apply for additional Equity Shares, to the extent of the unsubscribed portion of the Issue. As a result of such additional subscription, our Promoters along with the Promoter Group entities may acquire Equity Shares over and above their respective Rights Entitlements, which may result in an increase of the shareholding of the Promoters and the Promoter Group entities above the current shareholding along with the Rights Entitlement. The subscription to such additional Rights Equity Shares to be made by our Promoters and Promoter Group shall be exempt from the obligation to make an open offer subject to compliance with Regulation 10(4)(b) of the Takeover Regulations and other applicable provisions of law. Further, such acquisition by them of additional Rights Equity Shares shall not result in a change of control of the management of our Company.

Presently our Company is complying with clause 40A of the Listing Agreement read with Rule 19A of the Securities Contracts (Regulation) Rules, 1957 in connection with the requirement of maintaining the minimum public shareholding, i.e. at least 25% of the total paid up equity capital, for continuous listing. The Promoter and/or members of the Promoter Group intend to subscribe for any undersubscribed portion as per the provisions of applicable law. Allotment to the Promoter and/or members of the Promoter Group of any undersubscribed portion, over and above their Rights Entitlement, shall be completed in compliance with clause 40A of the Listing Agreements and other applicable laws prevailing at that time relating to continuous listing requirements and the minimum public shareholding of 25% of the total paid up equity capital required to be maintained for continuous listing shall be maintained. For further details of under subscription and allotment to the Promoter and Promoter Group, please refer to "Basis of Allotment" at page no. 168 of this Draft Letter of Offer.

In case the permission to deal in and for an official quotation of the Rights Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay without interest, all monies received from the Applicants in pursuance of this Draft Letter of Offer and if such money is not repaid within eight days after the day from which our Company is liable to repay it, our Company shall pay interest @ 15% per annum as prescribed under Section 73(2) / 73(2A) of the Companies Act.

As such, other than meeting the requirements indicated in the section "Objects of the Issue" on page no. 30, there is no other intention/purpose for the Issue, including any intention to delist our Company, even if, as a result of any Allotments in the Issue to the Promoters and/or Promoter Group, the shareholding of the Promoters and/or Promoters Group in our Company exceeds their current shareholding.

5. Shareholding pattern of the Promoters and the promoters group before and after the proposed Rights Issue is as under:

Name of the Shareholder	Pre Right Issue		Post Right Issue	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoter				
Girdhari Lal Goenka	72,000	0.19	[•]	[•]
Risewell Credit Private Limited	2,13,25,130	55.39	[•]	[•]
Total holding of Promoter (a)	2,13,97,130	55.58	[•]	[•]
Promoter Group			[•]	[•]
Rajgaj Traders Pvt Ltd.	15,00,000	3.90	[•]	[•]
Girdhar Fiscal Services Pvt Ltd	15,00,000	3.90	[•]	[•]
Total holding of Promoter Group (b)	30,00,000	7.79	[•]	[•]

Total holding of promoter & promoter group	2,43,97,130	63.37	[•]	[•]
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6. Shares held by the directors of Risewell Credit Private Limited as on date are as follows :

Name of the Director of Risewell Credit Private Limited	Number of Shares	% of Holding
Mr. Girdhari Lal Goenka	72,000	0.19

7. The shareholding pattern of our Company as on August 31, 2012 is as follows:

Category Code	Category of Shareholder	No. of Equity Shareholders	Total no. of shares	Total No. of shares held in de materialized form	Total shareholding as a percentage of total number of shares (Pre-Issue)		Shares Pledged or otherwise encumbered	
					As a Percent age of (A + B)	As a Percenta ge of (A+B+C)	Number of Shares	% of Shares
(A)	Promoter and Promoter Group							
(1)	Indian							
(a)	Individuals/Hindu undivided Family	1	72,000	72,000	0.19	0.19	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	3	2,43,25,130	1,98,25,130	63.18	63.18	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any other (Specify)	-	-	-	-	-	-	-
	Sub-Total (A) (1)	4	2,43,97,130	1,98,97,130	63.37	63.37	-	-
(2)	Foreign							
(a)	Individuals (Non Resident Individuals/Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Any Other (Overseas Corporate Body)	-	-	-	-	-	-	-
	Sub-Total (A) (2)	-	-	-	-	-	-	-
	Total Shareholding of Promoter and promoter group (A) = (A)(1)+ (A)(2)	4	2,43,97,130	1,98,97,130	63.37	63.37	-	-
(B)	Public Shareholding *							
(1)	Institutions							
(a)	Mutual Funds/UTI	-	-	-	-	-	-	-
(b)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds *	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign institutional investor	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Any Other	-	-	-	-	-	-	-
	Sub Total (B)(1)	-	-	-	-	-	-	-
(2)	Non Institutions							
(a)	Bodies Corporate	91	1,18,74,807	1,18,34,407	30.84	30.84	-	-
(b)	Individuals							
(i)	Individuals- Individual shareholders holding nominal share capital up to Rs 1 lakh	1243	13,56,364	10,74,706	3.52	3.52	-	-
(ii)	Individuals- Individual shareholders holding nominal share capital more than Rs 1 lakh	12	5,64,984	5,64,984	1.47	1.47	-	-
(c)	Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	-	-
(d)	Any Others (Specify)							
	NRI/OCBs	5	1,840	840	0.01	0.01	-	-
	Clearing Members	35	3,05,275	3,05,275	0.79	0.79	-	-
	Sub Total (B)(2)	1386	1,41,03,270	1,37,80,212	36.63	36.63	-	-
	Total Public shareholding	1386	1,41,03,270	1,37,80,212	36.63	36.63	-	-

Category Code	Category of Shareholder	No. of Equity Shareholders	Total no. of shares	Total No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares (Pre-Issue)		Shares Pledged or otherwise encumbered	
					As a Percentage of (A + B)	As a Percentage of (A+B+C)	Number of Shares	% of Shares
	(B) = (B)(1) + (B)(2)							
	Total (A) + (B)	1390	3,85,00,400	3,36,77,342	100.00	100.00	-	-
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
	Grand Total (A)+(B)+(C)	1390	3,85,00,400	3,36,77,342	100.00	100.00	-	-

Statement showing holding of securities (including convertible securities) of persons belonging to the category "Promoter and Promoter Group" as on August 31, 2012 is as follows :

Sr. No	Name of the shareholder	Total shares held		Shares pledged or otherwise Encumbered			Number of convertible securities held	
		Number of shares	Shares as a % of total number of shares	Number of shares	As a %	% of Grand Total	Number of convertible securities held	As a % total number of convertible securities
1	Risewell Credit Private Limited	2,13,25,130	55.39	-	-	-	42,50,000	27.87
2	Girdhari Lal Goenka	72,000	0.19	-	-	-	-	-
3	Girdhar Fiscal Services Pvt. Ltd.	15,00,000	3.90				17,50,000	11.48
4	Rajgaj Traders Pvt. Ltd.	15,00,000	3.90				17,50,000	11.48
	Total	2,43,97,130	63.37	-	-	-	77,50,000	50.83

The details of locked-in equity shares as on August 31, 2012 is as follows :

Sr. No	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares
1	Risewell Credit Private Limited	2,13,25,130	55.39
2	Girdhar Fiscal Services Pvt. Ltd.	15,00,000	3.90
3	Rajgaj Traders Pvt. Ltd.	15,00,000	3.90
	Total	2,43,25,130	63.19

8. Our Company had on May 19, 2011, issued and allotted on preferential basis in accordance with SEBI ICDR Regulations, 1,40,00,000 equity shares of ₹ 10 each at a price of ₹ 18/- per equity share including premium of ₹ 8/- per equity share for cash to a promoter entity and non promoters.

9. Lock in Details :

(a) Statement showing details of Locked-in-shares as on the date of the Draft Letter of Offer is as follows:

Sr. No	Name of the shareholder	Category of Shareholders (Promoters / Non Promoters)	Number of locked in equity Shares	Face Value of Equity Shares (₹)	Locked in Up to	Locked-in shares as a % of total share capital as on date	Nature of Transaction
1	Risewell Credit Private Limited	Promoter	1,66,80,000	5.00	18.05.2014	43.32	Preferential Allotment of

2	Risewell Credit Private Limited	Promoter	31,45,130	5.00	31.12.2012	8.17	Equity Shares Balance holding before allotment of OCD
3	Risewell Credit Private Limited	Promoter	15,00,000	5.00	03.07.2015	3.90	Conversion of OCD
4	Rajgaj Traders Private Limited	Promoter Group	15,00,000	5.00	03.07.2015	3.90	Conversion of OCD
5	Girdhar Fiscal Services Pvt. Ltd.	Promoter Group	15,00,000	5.00	03.07.2015	3.90	Conversion of OCD
		Total	2,43,25,130			63.19	

(b) Statement showing details of Locked-in- Optionally Convertible Debentures ("OCDs") as on the date of the Draft Letter of Offer is as follows:

Sr. No	Name of the OCD holder	Category of OCD holders (Promoters /Non Promoters)	Number of locked in OCDs	Locked in Up to	Locked-in OCDs as a % of total number of OCDs outstanding	Nature of Transaction
1.	Risewell Credit Private Limited	Promoter	42,50,000	03.07.2015*	27.87	Preferential Allotment of OCD
2	Rajgaj Traders Private Limited	Promoter Group	17,50,000	03.07.2015*	11.48	Preferential Allotment of OCD
3	Girdhar Fiscal Services Pvt. Ltd.	Promoter Group	17,50,000	03.07.2015*	11.48	Preferential Allotment of OCD
4	Strong Dealtrade Pvt. Ltd.	Non Promoter	52,50,000	03.07.2013**	34.43	Preferential Allotment of OCD
5	Moonrise Vincom Pvt. Ltd.	Non Promoter	22,50,000	03.07.2013**	14.75	Preferential Allotment of OCD
		Total	1,52,50,000		100.00	

* The equity shares allotted/to be allotted pursuant to the exercise of options for conversion of OCDs shall remain locked in upto 03.07.2015. The lock in of equity shares allotted pursuant to conversion of the OCDs issued on preferential basis shall be reduced to the extent the OCDs have already been locked-in.

** The equity shares allotted/to be allotted pursuant to the exercise of options for conversion of OCDs shall remain locked in upto 03.07.2013. The lock in of equity shares allotted pursuant to conversion of the OCDs issued on preferential basis shall be reduced to the extent the OCDs have already been locked-in.

10. Other than as set forth below, none of our Directors hold Equity Shares as on the date of filing this Draft Letter of Offer:

Sr. No.	Name of Director	No. of Equity Shares	Percentage of shareholding
1.	Girdhari Lal Goenka	72,000	0.19
	Total	72,000	0.19

11. Top Ten Shareholders of our Company

(a) The top ten (10) shareholders of our Company as of the date of this Draft Letter of Offer are as follows *:

Sl. No.	Name of the Shareholder	Address	Number of Equity Shares	**% of Issue Capital
1	Risewell Credit Private Limited	18 British Indian Street, R. No 304, 3rd Floor, Kolkata - 700 069	2,13,25,130	55.39
2	Anchor Vinimay Private Limited	20 B British India Street, Kolkata W.B - 700 069	46,80,685	12.16
3	Vinayaka Finlease Pvt. Ltd.	2 Synagouge Street, Kolkata - 700 001	43,77,000	11.37
4	Dwarkapati Suppliers Pvt. Ltd.	4 Ballav Das Street, Kolkata - 700 007	20,30,572	5.27
5	Rajgaj Traders Pvt. Ltd.	18, British Indian Street,3rd Floor, Room No. 303, Kolkata - 700 069	15,00,000	3.90
5	Girdhar Fiscal Services Pvt. Ltd.	18, British Indian Street, Room No. 305,Kolkata - 700 069	15,00,000	3.90
6	SKP Stock Broking Private Limited	35 C.R. Avenue, 4th Floor, Kolkata - 700 012	1,26,020	0.33
7	Abhinav Agarwal	8/6A Alipore Park Road, Flat No.-3B, Kolkata - 700 027	1,05,000	0.27
8	Guiness Securities Limited	18, Deshapriya Park Road, Kolkata - 700 026	90,283	0.23
9	Girdhari Lal Goenka	18 British Indian Street, 3rd Floor, R No 305, Kolkata - 700 069	72,000	0.19
10	Mehta Equities Ltd.	608/612 Arun Chamber,Tardeo Road, AC Market, Mumbai Maharashtra - 400 034	70,451	0.18
		Total	3,58,77,141	93.19

*As of the beneficial position as on 07.09.2012

**Issued Capital here represents 3,85,00,400 shares of ₹ 5 each

(b) The top ten (10) shareholders of our Company as of ten (10) days prior to date of this Draft Letter of Offer are as follows *:

Sl. No.	Name of the Shareholder	Address	Number of Equity Shares	**% of Issue Capital
1	Risewell Credit Private Limited	18 British Indian Street, R.No 304, 3rd Floor, Kolkata - 700 069	2,13,25,130	55.39
2	Anchor Vinimay Private Limited	20 B British India Street, Kolkata W.B - 700 069	47,45,320	12.33
3	Vinayaka Finlease Pvt. Ltd.	2 Synagouge Street, Kolkata - 700 001	43,77,000	11.37
4	Dwarkapati Suppliers Pvt. Ltd.	4 Ballav Das Street, Kolkata - 700 007	19,81,797	5.15
5	Rajgaj Traders Pvt. Ltd.	18, British Indian Street,3rd Floor, Room No. 303, Kolkata - 700 069	15,00,000	3.90
5	Girdhar Fiscal Services Pvt. Ltd.	18, British Indian Street, Room No. 305,Kolkata - 700 069	15,00,000	3.90
6	Abhinav Agarwal	8/6A Alipore Park Road, Flat No.-3B, Kolkata - 700 027	1,05,000	0.27
7	Girdhari Lal Goenka	18 British Indian Street,3rd Floor, R No 305, Kolkata - 700 069	72,000	0.19
8	Mehta Equities Ltd.	608/612 Arun Chamber, Tardeo Road, AC Market, Mumbai Maharashtra - 400 034	70,451	0.18

Sl. No.	Name of the Shareholder	Address	Number of Equity Shares	**% of Issue Capital
9	Arihant Capital Mkt. Ltd	6 Lad Colony, Indore (M.P.) - 452 003	67,597	0.18
10	Guiness Securities Limited	18, Deshapriya Park Road, Kolkata - 700 026	66,175	0.17
Total			3,58,10,470	93.01

*As of the beneficial position as on 24.08.2012

**Issued Capital here represents 3,85,00,400 shares of ₹ 5 each

(c) The top ten (10) shareholders of our Company as of two (2) years prior to the date of this Draft Letter of Offer are as follows *:

Sl. No.	Name of the Shareholder	Address	Number of Equity Shares	**% of Issue Capital
1	Risewell Credit Private Limited	18 British Indian Street, R. No 304, 3rd Floor, Kolkata - 700 069	2,94,300	9.81
2	Mukesh Khanna	27B, Mitra Lane, Kolkata - 700 007	1,63,500	5.45
3	Paradise Tie-Up (P) Ltd.	7/1A Grant Lane, 2nd Floor, Kolkata - 700 012	1,10,000	3.67
4	Hanurang Vinimay Pvt. Ltd.	14/2, Old China Bazar Street, Kolkata - 700 001	1,05,717	3.52
5	Saroj Agarwal	A 33 Shahpur, Avas Vikas Colony, Gorakhpur, Uttar Pradesh - 273 001	1,02,500	3.42
6	Armaan Trade Link Private Limited	P-122, Wedder Burn Road, 2nd Floor, Kolkata - 700 029	1,00,000	3.33
6	Gemini Vinimay (P) Ltd.	16 Ganesh Chandra Avenue, 8th Floor, Kolkata - 700 013	1,00,000	3.33
7	Amber Tie-Up Pvt. Ltd.	171A, M.G. Road, Kolkata - 700 007	82,605	2.75
8	Shreyansh Sales Promotion Pvt. Ltd.	15 G Dr Deodhar Rahman Road, Kolkata - 700 033	75,000	2.50
9	Sri Salasar Suppliers Pvt. Ltd.	87 Old China Bazar Street, 1 st Floor, Kolkata - 700 001	73,400	2.45
10	Promise Tie-Up Pvt. Ltd.	16 Ganesh Chandra Avenue, Kolkata - 700 013	71,410	2.38
Total			12,78,432	42.61

*As of the beneficial position as on 03.09.2010

**Issued Capital here represents 30,00,200 shares of ₹ 10 each

12. Except as disclosed below, our promoters and the members of the Promoter Group and the Directors of our Company and their immediate relatives have not purchased or sold any equity shares /Optionally Convertible Debentures ("OCDs") within the last six months preceding the date of the Draft Letter of Offer:

Name of the Promoter and Promoter Group	Date of transaction	Type of transaction	Number of Equity Shares/OCDs	Price per Equity Share/OCD (in ₹)	Aggregate Price (₹ in lakhs)
Risewell Credit Private Limited	04.07.2012	Allotment of Zero percent Optionally Convertible Debentures ("OCDs") of face value of ₹ 40/- each on preferential basis.	5000000 (OCD)	40	2000.00
Rajgaj Traders Private Limited	04.07.2012	Allotment of Zero percent Optionally	2500000 (OCD)	40	1000.00

		Convertible Debentures ("OCDs") of face value of ₹ 40/- each on preferential basis.			
Girdhar Fiscal Services Pvt. Ltd.	04.07.2012	Allotment of Zero percent Optionally Convertible Debentures ("OCDs") of face value of ₹ 40/- each on preferential basis.	2500000 (OCD)	40	1000.00

- 13.** The ex-rights price arrived in accordance with the formula prescribed under Clause 4 (b) of Regulation 10 of the Takeover Regulations, in connection with the Issue is ₹ [●].
- 14.** The Board of Directors of our Company in its meeting held on December 8, 2011 approved to issue Rated Secured Taxable Redeemable Non – Convertible Debentures ("NCD") of face value of ₹1000 each aggregating to ₹ 2500 lakhs with an option to retain 100% oversubscription aggregating to ₹ 5000 lakhs on a private placement basis for the financial year 2011-12. The NCD issue opened on December 9, 2011 and closed on February 8, 2012. Our Company has on March 7, 2012 issued and allotted 500000 nos of Rated Secured Taxable Redeemable Non – Convertible Debentures ("NCD") bearing interest @12.75% p.a., payable half yearly having face value of ₹1000 each for cash aggregating to ₹5000 lakhs ('NCD Issue'). The NCDs have been issued on private placement basis with a maturity period of 60 months from the date of allotment. The object of the NCD Issue was to raise funds for various financing activities of our Company.
- 15.** Except for the initial public offering of our Company which closed on April 21, 1995 our Company has not made any public issue or rights issue of any kind or class of securities since incorporation. Subsequent to the preferential allotment of 1,40,00,000 equity shares of ₹ 10 each at a price of ₹ 18/- per equity share including premium of ₹ 8/- per equity share for cash, Risewell Credit Private Limited made an open offer to the public shareholders of our Company. The Open Offer opened on July 1, 2011 and closed on July 20, 2011. Risewell Credit Private Limited acquired 12,78,265 equity shares of ₹ 10 each in our Company at a price of ₹ 18 per share.
- 16.** There are no financing arrangements whereby our Promoters, our Promoter Group, Directors of our Promoter, our Directors and their relatives have financed the purchase by any other person of the Equity Shares of our Company other than in the normal course of the business of the financing entity during the period of 6 months immediately preceding the date of filing of the Draft Letter of Offer with SEBI.
- 17.** Except as stated on page no. 24 of this Draft Letter of Offer, no Equity Shares as subject to lock-in. The present Issue being a rights issue, as per regulation 34(c) of the SEBI ICDR Regulations, the requirements of promoters' contribution and lock-in are not applicable.
- 18.** Our Company, its Directors, the Promoters, the Promoter Group, their respective directors and the Lead Manager have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares from any person.
- 19.** There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares except the outstanding OCDs of the issue of 1,75,00,000 Zero percent Optionally Convertible Debentures of face value of ₹ 40/- each aggregating to ₹ 70,00,00,000/- ("OCD Issue"). As on the date of this Draft Letter of Offer, except the OCDs, there are no outstanding warrants, options or debentures or other financial instruments issued by our Company, which would entitle the Promoter or other shareholders of our Company or any other person an option to receive Equity Shares of our Company and loans which are convertible into Equity Shares of our Company.
- 20.** Subject to the OCD Issue, no further issue of capital by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner is intended to be made by our Company shall be made during the period commencing from the filing of the Draft Letter of Offer with the SEBI to the date on which the Equity Shares issued under the

Draft Letter of Offer are listed or application moneys refunded on account of the failure of the Issue.

- 21.** Further, other than conversion of outstanding OCDs, our Company has no proposal or intention to alter the equity capital by way of split /consolidation of the denomination of the Equity Shares, or issue of Equity Shares on a preferential basis or issue of bonus or rights or further public issue of shares or qualified institutions placement, for a period of six months from the date of opening of the Issue.
- 22.** Our Company has not raised any bridge loan from any Bank against the proceeds of this Issue.
- 23.** There are no partly paid up Equity Shares as on the date of Draft Letter of Offer. The Equity Shares offered through this Issue shall be made fully paid-up at the time of Allotment.
- 24.** We have not issued any Bonus Shares or shares out of revaluation reserves or reserves without accrual of cash resources.
- 25.** We have not issued any Equity Shares for consideration other than cash
- 26.** Our Company has not issued any Equity Shares or granted any options under any employee stock option scheme or employee stock purchase scheme.
- 27.** Our Company has not issued or allotted any Equity Shares in terms of scheme approved under sections 391-394 of the Companies Act.
- 28.** Our Company has not made any issue of Equity Shares at a price lower than the issue price during the preceding one (1) year.
- 29.** As on August 31, 2012 the total number of members of our Company was 1390.
- 30.** Except as disclosed in page no. 25 of this Draft Letter of Offer, none of our Directors or Key Managerial Personnel holds any Equity Shares.
- 31.** There will be only one denomination of the Equity Shares of Golden Goenka Fincorp Limited, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
- 32.** Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Draft Letter of Offer.
- 33.** The Issue will remain open for at least 15 days. The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 days from the Issue Opening Date.
- 34.** Except for the initial public offering of our Company which closed on April 21, 1995 our Company has not made any public issue or rights issue of any kind or class of securities since incorporation.
- 35.** The Lead Manager to this Issue and any of its associates does not hold any Equity Shares of our Company as on the date of this Draft Letter of Offer.

OBJECTS OF THE ISSUE

The objects of the Issue are:

- To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities
- General corporate purposes.

The main objects clause set out in our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue. The fund requirement and deployment have not been appraised.

Means of Finance

The details of the Net Proceeds are set forth in the following table:

		(₹ in lakhs)
Sr. No.	Description	Amount
1	Gross proceeds of the Issue	13100.00
2	Issue related expenses	[•]
3	Net Proceeds of the Issue	[•]

Requirement of Funds

The following table details the objects of the Issue and the amount proposed to be financed from the Net Proceeds of the Issue:

		(₹ in lakhs)
Sr. No.	Objects of the Issue	Amount proposed to be financed from Net Proceeds of the Issue
1	Augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities	11600.00
2	General corporate purposes	[•]
	Total	[•]

The entire requirements of the objects detailed above are intended to be funded from the Net Proceeds of the Issue. We confirm that firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the proposed Issue have been complied with. The shortfall, if any, may be financed by internal accruals and/or working capital loans that may be availed from the banks/financial institutions and/or debt including loans from Group Entities, cash flows and/or additional capital infusion.

In case of any surplus after utilization of the proceeds from the Issue for the stated objects, we may use such surplus towards general corporate purposes including for meeting future growth opportunities. In the event the overall requirement of funds exceeds the requirement of the objects, we may explore a range of options including utilizing our internal accruals, and / or seeking additional debt from Banks/ Financial Institutions/ other sources.

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution.

The fund requirement in the table above is based on our current business plan and are subject to change in light of variations in external circumstances or costs, or in our financial condition, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change.

Details of the Objects of the Issue

The objects of the Issue are proposed to be financed entirely out of the Net Proceeds of the Issue. The Net Proceeds, after deduction of all Issue related expenses, are estimated to be approximately ₹ [•] lakhs. The details in relation to Objects of the Issue are set forth herein below.

1. To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities

We are a RBI Registered NBFC primarily involved in the business of providing inter corporate loans, personal loans, investments in quoted and unquoted securities, and providing financing against shares and other collaterals. As per the standalone restated statement of Assets and Liabilities as on March 31, 2012, our asset base included loans etc of ₹ 5508.00 lakhs, investments ₹ 1053.55 lakhs, stock for trade ₹ 1021.27 lakhs, Trade receivables and interest receivables ₹ 618.46 lakhs, net fixed assets ₹ 18.61 lakhs, cash and cash equivalents ₹ 270.93 lakhs and other current assets ₹ 64.55 lakhs totaling to ₹ 8555.37 lakhs. Our Company intends to utilize approximately ₹ 11600 lakhs from the Net Proceeds towards the expansion of the financing business and/or to provide for funding of fresh loans to our customers. Our Company wants to expand its loan portfolio to target high net worth individual with past credit track record to whom our Company may advance funds both secured/ unsecured based on the risk profile and as envisaged in the loan policy of our Company. No portion of the amount earmarked towards this object will be utilised for giving loans to our Promoters, Subsidiaries, Associates, Group Companies and Promoter Group Companies by our Company or for repayment of existing loans/ICDs. The above is based on our management's estimates and no projections for the same are available.

Our Company wants to take the benefit of growing economy of India and growth in the financial sector of the economy. Considering the expected buoyancy in financial markets, our Company is planning a expansion in its operations. We believe that there would be opportunities for financing in the future. In view of such anticipated growth, we believe that, as an NBFC we would continue to play a role in the financing sector in India. Further, information relating to loans disbursed by us in fiscal 2008, 2009, 2010, 2011 and 2012 are included in the sections titled "Financial Statements" on page no. 116.

In view of the above mentioned, we intend to utilize ₹ 11600 lakhs the entire Net Proceeds to augment our capital base to meet the future capital requirements arising out of growth in our assets, primarily our loan portfolio. Hence, it is not possible to provide an activity wise breakup of the deployment of the funds raised.

2. General Corporate Purposes

Our Company intends to deploy the balance Net Proceeds aggregating ₹ [●] lakhs for general corporate purposes, including but not restricted to capital expenditure, renovations, strategic initiatives, partnerships, joint ventures and acquisitions, as well as meeting exigencies which our Company may face in the ordinary course of business, or any other purposes as may be approved by the Board of Directors.

3. Issue related expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses, and registrar and depository fees. The estimated Issue related expenses are as follows:

Activity	Expense (₹ lakhs)	Expense (% of total expenses)	Expense (% of Issue size)
Fees of the Lead Manager	[●]	[●]	[●]
Fees of Registrar to the Issue	[●]	[●]	[●]
Fees of bankers to the Issue, Monitoring Agency, legal advisor, Auditors etc	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery expenses	[●]	[●]	[●]
Other Expenses (Listing Fees, Filing Fees, Fees to Depositories, Fees to SCSB etc)	[●]	[●]	[●]
Total estimated Issue related expenses	[●]	[●]	[●]

Schedule of Implementation and Deployment of Funds

Our Company proposes to utilize the Issue proceeds towards the Objects as mentioned above, within a period of 1 (One) year from the date of receipt of such Issue proceeds.

Funds Deployed

As per the certificate dated August 8, 2012, issued by Haribhakti & Co., and M/s. Vasudeo & Associates, Chartered Accountants, our Company has incurred the following expenditure till July 31, 2012 towards the objects of the issue.

(₹ In lakhs)	
Particulars	Cost Incurred
Right Issue Expenses	11.50

Sources Of Financing Of Funds Already Deployed:

The above expenditure has been financed out of the Internal Accruals of our Company.

Appraisal

The Net Proceeds are not proposed to be utilized for any project hence our Company has not obtained any appraisal of the use of proceeds of the Issue by any bank or financial institution.

Interim use of Funds

The management of our Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the Net Proceeds of the Issue. Pending utilization of the Net Proceeds of the Issue for the purposes described above, our Company intends to temporarily invest the funds in interest bearing liquid instruments including investments in mutual funds, deposits with banks and other interest/premium bearing securities as may be approved by the Board. Such investments would be in accordance with the investment policies approved by the Board from time to time and subject to applicable statutory and regulatory requirements, if any. We confirm that pending utilization of the Net Proceeds, we shall not use the funds for any investments in the equity markets.

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Issue Proceeds.

Monitoring of Utilisation of Funds

We have appointed HDFC Bank Ltd. as the monitoring agency in relation to the Issue. We will disclose the utilization of the Net Proceeds including interim use under a separate head in the balance sheet until such time the Net Proceeds have been utilized, clearly specifying the purpose for which such proceeds have been utilized along with details, for all such Net Proceeds that have not been utilized. We will indicate investments, if any, of unutilized Net Proceeds in our balance sheet.

Pursuant to Clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee, the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by our statutory auditors. In addition, the report submitted by the monitoring agency will be placed before the Audit Committee of our Company, so as to enable the Audit Committee to make appropriate recommendations to the Board. In terms of Clause 43A of the Listing Agreement, our Company shall furnish to the Stock Exchanges on a quarterly basis a statement indicating material deviations, if any, in the use of Net Proceeds from the objects stated in this Draft Letter of Offer and shall also be required to simultaneously make the material deviations / adverse comments, if any, of the Audit Committee / monitoring agency public through advertisements in newspapers. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Clause 41 of the Listing Agreement and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Clause 49 of the Listing Agreement.

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Directors, the Key Management Personnel, the members of our Promoter Group except in the normal course of business and in compliance with applicable law.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company, in consultation with the Lead Manager, on the basis of market conditions and on the basis of the following quantitative and qualitative factors. The information presented in this section for Fiscal 2010, 2011 and 2012 is derived from our Company's restated audited unconsolidated summary financial information, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations. You should read the following summary with the sections titled "Risk Factors", "Our Business" and "Financial Statements" on page nos. ix, 50 and 116 respectively, of this Draft Letter of Offer, to get a more informed view before making an investment decision. The trading price of the Equity Shares could decline and you may lose all or part of your investments.

The Issue price of ₹ [●] has been determined by our Company in consultation with the Lead Manager, on the basis of market conditions. Investors should also refer to the chapter titled "Risk Factors" beginning on page no. ix and "Financial Statements" beginning on page no. 116 to get a more informed view before making an investment decision.

Qualitative Factors

Experienced Promoter and Management Team

For further details regarding some of the qualitative factors, please refer to the sections titled "Our Business - Our Strengths", "Risk Factors" and "Financial Statements" beginning on page nos. 53, ix and 116 respectively.

Quantitative Factors

On May 4, 2012, the face value of the Equity Shares of our Company was split into ₹ 5 each and consequently 1,70,00,200 equity shares of ₹ 10 each were split into 3,40,00,400 equity shares of ₹ 5 each. All the financial ratios included in this section have been calculated based on outstanding Equity Shares after considering the Stock Split.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. Basic and Diluted Earnings Per Share ("EPS")

Basic & Diluted EPS:

Year Ended	Restated Consolidated (₹ per Equity Share)	Restated Unconsolidated (₹ per Equity Share)	Weights
March 31, 2010	N.A.	0.04	1
March 31, 2011	N.A.	0.74	2
March 31, 2012	0.40	0.31	3
Weighted Average	0.40	0.41	

Note:

- EPS calculations have been done in accordance with Accounting Standard 20 - "Earnings per share" issued by the Institute of Chartered Accountants of India.
- The face value of each Equity Share has been considered as ₹ 5 after considering stock split.
- The weighted average of adjusted EPS for these fiscal years has been computed by giving weights of 1, 2 and 3 for the fiscal years ending March 31, 2010, 2011 and 2012 respectively.

2. Price Earnings (P/E) Ratio in relation to the Issue Price of ₹ [●] per equity share of face value of ₹ 5 each after considering stock split

Sr. No.	Particulars	
1	P/E ratio based on Unconsolidated Basic & Diluted EPS for the year ended March 31, 2012 at the Offer Price	[●]
2	P/E ratio based on Consolidated Basic & Diluted EPS for the year ended March 31, 2012 at the Offer Price	[●]
3	Industry P/E Ratio *	
	Highest	165.2
	Lowest	1.6
	Industry Composite	12.1

* P/E based on trailing 12 months earnings for the entire construction sector, Source: Capital Markets, Volume XXVII/15 dated September 17 – September 30, 2012 (Industry - NBFC)

3. Return on Net Worth ("RoNW") (Considering Network at the end of the year)

Year ended	Consolidated (%)	Unconsolidated (%)	Weights
March 31, 2010	N.A.	0.84	1
March 31, 2011	N.A.	13.70	2
March 31, 2012	4.17	3.30	3
Weighted Average	4.17	6.36	

4. Minimum Return on Net Worth after Issue needed to maintain Pre-Issue Basic EPS for Fiscal 2012 considering face value of each equity share at ₹ 5:

- At the Issue Price on basic EPS - [●] % based on restated Unconsolidated financial information
- At the Issue Price on diluted EPS- [●] % based on restated Unconsolidated financial information
- At the Issue Price on basic EPS - [●] % based on restated Consolidated financial information
- At the Issue Price on diluted EPS- [●] % based on restated Consolidated financial information

5. Net Asset Value (NAV) per Equity Share of ₹ 5 each (₹)

Period/Year	NAV	
	Consolidated	Unconsolidated
Year ended March 31, 2010	N.A.	4.68
Year ended March 31, 2011	N.A.	5.42
Year ended March 31, 2012	8.48	8.40
NAV after the Issue	[●]	[●]
Issue Price	[●]	[●]

6. Comparison with Industry Peers *

Comparison of the accounting ratios of the issuer company as mentioned above with the peer group i.e., companies of comparable size in the same industry are as follows:

Name of the Peer Group Company	Face Value per equity share (₹)#	For the year ended March 31, 2012			
		EPS (₹)#	P/E [@]	RONW (%) For the fiscal 2012**	NAV for fiscal 2012 (₹)**
BF Investment Limited	5	11.55	3.64	7.04	164.10
Motilal Oswal Financial Services Limited	1	3.89	27.25	10.08	38.48
Pilani Investment and Industries Corporation Limited	10	54.06	27.25	6.37	849.29
Williamson Magor & Co. Limited	10	5.34	9.37	3.19	167.18
Golden Goenka Fincorp Limited	5	0.31	49.68	3.30	8.40

* Source: Capital Markets, Volume XXVII/15 dated September 17 – September 30, 2012 (Industry - NBFC)

Source: Based on the Restated Unconsolidated Annual Report for the year ended March 31, 2012 as available on the BSE website.

@ - P/E Ratio has been computed as the closing market prices of the companies sourced from the

BSE website as 21.09.2012, as divided by the EPS.

*** Calculated from the Restated Unconsolidated Annual Report for the year ended March 31, 2012 as available on the BSE website*

The peer group listed companies as stated above are engaged in the NBFC sector. The comparable companies have been identified based on share capital of the peer group companies.

The face value of equity shares is ₹ 5 and the Offer Price is [•] times of the face value. On the basis of the above qualitative and quantitative parameters, our Company, in consultation with the Lead Manager, is of the opinion that the Issue Price of ₹ [•] per Equity Share is justified. For further details, please see the section entitled "Risk Factors" beginning on page no. ix and the financials of our Company including important profitability and return ratios, as set out in the section entitled "Financial Statements" on page no. 116.

STATEMENT OF TAX BENEFITS

To
The Board of Directors,
Golden Goenka Fincorp Limited,
(formerly Golden Securities Limited),
1st , British Indian Street,
1st Floor, Room No. B-10,
Kolkata - 700069

We report that the enclosed annexure states the possible tax benefits available to **Golden Goenka Fincorp Limited** and its Shareholders under the Income Tax Act, 1961 and the other direct tax laws presently in force in India as amended by the Finance Act, 2012. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on the business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

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

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

For **Haribhakti & Co.**
Chartered Accountants
(Firm's Registration No. 103523W)

For **Vasudeo & Associates**
Chartered Accountants
(Firm's Registration No. 319299E)

Anand Kumar Jhunjunwala
Partner
Membership No. 056613

V.D.Agarwal
Partner
Membership No. : 054784

Place: Kolkata
Date: 25/07/2012

Place: Kolkata
Date: 25/07/2012

ANNEXURE

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO GOLDEN GOENKA FINCORP LIMITED AND ITS SHAREHOLDERS

SPECIAL TAX BENEFITS

None

GENERAL TAX BENEFITS

(A) BENEFITS AVAILABLE UNDER THE INCOME-TAX ACT, 1961 (THE "ACT")

I. TO THE COMPANY

1. Depreciation under section 32

In accordance with and subject to the provisions of section 32 of the Act, the Company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against income from any other source in the subsequent assessment years as per section 32(2) subject to the provisions of section 72(2) and section 73(3) of the Act.

2. Income from units of Mutual Funds exempt under section 10(35)

The Company will be eligible for exemption of income received from units of mutual funds specified under section 10(23D) of the Act, income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified Company in accordance with and subject to the provisions of section 10(35) of the Act.

3. Dividend income exempt under section 10(34)

Dividends (whether interim or final) declared, distributed or paid by any Indian Company are exempt in the hands of the Company as per the provisions of section 10(34) read with section 115-O of the Act

4. Lower Tax Rate under section 112 on Long-Term Capital Gains

As per the provisions of section 112 of the Act, long term gains 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 and secondary and higher education cess). However, as per the proviso to Section 112(1)(d), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, 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 and secondary and higher education cess) at the option of the Company.

5. Lower Tax Rate under section 111A on Short-Term Capital Gains

As per the provisions of section 111A of the Act, short term capital gains on sale of Equity Shares or units of an equity oriented fund, where the transaction of sale is chargeable to Securities Transaction Tax("STT"), shall be subject to tax at a rate of 15% (plus applicable surcharge and education cess and secondary and higher education cess). If the provisions of Section 111A are not applicable to the short term capital gains, in case of non chargeability to STT, then the gains will be chargeable at the normal rates of tax (plus applicable surcharge and education cess and secondary and higher education cess)

6. Exemption of Long-Term Capital Gains under section 10 (38)

According to Section 10(38) of the Act, long-term capital gains on sale of Equity Shares or units of an equity oriented fund, where the transaction of sale is chargeable to STT, shall be exempt from tax.

7. Exemption of Long-Term Capital Gains under section 54EC.

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [other than those exempt under section 10(38) of the Act] would be exempt from tax if the amount of such capital gains is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- National Highways Authority of India constituted under section 3 of The National Highways Authority of India Act, 1988; or
- Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956.

If only part of the capital-gains is so reinvested, the exemption available shall be in the same proportion as the cost of long-term specified assets bears to the whole of the capital gain. However, in case the long-term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion. Further, the investment made on or after April 01, 2007 in the long-term specified assets by an assessee during any financial year cannot exceed ₹ 50 Lakhs.

8. Benefit under section 115JAA (1A)

Under section 115JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for setoff beyond 10 years succeeding the year in which the credit becomes allowable.

II. TO RESIDENT SHAREHOLDERS

1. Dividends exempt under section 10 (34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of the shareholders as per the provisions of section 10(34) read with Section 115-O of the Act.

2. Exemption of Long-Term Capital Gains under section 10(38)

According to section 10(38) of the Act, long-term capital gains on sale of Equity Shares, where the transaction of sale is chargeable to STT, shall be exempt from tax.

3. Lower Tax Rate under section 112 on Long-Term Capital Gains

As per the provisions of section 112 of the Act, long-term capital gains [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 and secondary and higher education cess). However, as per the proviso to Section 112(1)(d), 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 and secondary and higher education cess) at the option of the assessee.

4. Lower Tax Rate under section 111A on Short-Term Capital Gains

As per the provisions of section 111A of the Act, short term capital gains on sale of Equity Shares, where the transaction of sale is chargeable to STT, shall be subject to tax at a rate of 15% (plus applicable surcharge and education cess and secondary and higher education cess). If the provisions of Section 111A are not applicable to the short term capital gains, in case of non chargeability to STT, then the gains will be chargeable at the normal rates of tax (plus applicable surcharge and education cess and secondary and higher education cess)

5. Exemption of Long-Term Capital Gains under section 54EC

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [other than those exempt under section 10(38) of the Act] arising on the transfer of shares of the Company would be exempt from tax if the amount of such capital gains is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- National Highways Authority of India constituted under section 3 of The National Highways Authority of India Act, 1988;
- Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956.

If only part of the capital gains is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during

the year of such transfer or conversion. Further, the investment made on or after April 01, 2007 in the long-term specified assets by an assessee during any financial year cannot exceed ₹ 50 Lakhs.

6. Exemption of Long-Term Capital Gains under section 54F

According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family(HUF), gains arising on transfer of a long term capital asset (not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of the net consideration is so reinvested, 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 accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

7. In terms of section 36(xv) of the Act, the STT paid by a shareholder in respect of the taxable securities transactions entered into in the course of business would be deductible while computing income chargeable under the head "Profits and Gains of Business or Profession".

III. TO NON RESIDENT INDIAN SHAREHOLDERS

1. Dividends exempt under section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of the shareholders as per the provisions of section 10(34) read with Section 115-O of the Act.

2. Lower Tax Rate under section 112 on Long-Term Capital Gains

According to the provisions of section 112 of the Act, long-term capital gains on listed securities [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 and secondary and higher education cess). However, as per the proviso to section 112(1)(d), if the tax on long term capital gains resulting on transfer of listed securities, 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 and secondary and higher education cess) at the option of the assessee.

3. Lower Tax Rate under section 111A on Short-Term Capital Gains

As per the provisions of section 111A of the Act, short term capital gains on sale of Equity Shares, where the transaction of sale is chargeable to STT, shall be subject to tax at a rate of 15% (plus applicable surcharge and education cess and secondary and higher education cess). If the provisions of Section 111A are not applicable to the short term capital gains, in case of non chargeability to STT, then the gains will be chargeable at the normal rates of tax (plus applicable surcharge and education cess and secondary and higher education cess)

4 Special optional provisions available to Non Resident Indians under the Act

Where shares have been subscribed to in convertible foreign exchange - Option of taxation under Chapter XII-A of the Act:

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, 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;

- According to the provisions of section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian Company's shares will be subject to tax at the rate of 10% (plus applicable surcharge and education cess), without indexation benefit.
- According to 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 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 accruing 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 certificate in which the investment has been made is transferred or converted into money within a period of three years 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 or converted into money.

- As per the provisions of section 115G of the Act, a Non Resident Indian is not obliged to file a return of income under section 139 (1) of the Act, if his total income in respect of which he is assessable under the Act consists only of income from investments or long-term capital gains or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVIIIB of the Act.
- Under section 115H of the Act, where Non Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him, in relation to such investment income derived from the specified assets for the year and subsequent assessment years until such assets are transferred or converted into money.
- As per the provisions of section 115-I of the Act, 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.

5. Exemption of Long-Term Capital Gains under section 10(38)

According to section 10 (38) of the Act, long term capital gains on sale of Equity Shares, where the transaction of sale is chargeable to STT, shall be exempt from tax.

6. Exemption of Long-Term Capital Gains under section 54EC

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [other than those exempt under section 10(38) of the Act] arising on the transfer of shares of the Company would be exempt from tax if the amount of such capital gains is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- National Highways Authority of India constituted under section 3 of The National Highways Authority of India Act, 1988;
- Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956.

If only part of the capital gains is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion. Further, the investment made on or after April 01, 2007 in the long-term specified assets by an assessee during any financial year cannot exceed ₹ 50 lakhs.

7. Exemption of Long Term Capital Gains under section 54F

According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is so reinvested, 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 accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

8. Tax Treaty benefits

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

(B) BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

Exemption from Wealth Tax

"Assets", as defined under section 2 (ea) of the Wealth Tax Act, 1957 do not include shares in companies and hence, shares are not liable to Wealth Tax.

The above Statement of Possible Tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Equity Shares. The statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of Equity Shares.

SECTION V : ABOUT US

INDUSTRY OVERVIEW

The Industry information presented in this section has been extracted from publicly available documents, which have not been prepared or independently verified by our Company, the Lead Manager or any of their respective affiliates or advisors or the sources referred to herein.

In this Section, our Company has relied on and referred to information regarding the industry and competitors from market research reports, and other publicly available sources. Although our Company believe that this information is reliable, our Company has not independently verified the accuracy and completeness of the information.

The information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information. It has not been independently verified by our Company, the Lead Managers or their respective legal or financial advisors, and no representations is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources.

Overview of Global and Indian Economy

The Indian economy is the fourth largest economy of the world on the basis of Purchasing Power Parity (PPP). It is one of the most attractive destinations for business and investment opportunities due to huge manpower base, diversified natural resources and strong macro-economic fundamentals. Also, the process of economic reforms initiated since 1991 has been providing an investor-friendly environment through a liberalised policy framework spanning the whole economy.

(Source: <http://business.gov.in>)

India's economic growth is expected to remain robust in 2012 and 2013, despite likely headwind of double-dip recessions in Europe and the US. The Indian economy is expected to grow between 7.7 per cent and 7.9 per cent this year. India is the second most preferred destination for foreign investors, according to the report 'Doing Business in India' by Ernst & Young. The wealth of high net worth individuals (HNIs) in India, is set to grow by a compounded annual growth rate (CAGR) of 23 per cent over the next four years and will touch a staggering Rs 249 trillion (US\$ 5.05 trillion).

India has emerged as the world's top recipient of officially recorded remittances for the fourth straight year. India is expected to receive US\$ 58 billion this year, followed by China, and Mexico, as per the latest issue of the World Bank's Migration and Development Brief.

According to the Economic Survey 2011-12, tabled in Parliament on March 16, 2012, the economy is estimated to grow at 6.9 per cent in 2011-12 and is expected to be around 7.6 per cent in the next fiscal year. The growth has been broad based with a rebound in the agriculture sector which is expected to grow around 2.5 per cent. Manufacturing and Services sector also have registered impressive gains. The Survey reports that the industrial output growth rate was 3.9 per cent while the services sector registered a growth rate of 9.4 per cent in 2011-12. The main highlights of the survey are:

- Economy is estimated to grow at 6.9 per cent in 2011-12 and 7.6 per cent in next fiscal year
- India remains among the fastest growing economies of the world. Country's sovereign credit rating rose by a substantial 2.98 per cent in 2007-12
- Cumulative exports recorded during 2011-12 (April-January) stood at US\$ 242.8 billion, registering a growth of 23.5 per cent
- Imports in 2011-12 (April-January) at US\$ 391.5 billion registered a growth of 29.4 per cent
- Forex reserves stood at US\$ 292.6 billion at end January 2012
- Services sector grew by 9.4 per cent, its share in gross domestic product (GDP) goes upto 59 per cent
- Industrial growth is estimated to be 3.9 per cent, expected to improve as economic recovery resumes
- Foreign trade performance to remain a key driver of growth
- Central spending on social services went up to 18.47 per cent this fiscal from 13.38 per cent in 2006-07

- Net capital flows stood at US\$ 41.1 billion in the first half of 2011-12 remained higher as compared to US\$ 38.9 billion in the first half of 2010-11
- India's external debt stock stood at US\$ 326.6 billion at end September 2011

(Source: <http://ibef.org>)

State Of The Global Economy

The developments over the last year in major economies of the world have not been encouraging. There is an apprehension that the process of global economic recovery that began after the financial crisis of the 2008 is beginning to stall and the sovereign debt crisis in the eurozone area may persist for a while. There is an effort to build firewalls around these danger zones, but the world has little experience with this; so we need to be prepared for breaches in the walls. The US economy has shown some improvement but economic growth remains sluggish. The global economy is expected to grow by 3.3 per cent in 2012 compared to 3.8 per cent in 2011 as per the International Monetary Fund's (IMF) January 2012 update of the World Economic Outlook (WEO). Gross domestic product (GDP) growth in advanced economies declined to 1.6 per cent in 2011 compared to 3.2 per cent in 2010 and is expected to be even lower at 1.2 per cent in 2012. Growth in emerging economies slowed to 6.2 per cent in 2011 compared to 7.3 per cent in 2010 and is projected to be 5.4 per cent in 2012. The US economy seems to have revived somewhat and is projected to maintain its growth rate at 1.8 per cent for 2012. Even so, economic growth in the US remains sluggish despite extensive use of both fiscal and monetary policy tools. The eurozone is expected to contract by 0.5 per cent in 2012

Growth of the GDP (%) (Y-o-Y)

	US	UK	Eurozone	Germany	Japan	Brazil	Russia	India #	China *	South Africa
2011	1.8	0.9	1.5	3.0	-0.9	2.9	4.1	7.4	9.2	3.1
Q1	2.2	1.6	2.4	4.6	0.1	4.2	3.8	7.8	9.7	3.7
Q2	1.6	0.5	1.6	2.9	-1.7	3.3	3.5	7.7	9.5	3.3
Q3	1.5	0.4	1.3	2.6	-0.6	2.2	4.9	6.9	9.1	2.9
Q4	1.6	0.7	0.7	2.0	-1.0	na	na	6.1	8.9	na
2012(P)	1.8	0.6	-0.5	0.3	1.7	3.0	3.3	7.0	8.2	2.5

Source : Organization for Economic Cooperation and Development (OECD) Principal Global indicators and IMF WEO.

Notes : P - Projection from IMF World Economic outlook January 2012 update.

na: not available. Growth rates may not necessarily correspond to country sources.

* Country website.

Y-o- y is year-on-year. Q1, Q2, Q3, and Q4 stand for the first, second, third, and fourth quarters

Aggregations for World and Advanced Economies use purchasing power parity weights.

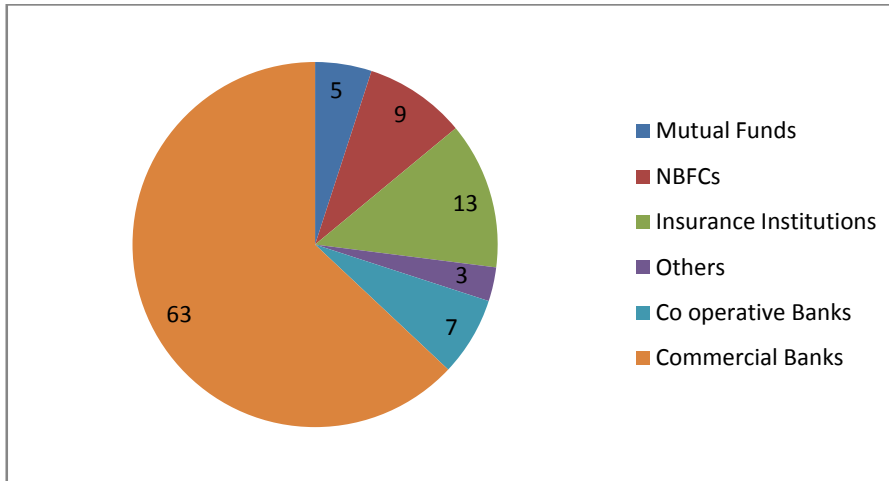
India's GDP growth is in terms of factor cost whereas for other countries it is in terms of market prices.

Structure Of India's Financial Services Industry

The financial institutions in India are varied, comprising commercial banks (including regional rural banks and local area banks), urban cooperative banks, rural co-operative banks, non-banking financial companies (NBFCs), insurance companies and mutual funds. The regulatory and supervisory arrangements for these entities are well defined, with strong legal underpinnings. The RBI is the central regulatory and supervisory authority for the Indian financial system. The banking sector is regulated by the Reserve Bank, whose regulatory perimeter also extends to cover NBFCs. A variety of financial institutions and intermediaries, in both the public and private sector, participate in India's financial services industry. These are:

- Commercial banks;
- Non-Banking Finance Companies ("NBFCs");
- Specialized financial institutions, such as the National Bank for Agriculture and Rural Development, the Export-Import Bank of India, the Small Industries development Bank of India and the Tourism Finance Corporation of India;
- Securities brokers;
- Investment banks;

- Insurance companies;
- Mutual funds; and
- Venture capital funds.



'Others' include Financial Institutions, State Finance Corporations, Housing Finance companies, DICGC (Deposit Insurance Fund)

Source: RBI, AMFI, IRDA, CFSA.

NBFCs, which provide a gamut of services and account for around 9 per cent of financial sector assets, have become an integral part of the financial system in India, playing a crucial role in broadening access to financial services, enhancing competition and bringing in greater risk diversification.

(Source : <http://rbi.org.in/scripts/PublicationReportDetails.aspx?UrlPage=&ID=586#CH5>)

NON-BANKING FINANCE COMPANIES

An essential feature of the evolution of financial system has been the emergence of non-banking financial institutions, outside the traditional banking system including finance companies, leasing companies, merchant banks and trust and investment companies. The deep and broad-based financial system has invariably enhanced access to finance at a reasonable cost, and reduced volatility thereby reducing risk by improving transparency, inducing competition and diversifying products and services and also efficient delivery of them. Diversification of the financial sector has been one of the principal features of economic growth in both advanced and emerging economies. Tremendous progress of financial system, especially during the 1980s and 1990s, was mainly due to the rigorous efforts of the non-banking financial institutions (NBFIs) world over. Therefore, Non-banking financial companies (NBFCs) have been the subject of special focus during the eighties and nineties including in India. In particular, the rapid growth of NBFCs, especially in the nineties, has led to a gradual blurring of dividing lines between banks and NBFCs, with the exception of certain exclusive privileges for the commercial banks. Over a period, both banks and non-bank financial institutions have become key elements of broad-based and sound financial system in India. The growing importance of NBFCs was recognised by series of committees and working groups since early 1970s including Banking Commission till the second Narasimham Committee (1998).

(Source : <http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/21WPN020112.pdf>)

Non-banking financial companies (NBFCs) are fast emerging as an important segment of Indian financial system. It is an heterogeneous group of institutions (other than commercial and co-operative banks) performing financial intermediation in a variety of ways, like accepting deposits, making loans and advances, leasing, hire purchase, etc. They raise funds from the public, directly or indirectly, and lend them to ultimate spenders. They advance loans to the various wholesale and retail traders, small-scale industries and self-employed persons. Thus, they have broadened and diversified the range of products and services offered by a financial sector. Gradually, they are being recognised as complementary to the banking sector due to their customer-oriented services;

simplified procedures; attractive rates of return on deposits; flexibility and timeliness in meeting the credit needs of specified sectors; etc.

*(Source: Non-Banking Financial Companies (NBFCs),
http://business.gov.in/business_financing/non_banking.php, accessed on May 19, 2012)*

Indeed it is evident in India that with the development of NBFCs segment within the overall financial system, it challenged the other segments, viz., banks to innovate, to improve quality and efficiency, and deliver at flexible timings and at competitive prices. In fact, in a number of untreaded paths, NBFCs were the ones to enter first to try the market and develop before banks entered the field. In India, for instance, the loans against gold jewellery, lending to small traders and small transport operators, used-commercial vehicle financing, were initiated by the NBFCs. Practically, many specialised financial services, such as the factoring, lease finance, venture capital finance, financing road transport, etc., were pioneered by the NBFCs.

In view of the above, both banks and non-bank financial intermediaries are key prerequisites of sound and stable financial system and development of both sectors offer important synergies. With the rise of middle class in India which has reached a certain stage of discernible economic development, there is a growing demand for property ownership, small-scale investment, and saving for retirement and a growing need for housing finance, contractual savings, insurance services, pension plans management and asset management. These varied requirements cannot be met by the banking system alone as commercial banks in India are not functioning as a full-fledged 'universal banking'. This is being met by opening non-banking financial subsidiaries by practically all the major banks in India. These subsidiaries are in the form of merchant banks, mutual funds, insurance companies, primary dealers and other NBFCs. Thus, NBFIs play a crucial role in broadening access to financial services, enhancing competition and diversification of the financial sector.

(Source :<http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/21WPN020112.pdf>)

Meaning and Types of NBFCs:

The structure and operations of NBFCs are regulated by the RBI, within the framework of Chapter III B of the RBI Act and the directions issued by it under the RBI Act. As set out in the RBI Act, a "non-banking financial company" is defined as:

- (iv) a financial institution which is a company;
- (v) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or
- (vi) such other non-banking institution or class of such institutions, as the bank may, with the previous approval of the central Government and by notification in the Official Gazette, specify.

Under the provisions of the RBI Act, it is mandatory for a NBFC to be registered with the RBI. For such registration with the RBI, a company incorporated under the Companies Act and which wishes to commence business as a NBFC, must have a minimum Net Owned Fund ("**NOF**") of Rs 20,000,000. A NOF refers to funds (paid-up capital and free reserves, less accumulated losses, deferred revenue expenditure and other intangible assets) less, (i) investments in shares of subsidiaries/companies in the same group or all other NBFCs; and (ii) the book value of debentures/bonds/outstanding loans and advances, including hire-purchase and lease finance made to, and deposits with, subsidiaries/companies in the same group, in excess of 10% of the owned funds.

Hence in short an NBFC may be defined as a company registered under the Companies Act and also registered under the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 and which provides banking services without meeting the legal definition of bank such as holding a banking license. NBFCs are basically engaged in the business of loans and advances, acquisition of shares/stocks/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 principle business is that of agricultural activity or any industrial activity or sale, purchase or construction of immovable property.

The registration process involves submission of an application by the company in the prescribed format along with the necessary documents for RBI's consideration. If the RBI is satisfied that the

conditions enumerated in the RBI Act, 1934 are fulfilled, it issues a 'Certificate of Registration' to the company. Not all NBFCs are entitled to accept public deposits. There are two broad categories of NBFCs based on whether they accept public deposits, namely deposit-taking NBFCs (NBFCs-D) and non-deposit-taking NBFCs (NBFCs-ND). Only those NBFCs holding a valid Certificate of Registration can accept/hold public deposits. The NBFCs accepting public deposits should comply with the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, as issued by the bank. . In addition to having the minimum stipulated NOF, NBFCs should also comply with separate prudential norms prescribed for NBFCs-D and NBFCs –ND.

NBFCs are required to adhere to the Prudential Norms Directions which, amongst other requirements, prescribe guidelines regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans.

NBFCs are also required to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges in terms of the RBI circular dated May 24, 2007. In addition to the aforesaid, NBFCs are required to adopt an interest rate model for regulating the rates of interest charged by the them in accordance with the Master Circular on Fair Practices Code dated July 1, 2011 issued by the RBI to all NBFCs.

Initially, NBFCs were classified into the following categories by the RBI:

- **Equipment leasing company**:- any financial institution whose principal business is that of leasing equipments or financing of such an activity.
- **Hire-purchase company**:- any financial intermediary whose principal business relates to hire purchase transactions or financing of such transactions.
- **Loan company**:- means any financial institution whose principal business is that of providing finance, whether by making loans or advances or otherwise for any activity other than its own (excluding any equipment leasing or hire-purchase finance activity).
- **Investment company**:- is any financial intermediary whose principal business is that of buying and selling of securities.

However, with effect from December 6, 2006, these types of NBFCs have been reclassified as follows:

- **Asset Finance Company (AFC)** - NBFCs whose principal business is that of financing the physical assets which support various productive and economic assets in India. "Principal business" for this purpose means that the aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60% of total assets and total income respectively;
- **Investment Company (IC)** - NBFCs whose principal business is that of the acquisition of securities; and
- **Loan Company (LC)** - NBFCs whose principal business is that of providing finance whether by making loans or advances or otherwise for any activity other than its own, but does not include an equipment leasing company or a hire-purchase finance company

*(Source: Non-Banking Financial Companies (NBFCs),
http://business.gov.in/business_financing/non_banking.php, accessed on May 19, 2012)*

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

The Reserve Bank of India vide its Notification No. DNBS(PD)CC.No.197/03.10.001/2010-11 dated August 12, 2010, a new class of NBFCs by the name of 'Core Investment Companies' (CIC) was added

Core Investment companies are NBFCs which

- (i) Hold not less than 90% of their assets as investments in shares for the purpose of holding stake in the investee companies;
- (ii) Do not trading in these shares except for block sale i.e. to dilute or divest holding;

- (iii) Do not carry on any other financial activities; and
- (iv) Do not hold / accept public deposits.

Core Investment Companies need to be compliant with other conditions provided in the Core Investment Companies (Reserve Bank) Directions, 2011. Every CIC-ND-SI i.e. Core Investment Companies having an asset size of ₹ 10000 lakhs or above are required to be governed by the provisions of the Reserve Bank of India Act, 1934 and the directions issued by the Reserve Bank from time to time. The Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, are also not applicable to a non-banking financial companies which are Core Investment Companies as referred to in the Core Investment Companies (Reserve Bank) Directions, 2011.

(Source : <http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/ICICNO97D130810.pdf>)

Following the Second Quarter Review of the Monetary Policy for the year 2009-10, RBI has introduced a fourth category of NBFCs as "Infrastructure Finance Companies"(IFCs). An IFC is defined as non deposit taking NBFC that fulfils the criteria mentioned below:

- i. a minimum of 75% of its total assets should be deployed in infrastructure loans as defined in Para 2(viii) of the Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;
- ii. Net owned funds of ₹ 30000 lakhs or above;
- iii. minimum credit rating 'A' or equivalent of CRISIL, FITCH, CARE, ICRA or equivalent rating by any other accrediting rating agencies
- iv. CRAR of 15 percent (with a minimum Tier I capital of 10 percent).

(Source : <http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/IFC0902103.pdf>)

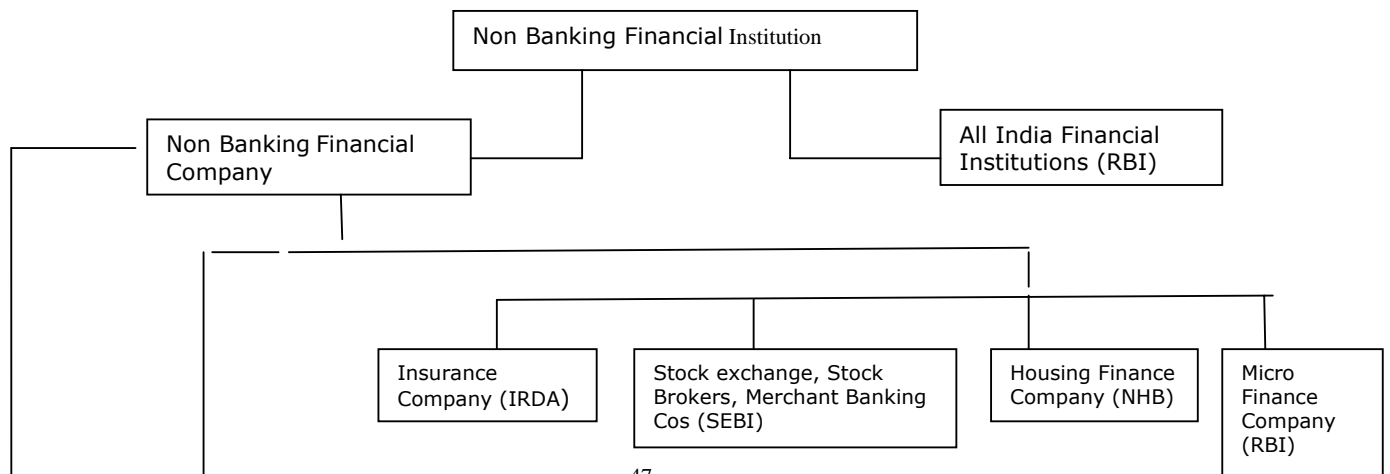
Following the budget speech of the Finance Minister for the year 2011-2012, NBFCs were allowed to set up Infrastructure Debt Funds (IDFs), to facilitate the flow of long-term debt into infrastructure projects. Such entities would be designated as "Infrastructure Debt Fund – Non-Banking Financial Company (IDF-NBFC)".

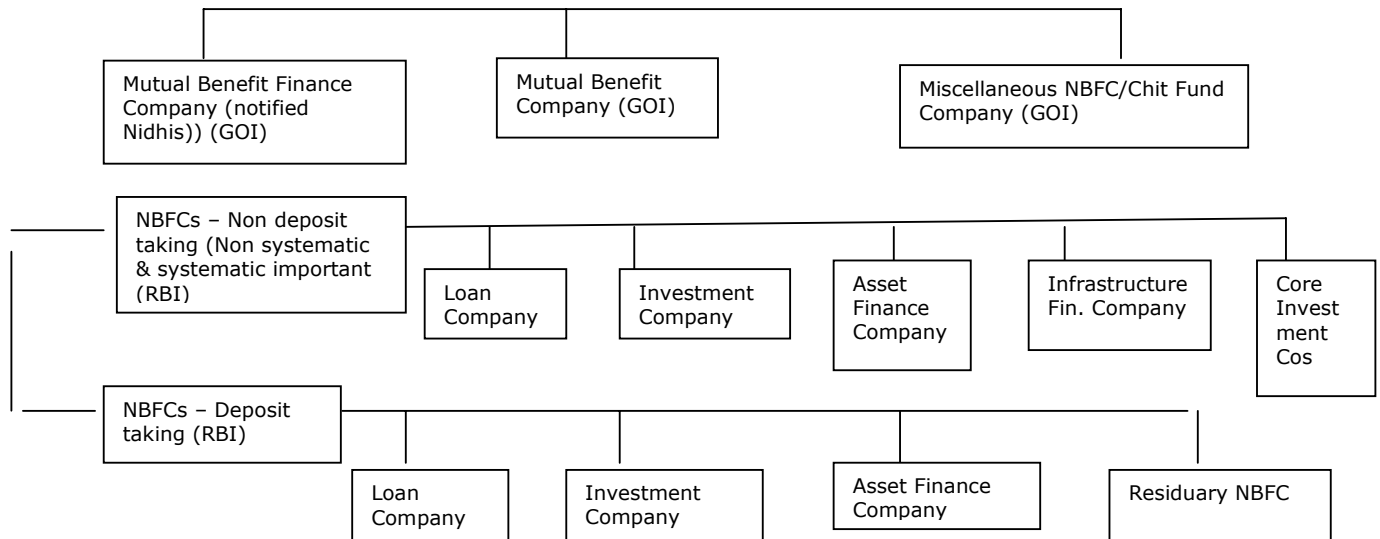
<http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/LDD21111CI.pdf>

Further a separate category of NBFCs has been created by RBI viz; Non Banking Financial Company-Micro Finance Institution (NBFC-MFI). Consequently there would be following categories of NBFCs:

- i. Asset Finance Company (AFC)
- ii. Investment Company (IC)
- iii. Loan Company (LC)
- iv. Infrastructure Finance Company (IFC)
- v. Core Investment Company (CIC)
- vi. Infrastructure Debt Fund- Non- Banking Financial Company (IDF-NBFC)
- vii. Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI).
- viii. *Non-Banking Financial Company – Factor*

(Source : <http://rbidocs.rbi.org.in/rdocs/Notification/PDFs/CC250021211.pdf>)

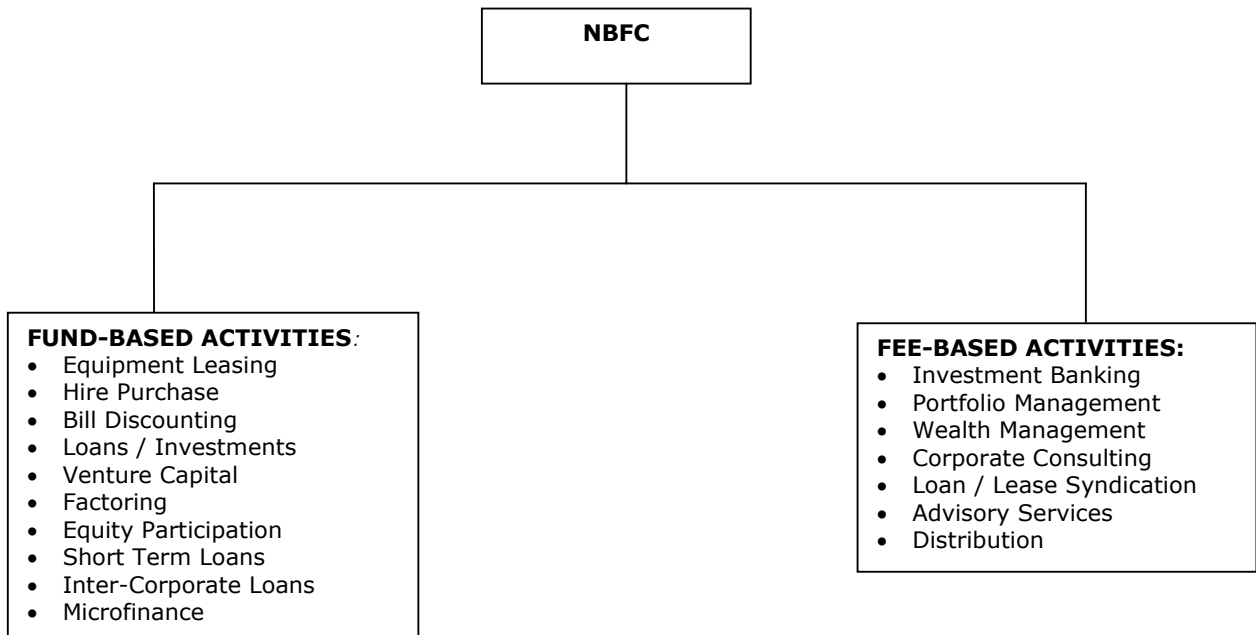




(Note : The regulatory authority for the respective institution is indicated within the brackets)

(Source : <http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/21WPNO20112.pdf>)

The indicative list of activities that NBFCs typically undertake in India are as follows :



Size of NBFCs Sector and their Growth

In line with the global trend, NBFCs in India too emerged primarily to fill in the gaps in the supply of financial services which were not generally provided by the banking sector, and also to complement the banking sector in meeting the financing requirements of the evolving economy. Over the years NBFCs have grown sizably both in terms of their numbers as well as the volume of business transactions. The number of such financial companies grew more than seven-fold from 7,063 in 1981 to 51,929 in 1996. Thus, the growth of NBFCs has been rapid, especially in the

1990s owing to the high degree of their orientation towards customers and simplification of loan sanction requirements.

Further, the activities of NBFCs in India have undergone qualitative changes over the years through functional specialisation. NBFCs are perceived to have inherent ability and flexibility to take quicker decisions, assume greater risks, and customise their services and charges according to the needs of the clients. These features, as compared to the banks, have tremendously contributed to the proliferation of NBFCs in the eighties and nineties.

Over a period as the regulatory requirements were made progressively stringent, the total number of NBFCs registered with the Reserve Bank stood at 12,409 by end-March 2011. The number of NBFCs-D i.e. deposit taking NBFCs declined considerably with conversion into non-deposit taking companies, besides closure and mergers of weaker companies. It may be underlined that the public deposits of NBFCs, after showing a steady increase till 2007, declined thereafter and sharply by end-March 2011. However, the size of total assets, have grown more than double from ₹ 53,878 crore as at end-March 2001 to ₹ 1,16,897 crore by end-March 2011, clearly indicating greater demand for the services provided by these companies in a fast growing economy. The net owned fund (NoF) of NBFCs has also increased sharply between end-March 2001 and end-March 2011 by more than three times to ₹ 17,975 crore, showing the strength of the NBFCs segment.

Source: Report on Trend and Progress of Banking in India various issues.

(Source : <http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/21WPN020112.pdf>)

Funding Sources of NBFCs

The major funding sources for NBFCs include debentures, borrowings from banks and FIs, Commercial Paper and inter-corporate loans. The Table below provides for major funding sources of Non Banking Financial Companies – Non Deposit Taking – Systematically Important:

Source of Fund	March 2008 (Percentage to total liabilities)	March 2009 (Percentage to total liabilities)
Debentures	21.7	28.3
Commercial Paper	4.9	4.5
Borrowings from Banks and FIs	19.8	18.5
Inter-corporate Loans	5.4	2.8
Others	14.1	15.2

Source: RBI Report on Trend & Progress of Banks.

Banks are a major source of funding for NBFCs, either directly or indirectly. Besides advancing loans, banks also are major investors in bonds/debentures issued by NBFCs.

(Source : <http://rbi.org.in/scripts/PublicationReportDetails.aspx?UrlPage=&ID=586#CH5>)

Future prospects of NBFC sector

NBFCs have been playing a very important role both from the macro economic perspective and the structure of the Indian financial system. NBFCs are the perfect or even better alternatives to the conventional Banks for meeting various financial requirements of a business enterprise. They offer quick and efficient services without making one to go through the complex rigmarole of conventional banking formalities. However to survive and to constantly grow, NBFCs have to focus on their core strengths while improving on weaknesses. They will have to be very dynamic and constantly endeavour to search for new products and services in order to survive in this ever competitive financial market.

OUR BUSINESS

Unless stated otherwise, the financial data in this section is as per our restated standalone financial statements prepared in accordance with Indian GAAP set forth in the Draft Letter of Offer.

This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about us and our financial statements, including the notes thereto, the "Risk Factors" and "Management Discussions and Analysis of Financial Condition and Results of Operation" on page nos. ix and 117 respectively of the Draft Letter of Offer.

Overview

We are a non deposit taking non-banking financial company registered with RBI to carry on the NBFIs activities under Section 45IA of the Reserve Bank of India Act, 1934 bearing Registration no. 05.01596 dated April 20, 1998. Subsequently, we have received a fresh certificate bearing Registration no. B.05.01596 dated May 21, 2012 pursuant to change of name of our Company.

Our Company was incorporated as Golden Securities Private Limited on October 7, 1993 with the Registrar of Companies West Bengal. Pursuant to Shareholders Resolution dated November 30, 1994 our Company was converted into Public Limited Company and the name was changed to "Golden Securities Limited". Fresh Certificate of Incorporation consequent to such change of name was issued by the Registrar of Companies, West Bengal vide certificate dated December 13, 1994. The name of our Company was changed to Golden Goenka Fincrop Limited vide fresh Certificate of Incorporation dated November 16, 2011 issued by the Registrar of Companies, West Bengal. Subsequently the name of our Company was changed to Golden Goenka Fincrop Limited and a fresh Certificate of Incorporation reflecting the new name was issued by the Registrar of Companies, West Bengal on November 21, 2011.

Our Company was initially promoted by Mr. Binod Kumar Mehra. The present promoters acquired 3,30,300 equity shares of the face value of ₹ 10/- each aggregating to 11.01% of the equity share capital of our Company for cash along with the management control of our Company pursuant to a Memorandum of Understanding ("MOU") dated August 7, 2010. Subsequent to the MOU, our Company had passed a special resolution through the postal ballot in compliance with Section 192A of the Companies Act read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001 & Regulation 12 read with regulation 2(1) (c) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 to effect the change in Management control of our Company. The outcome of the special resolution was declared by the then Chairman of our Company on October 1, 2010 and thereafter Mr. Girdhari Lal Goenka and Risewell Credit Private Limited were inducted as promoter of our Company by the Board of directors on October 29, 2010 and also were entrusted with the Management Control of our Company.

Our Company is primarily engaged in the business of providing short term to medium term loans viz. inter corporate loans, business loans, investments in securities and trading in securities.

We have various types of financial products on offer suiting the requirement of different clients. Vanilla products like Inter Corporate Deposits, Credit against Securities/properties, IPO Funding etc. are preferred by short term borrowers while specialized products like Lease Finance, Real Estate Project Finance, Acquisition funding etc. generally form part of the long term funding requirements.

Our Company's subsidiary companies are in the field of financial consultancy, management advisory services and real estate development

Currently our main line of Business is providing short term to medium term loans, investment in shares and other securities and trading in securities. Our company's business model is centred around two main activities in the capital market and financial market i.e. investments and trading in securities; and granting of loans. We provide finance to our clients after satisfying ourselves about the credit worthiness and repayment capacity of our borrowers. We are currently also engaged in the business of investment and trading in securities. We cater to the needs of a diverse customer base from retail customers and small and medium enterprises to large companies. We provide both secured and unsecured loans to our clients. Our sources of funding comprises of own funds and loan funds. Our company is listed with the BSE Limited ("BSE") and The Calcutta Stock Exchange Limited ("CSE") through its public issue in April 1995.

Our broad financial parameters as per our standalone resated statement of assets and Liabilities are as follows:

- Our Revenue from Operations and Other Income increased from ₹ 255.11 lakhs in fiscal 2009 to ₹ 9600.88 lakhs in fiscal 2012, at a CAGR of 235.12%, while our profit after tax increased from ₹ 2.35 lakhs in fiscal 2010 to ₹ 94.41 lakhs in fiscal 2012, at a CAGR of 242.49%.
- Our Net Asset Value per share as at March 31, 2009 was ₹ 9.28 which increased to ₹ 16.81 as on March 31, 2012 at a CAGR of 21.90%. (On Face Value of ₹ 10)
- Our net worth increased from ₹ 278.35 lakhs as of March 31, 2009 to ₹ 2857.26 lakhs as of March 31, 2012, at a CAGR of 117.33%.
- Our Loan Portfolio has increased from ₹ 116.18 lakhs as of March 31, 2009 to ₹ 5508 lakhs as of March 31, 2012, at a CAGR of 262.93%.

Our Operations

For our business of investment in securities and trading & securities, trading and investment is conducted based on analysis reports sourced from reputed research organisations and also on the direction of indices in the capital market.

For our loan business, our business operations typically include four major segments, namely, customer origination, customer evaluation, credit appraisal and approval and disbursements, loan administration and monitoring and collection and recovery. We have briefly discussed each of these segments below:

Customer Origination

Our customer base typically includes retail customers, small and medium enterprises and Corporates. Our Promoters and Directors have past experience in the fields of Corporate Finance (Inter Corporate Deposits, Short Term Financing, Bill Discounting, Loan Syndication, Investments (Securities trading & bought out deals) and Capital Market etc. Our Company originates customers through such contacts.

Customer Evaluation, Credit Appraisal and Approval and Disbursements

We follow certain procedures for the evaluation of the customers based on a set of qualitative and quantitative factors for determining the creditworthiness of our potential borrowers. We carry out credit appraisal of every application as per our organizational and credit policies and the credit assessment and evaluation is conducted in accordance with our terms and condition. We provide approvals based on risk pricing, desirable terms of sanction and adequate due diligence. After the credit evaluation and due diligence, approval is accorded to the prospective customers. Prior to the loan disbursement, we ensure proper Know Your Customer compliance of the applicant and the loan documents include the applicant's acceptance of the terms and conditions of the loan. Our secured loans are mainly secured by a pledge of shares/bonds/properties.

Loan administration and monitoring

Our tenure for financial assistance varies dependent on customers' profile and their business model. Loans disbursed are recovered from the customer in accordance with the loan terms and conditions agreed with the customer. We track loan repayment schedules of our customers, on a regular basis, based on the outstanding tenure of the loans, amount due and defaults committed, if any.

Collection and Recovery

We recover debts in accordance with the policies and procedures of our Company. We initiate the process of collection by analysing certain factors including the criticality of the account, nature of the account circumstances under which the default occurred such as default due to short term problems of the customer, default due to financial problems etc., nature of the asset and other assets and collateral of the customer.

Asset Quality

We maintain our asset quality through the establishment of prudent credit norms, the application of credit evaluation tools, limiting customer and asset exposure, and direct interaction with customers.

Classification of Assets and Provisioning and Write-offs

We are a non-deposit taking NBFC and we are regulated by various provisions of the RBI. Classification of Assets are guided by the "Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007" issued by the RBI.

Provisioning and Write-offs

We are guided by the directions issued by the RBI for certain provisions for standard and NPA assets. We are required, after taking into account the time lag between an account becoming non-performing, and its recognition as such, the realization of the security, and the erosion of over time in value of the security charged, to make provisions against sub-standard, doubtful and loan assets.

Set out below is a brief description of applicable RBI Guidelines on provisioning and write-offs for loans, advances and other credit facilities:

i. Loss Assets

In case of loss assets, the entire asset will be written off. If these are permitted to remain in the books, we provide 100% of the outstanding;

ii. Doubtful Assets

Our company has policy to provide 100% provision to the extent to which the advance is not covered by the realisable value of the security to which our Company has a valid recourse. The realisable value is estimated on a realistic basis.

In addition to above, we provide depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realisable value of the outstanding) made on the following basis : -

Period for which the asset has been considered as doubtful	% of provision
Up to one year	20
Between one to three years	30
More than three years	50

iii. In case of Doubtful Assets, Our Company provides 10% of total outstanding.

iv. In case of Standard Assets, our Company provides 0.25% of the outstanding.

Risk Management

Our Company, while doing business is exposed to various risks and endeavours to identify and manage them effectively. We also have a risk management framework in place to manage and mitigate risks. Our Internal Auditors check and verify the application of KYC procedures of our Company and comment on the lapses observed in this regard. The compliance in this regard is also put up before the Audit Committee of the Board periodically.

Information Technology

We use information technology as a strategic tool in our business operations to improve our overall productivity. Our information system enables us to manage our operations network well, as well as to effectively monitor and control risks. Our information technology strategy is aligned to comprehend and integrate our business, applications, technology, organizational capability and governance.

Corporate Structure

Our business activities are broadly managed under the following functional departments:

Business Operations

We conduct our business of lending/advancing loans under this department. This department analyses the loan proposals to help the management to decide with a view to help maximize returns and also advises management on various investment strategies. Besides this department also conducts the collection of receivables, Investments/trading in shares; other Securities;

Finance, Accounts & Administration

This department caters to

- Financial accounting: financial and fixed asset reporting; payroll; accounts payable;
- Accounting function: maintain the general and subsidiary ledgers; process and record all revenues and prepare general purpose financial statements in compliance with Statutory Laws; and

Legal and Statutory Compliances

The compliances of various legal and secretarial related matters including Stock Exchange filings, filing under SEBI Takeover Regulations, ROC related compliances, tax payments, annual returns etc. are handled by this department under the supervision of Company Secretary & Compliance Officer.

Competition

Our primary competitors in the NBFC sector are public sector banks, private banks (including foreign banks), financial institutions and other NBFCs. NBFCs dominated India's retail credit market during the 1990s. However, during the past five years, large commercial banks have invested significant amounts to develop the infrastructure to offer financial services. As a result of these efforts, large commercial banks now dominate this market. Following the entry of commercial banks, there is significant competition in the Indian financial services market.

Employees and Employee Relations

As on date we have 14 permanent employees other than the whole time directors, the break-up is given below. Our success depends to a great extent on our ability to recruit, train and retain high quality professionals. Accordingly, we place special emphasis on the human resources function in our Company. The Department wise breakup of our manpower is as under:

Sr. No	Name of the Department	No. of Staff
1	Accounts / Finance	3
2	Operations	4
3	Legal and Secretarial	3
4	Office Administration	4
	Total	14

MARKETING ARRANGEMENT

Our customer base typically includes retail customers, small and medium enterprises and Corporates. Our Promoters and Directors have past experience in the fields of Corporate Finance (Inter Corporate Deposits, Short Term Financing, Bill Discounting, Loan Syndication, Investments (Securities trading & bought out deals) and Capital Market etc. Our Company originates customers through such contacts.

EXPORT OBLIGATIONS:

Being an NBFC our Company has no export obligations.

Our Strengths

We believe that the following are our key strengths:

- **Experienced Promoter and Management Team**

Our Company's business is supported by an experienced and professional Promoter, Board of Directors and management team with backgrounds in Finance, Accounts and Capital market related activities. Our Company derives strength from the expertise of its Promoter, Mr. Girdhari Lal Goenka, a Fellow Member of The Institute of Chartered Accountants of India and having more than twenty (22) years of experience in the fields of Corporate Finance (Inter Corporate Deposits, Short Term Financing, Bill Discounting, Loan Syndication, Investments (Securities trading & bought out deals), Taxation, Audit and Capital Market etc. The present promoters who have taken over the management control of our Company from the erstwhile promoter group have experience in the business of our Company. They also have business associations with various companies/ firms in the same line of business.

- **Effective risk management framework and operating efficiency**

We believe we have established necessary risk management framework through implementation of systems and procedures for evaluating and approving debt financing proposals. We believe our risk management framework enables us to identify the risks and

suitably adopt various risk mitigation measures. Our current provisioning and write-off policies and principles are in accordance with the required standard for NBFCs set by the RBI.

- **Focus on a disciplined business philosophy**

Our Company's philosophy is to business predominantly on a short term to medium term basis with borrowers who are engaged in diverse businesses and industry sectors. Our Company does not give industry specific loans but gives weight age to the borrowers repayment capacity.

- **Internal controls and risk management**

Our Company believes that it has necessary internal controls and risk management systems to assess and monitor risks. Our Company has its management team which monitors and manages risks by monitoring trends that may have an effect on the economic environment and actively assesses on a routine basis the market value of our Company's portfolio. Our Company believes it has effective procedures for evaluating and managing the market, operational and other risks to which it is exposed.

Our Strategies

Our key strategic priorities are as follows:

- **Leverage on our experience and relationships**

We have steadily grown our business in recent years. Our net worth, Revenue from Operations and Other Income grew at a CAGR of 117.33% and 235.12% respectively, from fiscal 2009 to fiscal 2012 and profit after tax grew at a CAGR of 242.49% from fiscal 2010 to fiscal 2012. Our Loan Portfolio has increased at a CAGR of 262.93% during the corresponding period. We intend to continue to leverage our experience and relationships with our customers to expand and diversify.

- **Continue to reinforce operational efficiency through advanced technology and processes**

We will continue to invest in our technology systems to improve our operational efficiencies, functionality, reduce errors and improve our productivity through well defined processes and systems. We also believe in deploying strong technology systems that will enable us to respond to market opportunities and challenges swiftly, improve the quality of services to our customers, and improve our risk management capabilities. We intend to remain committed to technological innovation to ensure our ability to respond to our increasingly sophisticated and competitive market and to mitigate the risks we face as a NBFC.

- **Adherence to a disciplined investment policy**

Our Company will continue to make investments consistent with its investment policy. Our Company in accordance with its investment policy will aim to invest in a diversified portfolio of securities (quoted and unquoted) of well-managed companies. Our Company believes that such investments provide a sustainable competitive advantage to our Company in volatile markets and would contribute to its dividend income as well as any profits that may be realized on sale of such investments.

- **Maintain and expand long term Relationship with Client**

Our Company believes that business is a by-product of relationship. The business model is based on client relationships that are established over period of time. Our Company believes that a long term client relationship with large clients fetches better dividends. Our Company intends to establish strategic alliances and share risks with companies whose resources, skills and strategies are complementary to our Company's business and are likely to enhance its opportunities.

- **Attract and Retain Experienced Professionals**

Our Company has been recruiting a team of professionals with experience in financial services sector, credit evaluation, risk management, treasury, technology and marketing. Our Company believes to create the right balance of performance bonus and other financial incentives for its employees so that they will be challenged to develop business, achieve profitability targets and control risk.

- **Active management of investments**

Our Company relies on the expertise of its management team to maximize returns through active management of our Company's investment portfolio. Our Company will pursue

appropriate long-term value creation strategies in accordance with its investment policy. Our Company seeks to achieve this, subject to general market conditions, by buying and selling stocks that offer value at prevailing market prices based on the decisions of its management team. Our Company may consider short-term opportunities where it may see prospects for attractive returns but will primarily focus on a long-term value creation strategy rather than on any near-term impact on its revenues, profits or cash flows. Our Company's strategy is to extract optimal returns on its investments and to this end the management team will continue to seek opportunities that demonstrate clear growth prospects.

Insurance

We have taken insurance policy relating to Company's vehicle. However the insurance policy may not provide adequate coverage in certain circumstances and are subject to deductibles, exclusions and limit on coverage. Our operations are subject to hazards inherent to the NBFC industry.

Property

A. Properties owned by our Company:

Sl. No.	Title/Ownership/ Purchase Consideration	Nature	Location/ Registration	Area
1.	Golden Goenka Fincorp Limited Date of Agreement: 13.02.2012 vide Deed of Conveyance Purchase Consideration (₹ 4,95,000/-)	Freehold Non agricultural Land Vendor: Shri Rabari Mohanbhai Mafabhai Vendee: Golden Goenka Fincorp Limited	Village Maharajpura of Mouje Maharajpura of Kadi Taluka in the Registration Sub-District Kadi and Registration District Mehsana, Gujarat Registration: Registered at Serial No.648 on 13.02.2012 in the office of Sub-Registrar, S.R.O - Kadi	All the piece or parcel of freehold non agricultural land situate lying and being at Village Maharajpura bearing amalgamated survey no. 255 (comprosed of old survey nos. 255 and 256/3) of Mouje Maharajpura of Kadi Taluka in the Registration Sub-District Kadi and Registration District Mehsana admeasuring 433.28 sq mtrs or thereabout

B. Properties on lease/rent by our Company:

Our Company occupies immovable properties at the following locations: -

- Registered Office of our Company at 1st British Indian Street, Room No. B-10, Kolkata - 700069
- Corporate Office of our Company at 1st British Indian Street, Room No. 109, 1st Floor Kolkata - 700069

Sr No	Agreement	Amount	Period	Description of the Property	Purpose of use
1	Leave and License Agreement dated October 25, 2010 entered into between Mrs. Raj Goenka and our Company	License fees amounting to : ₹ 1000/- per month with an escalation every year at the rate of 15% of the existing license fee	Initial Period of 11 months and further period of 22 months with effect from October 25, 2010	Approx 250 sq ft of covered area having 1st British Indian Street, Room No. B-10, Kolkata - 700069	Registered Office

2	Leave and License Agreement dated January 25, 2012 entered into between Karni Infracon (P) Ltd. and our Company	License fees amounting to : ₹ 34,650/- per month along with other payments as follows : <ul style="list-style-type: none"> • ₹207900 being six months license fee as security deposit • ₹7000 per month towards rent for using furniture and fixtures License fee shall be increased 5% on the completion of first year and thereafter every succeeding year	Period of 3 years commencing from January 25, 2012 and ending on January 24, 2015	Office situated at the First Floor admeasuring about 1155 sq ft super built up area along with furniture and fixtures lying and situated at 1st British Indian Street, Room No. 109, Kolkata - 700069	Corporate Office
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Purchase of Property

No property is proposed to be purchased out of the proceeds of this Issue.

Intellectual Property

Existing trademark registration:

Our Company has applied for the following registration of its logo. Summary Details of the Trade Mark Application are as follows:

Filed on	February 20, 2012
Mark	Logo of our Company
Class	36 (Thirty Six)
Applicant	Golden Goenka Fincorp Limited
Period of User	Since December 15, 2011
Status	Pending

KEY INDUSTRY REGULATIONS AND POLICIES

The regulations set out below are not exhaustive and are only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional legal advice. The following description is a summary of certain special laws and regulations in India, which are applicable to us for being an NBFC. Taxation statutes such as the Income Tax Act, 1961, the Finance Act, 1994 with all amendments thereto, the Shops and Establishments Act, 1958, and other miscellaneous regulations and statutes such as the Trade Marks Act, 1999 apply to us as they do to any other Indian company and therefore have not been detailed below. The information detailed in this chapter has been obtained from publications available in the public domain. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

RBI as the Regulator

The working and operations of NBFCs are regulated by the RBI within the framework of the RBI Act (Chapter III B) and the directions issued by it under the RBI Act. The powers and authorities generally available to the RBI with respect to NBFCs can be summarized as under:

- The RBI may, if it considers necessary in the public interest so to do, by general or special order (a) regulate or prohibit the issue by any NBFC of any prospectus or advertisement soliciting deposits of money from the public; and (b) specify the conditions subject to which any such prospectus or advertisement, if not prohibited, may be issued.
- The RBI has the power to determine policy and issue directions on the NBFCs. If RBI is satisfied that, in the public interest or to regulate the financial system of the country to its advantage or to prevent the affairs of any NBFC being conducted in a manner detrimental to the interest of the depositors or in a manner prejudicial to the interest of the NBFC, it is necessary or expedient so to do, it may determine the policy and give directions to all or any of the NBFCs relating to income recognition, accounting standards, making of proper provision for bad and doubtful debts, capital adequacy based on risk weights for assets and credit conversion factors for off-balance-sheet items and also relating to deployment of funds by an NBFC or a class of NBFCs and the NBFCs are bound to follow the policy so determined and the directions so issued.
- The RBI, on being satisfied that an NBFC (a) is unable to pay its debt; or (b) has by virtue of the provisions of section 45-IA become disqualified to carry on the *business of a non-banking financial institution*; or (c) has been prohibited by the RBI from receiving deposit by an order and such order has been in force for a period of not less than three months; or (d) the continuance of the NBFC is detrimental to the public interest or to the interest of the depositors of the NBFC, may file an application for winding up of such NBFC under the Companies Act.
- The RBI may, at any time, cause an inspection to be made by one or more of its officers or employees or other persons (hereafter in this section referred to as the inspecting authority) of an NBFC (i) for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI or for the purpose of obtaining any information or particulars which the NBFC has failed to furnish on being called upon to do so; or (ii) if the RBI considers it necessary or expedient to inspect that NBFC. It shall be the duty of every director or member of any committee or other body for the time being vested with the management of the affairs of NBFC or other officer or employee thereof to produce to the inspecting authority all such books, accounts and other documents in his custody or power and to furnish that authority with any statements and information relating to the business of the NBFC as that authority may require of him, within such time as may be specified by that authority.

The Reserve Bank of India Act, 1934

The RBI is entrusted with the responsibility of regulating and supervising activities of NBFCs by virtue of powers vested to it through Chapter III B of the RBI Act. Section 45-I (f) of the RBI Act defines a NBFC as :

- a financial institution which is a company;
- a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or
- such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette,

specify.

As per the RBI Act, a financial institution has been defined as a non-banking institution carrying on as its business or part of its business, amongst other activities, the financing, whether by way of making loans or advances or otherwise, of any activity, other than its own, or the carrying on of any class of insurance business.

Any company which carries on the business of a non-banking financial institution as its principal business is to be treated as an NBFC. The RBI, pursuant to a press release dated 8 April 1999, has further indicated that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of our Company to determine its principal business. A company would be categorized as an NBFC if its financial assets were more than 50% of its total assets (netted off by intangible assets) and income from financial assets is more than 50% of the gross income. Both these tests are required to be satisfied as the determinant factor for classifying the principal business of a company as that of an NBFC.

With effect from 9 January 1997, NBFCs were not permitted to commence or carry on the business of a non-banking financial institution without obtaining a Certificate of Registration (CoR). Further, with a view to imparting greater financial soundness and achieving the economies of scale in terms of efficiency of operations and higher managerial skills, the RBI raised the requirement of minimum net owned fund from Rs 2.5 million to Rs 20 million for an NBFC commencing business on or after 21 April 1999. Further, every NBFC was required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalization of the balance sheet and in any case not later than 30 December of that year, stating that it was engaged in the business of non-banking financial institution and it held a CoR.

In order to ensure that CoRs are only held by NBFCs which are actually engaged in the business of a non-banking financial institution, the RBI has directed all NBFCs to submit a certificate from their Statutory Auditors every year to the effect that they continue to undertake the business of a non-banking financial institution requiring holding of CoR under Section 45-IA of the RBI Act.

Classifications of NBFCs

The RBI has primarily classified all NBFCs in to the following eight categories based on their operations and activities:

- Asset Finance Companies (**AFC**);
- Investment Companies (**IC**);
- Loan Companies (**LC**);
- Infrastructure Finance Companies (**IFC**);
- Core Investment Companies (**CIC**);
- Infrastructure Debt Fund- Non- Banking Financial Company (**IDF-NBFC**);
- Non-Banking Financial Company - Micro Finance Institution (**NBFC-MFI**); and
- Non-Banking Financial Company – Factor (**NBFC-Factor**)

An NBFC falling in any one or more of the above categories is further classified into any one of the following two categories depending upon whether it accepts deposits or not:

- Deposit accepting NBFCs (**NBFC-D**); and
- Non-deposit accepting NBFCs (**NBFC-ND**).

By their inherent reasons of existence and nature of operations, the CICs do not come in the category of NBFC-Ds but are always formed as NBFC-NDs.

The RBI has further classified NBFC-NDs into the following two categories based on their asset size:

- Systematically important NBFC-NDs (**NBFC-ND-SI**); All NBFC-NDs with an asset size of Rs 1000 million or more as per the last audited balance sheet are considered as a systemically important NBFC-ND. RBI by a notification dated 4 June 2009 has clarified that once an NBFC reaches an asset size of Rs1000 million or above, it shall come under the regulatory requirement for systemically important ND-NBFC, despite not having such assets on the date of the last balance sheet; and
- Not-systematically important NBFC-NDs (**NBFC-ND-NSI**).

Capital Reserve fund

Pursuant to Section 45 IC of the RBI Act, every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Such a fund is to be created by every NBFC including an NBFC not accepting/holding public deposit. Further, no appropriation can be made from such fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such withdrawal.

Prudential Norms Directions

The RBI has issued the Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended ("**Prudential Norms Directions**"), which contain detailed directions on prudential norms for an NBFC-ND. The Prudential Norms Directions, amongst other requirements prescribe guidelines regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans.

Prudential norms governing NBFC-NDs

NBFCs such as our Company, which do not accept public deposits, are subject to lesser degree of regulation as compared to a NBFC-D and are primarily governed by the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("**Prudential Norms Directions**"), which replaced, with effect from 22 February 2007, the erstwhile Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998. In addition to the above, NBFC-ND-SIs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

The **Prudential Norms Directions**, amongst other requirements, prescribes guidelines for NBFC-NDs which include, among others, guidelines regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, concentration of credit/investment and norms relating to disclosure requirements. A brief snapshot of some of the major prudential norms is discussed below.

Income recognition

The income recognition shall be based on recognised accounting principles. Income including interest/discount or any other charges on NPA shall be recognised only when it is actually realised. Any such income recognised before the asset became non-performing and remaining unrealised shall be reversed. In respect of hire purchase assets/lease assets, where instalments/lease rentals are overdue for more than 12 months, income shall be recognised only when hire charges/lease rentals are actually received. Any such income/net lease rental taken to the credit of profit and loss account before the asset became non-performing and remaining unrealised, shall be reversed.

Asset classification

The Prudential Norms require that every NBFC-ND shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- Standard assets;
- Sub-standard Assets;
- Doubtful Assets;
- Loss assets;

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such up gradation.

Provisioning Requirements

A NBFC-ND, after taking into account the time lag between an account becoming non-performing, its recognition, the realization of the security and erosion overtime in the value of the security charged, is mandatorily required to make prescribed provisions against sub-Standard Assets, Doubtful Assets and Loss Assets in the manner provided for in the Prudential Norms Directions.

Disclosure Requirements

An NBFC-ND is required to separately disclose in its balance sheet the provisions made in terms of the provisioning requirements without netting them from the income or against the value of the assets. These provisions shall be distinctly indicated under separate heads of accounts and shall not be appropriated from the general provisions and loss reserves held, if any, by it.

Information to be furnished in relation to certain changes

As per the Prudential Norms Directions, an NBFC-ND is required to furnish the following information to the Regional Office of the Department of Non-Banking Supervision of the RBI within one month of the occurrence of any change: (i) complete postal address, telephone/fax number of the registered/corporate office, (ii) name and residential address of the directors of the NBFC, (iii) names and official designations of its principal officers, (iv) names and office address of its auditors, and (v) specimen signatures of the officers authorized to sign on behalf of the NBFC.

Pursuant to the RBI notification RBI/2010-11/453 dated March 30, 2011 NBFCs have been prohibited from contributing capital to any partnership firm or to be partners in any partnership firm. In case of existing partnerships NBFCs may seek early retirement from partnership firms.

Reserve Fund

Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually before declaration of dividend. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such withdrawal.

Accounting Standards

The NBFCs are mandatorily required to follow the Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India ("ICAI") insofar as they are not inconsistent with the Prudential Norms Directions.

Reporting by Statutory Auditor

The statutory auditor of the NBFC-ND is required to submit to the Board of Directors of our Company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI. Further, in addition to the auditor's report under Section 227 of the Companies Act, the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI.

Fair Practices Code

On 28 September 2006 the RBI prescribed broad guidelines towards a fair practices code that was required to be framed and approved by the board of directors of all NBFCs. On 2 July 2012 the RBI issued a Master Circular on fair practices and has required that the Fair Practices Code of each NBFC is to, be published and disseminated on its website. Among others, the code prescribes the following requirements, to be adhered to by NBFCs:

- i. Inclusion of necessary information affecting the interest of the borrower in the loan application form.
- ii. Devising a mechanism to acknowledge receipt of loan applications and establishing a time frame within which such loan applications are to be disposed.
- iii. Conveying, in writing, to the borrower the loan sanctioned and terms thereof. The acceptance of such terms should be kept on record by the NBFC.
- iv. Giving notice to the borrower of any change in the terms and conditions and ensuring that changes are effected prospectively.
- v. Refraining from interfering in the affairs of the borrowers except for the purposes provided in the terms and conditions of the loan agreement.
- vi. Not resorting to undue harassment in the matter of recovery of loans, and an appropriate grievance redressal mechanism for resolving disputes in this regard is to be established.
- vii. Periodical review of the compliance of the fair practices code and the functioning of the grievances redressal mechanism at various levels of management, a consolidated report whereof may be submitted to the board of directors

KYC Guidelines

The RBI has issued a Master Circular on Know Your Customer ("KYC") guidelines dated 2 July 2012 and advised all NBFCs to adopt such guidelines with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework on KYC and anti-money laundering measures is put in place. The KYC policies are required to have certain key elements such as customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to KYC guidelines by the persons authorized by the NBFCs' and including brokers/ agents, due diligence of persons authorized by the NBFCs and customer service in terms of identifiable contact with persons authorized by NBFCs.

Corporate Governance Guidelines

In order to enable NBFCs to adopt best practices and greater transparency in their operations, the RBI introduced corporate governance guidelines on 8 May 2007. The RBI consolidated the corporate governance guidelines issued by it from time to time in the Master Circular dated 2 July 2012. As per this Master Circular, all NBFCs are required to adhere to certain corporate governance norms, including:

- i. Constitution of an audit committee - NBFC having assets of Rs 5000 lakhs and above as per its last audited balance sheet consisting of not less than three members of its Board of Directors
- ii. Informing the Board of Directors, at regular intervals, the progress made in putting in place a progressive risk management system, and risk management policy and strategy followed, conformity with corporate governance standards viz. in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc; and
- iii. Frame internal guidelines on corporate governance for enhancing the scope of the guidelines.

NBFCs shall frame their internal guidelines on corporate governance, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's web-site, if any, for the information of various stakeholders.

Disclosures and filing of returns

An NBFC-ND is required to separately disclose in its balance sheet the provisions made in terms of the Prudential Norms Directions without netting them from the income or against the value of the assets. These provisions are required to be distinctly indicated under separate heads of accounts and should not be appropriated from the general provisions and loss reserves held, if any, by it.

Norms for Excessive Interest Rates

The RBI, through its circular dated 24 May 2007, directed all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has issued a Master Circular on Fair Practices Code dated 2 July 2012 for regulating the rates of interest charged by the NBFCs. These circulars stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

Recovery of Debts Due to Banks and Financial Institutions Act, 1993

The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 ("Debts Recovery Act") provides for establishment of Debt Recovery Tribunals for expeditious adjudication and recovery of debts due to any bank or public financial institution or to a consortium of banks and public financial institutions. Under the Debts Recovery Act, the procedures for recoveries of debt have been simplified and time frames been fixed for speedy disposal of cases. Upon establishment of the Debts Recovery Tribunal, no court or other authority can exercise jurisdiction in relation to matters covered by the Debts Recovery Act, except the higher courts in India in certain circumstances.

Anti-Money Laundering

The Prevention of Money Laundering Act, 2002 ("**PMLA**") was enacted to prevent money laundering and to provide for confiscation of property derived from or involved in, money laundering and for matters connected therewith or incidental thereto. The Government of India under PMLA has issued the Prevention of Money laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, as amended ("**PML Rules**"). PMLA & PML Rules extends to all banking companies, financial institutions, including NBFCs and intermediaries.

The RBI has issued a Master Circular dated 2 July 2012 to ensure that a proper policy frame work for the PMLA and PML Rules is put into place. Pursuant to the provisions of PMLA, PML Rules and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than Rs 1 million; (ii) all series of cash transactions integrally connected to each other which have been valued below Rs 1 million where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds Rs 1 million.

All NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity. Further, NBFCs shall exercise ongoing due diligence with respect to the business relationship with every client and closely examine the transactions in order to ensure that they are consistent with their knowledge of the client, his business and risk profile and where necessary, the source of funds.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

RBI policies on fund raising by NBFIs.

- RBI vide notification dated 23 June 2010 imposed certain restrictions for issuance of NCDs with a maturity of less than a year ("**Notification**"). As per the Notification the issuer will have to comply with the eligibility criteria, the tenor of NCDs will have to be at least 90 days from the date of the issue, also the exercise date of option (put/call) attached, if any, should not fall within those 90 days.
- RBI vide notification dated 3 May 2011 stated that bank loans to NBFIs, other than microfinance institutions (MFIs), will not be accorded priority sector status.

Conversion to NBFC-ND-SI

As on March 31, 2012 the asset size of our Company is ₹ 8555.37 lakhs and as such we were not a systematically important NBFC-ND. However as on date the asset size of our Company has crossed ₹ 10000 lakhs and therefore as per Para 7 of Master Circulars- Miscellaneous Instructions to NBFC- ND-SI dated 2 July 2012, we need to abide by the RBI regulations issued to NBFC-ND-SI. As NBFC-ND-SI we are also subject to further prudential norms direction as provided below:

Exposure Norms

The Prudential Norms Directions prescribe credit exposure limits for financial institutions in respect of the loans granted and investments undertaken by a NBFC-ND-SI. An NBFC-ND-SI shall not lend money exceeding 15% of its owned fund to any single borrower and the lending to any single group of borrowers shall not exceed 25% of the NBFC-ND-SI's owned fund. As regards investments, an NBFC-ND-SI shall not invest in the shares of a company exceeding 15% of its owned fund, while the investment in the shares of a single group of companies shall not exceed 25% of its owned fund. The loans and investments of NBFC-ND-SI taken together should not exceed 25% of its owned fund to or in a single party and 40% of its owned fund to or in a single

group of parties. However, this prescribed ceiling shall not be applicable on an NBFC-ND-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. Further, an NBFC-ND-SI, which is classified as Asset Finance Company, may in exceptional circumstances, exceed the above ceilings on credit / investment concentration to a single party or a single group of parties by 5% of its owned fund, with the approval of its board of directors. Any NBFC-ND-SI not accessing public funds, either directly or indirectly may make an application to the RBI for modifications in the prescribed ceilings. Further, every NBFC-ND-SI is required to formulate a policy in respect of exposures to a single party/a single group of parties.

Capital Adequacy Norms

As per the Prudential Norms Directions, every NBFC-ND-SI is subject to capital adequacy requirements. A minimum capital ratio consisting of Tier I and Tier II capital of not less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off balance sheet items is required to be maintained. "Tier I" capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, NCDs, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund and perpetual debt instruments issued by an NBFC-ND-SI in each year to the extent it does not exceed 15% of the aggregate Tier I capital of such company as on March 31 of the previous accounting year; and "Tier II" capital includes, (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth per cent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt to the extent the aggregate does not exceed Tier I capital; and (f) perpetual debt instruments issued by a NBFC ND SI in each year to the extent it does not exceed 15% of its aggregate Tier I capital, as on March 31 of the previous fiscal year.

Monthly Return

As per the RBI circulars dated September 6, 2005 and June 4, 2009, all NBFC-ND SIs are required to submit a monthly return on the important financial parameters to the RBI. It has been clarified by the RBI that the asset size as stated aforesaid may be less than Rs 1,000 million as on the balance sheet date but may subsequently add on assets before the next balance sheet due to several reasons, including business expansion. Once the asset size of the NBFC reaches Rs 1,000 million or above, it shall come under the regulatory requirement of the NBFC-ND-SI despite not having such assets as on the last balance sheet. It has been further clarified by the RBI that if the asset size of the NBFC falls below Rs 1,000 million in any given month (which may be due to temporary fluctuations and not due to actual downsizing), then such an NBFC shall continue to submit the monthly returns on the important financial parameters to the RBI until the submission of the next audited balance sheet to the RBI and a specific dispensation is received in this regard.

Asset Liability Management

The RBI has prescribed the Guidelines for Asset Liability Management ("ALM") System in relation to NBFCs ("ALM Guidelines") that are applicable to all NBFCs-ND-SI. As per this, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of Rs 1,000 million, irrespective of whether they are accepting / holding public deposits or not, are required to put in place an ALM system. The ALM system rests on the functioning of ALM information systems within the NBFC, ALM organization including an Asset Liability Committee ("ALCO") and ALM support groups, and the ALM process includes liquidity risk management, management of marketing risk, funding and capital planning, profit planning and growth projection, and forecasting/ preparation of contingency plans. It has been provided that the management committee of the board of directors or any other specific committee constituted by the board of directors should oversee the implementation of the system and review its functioning periodically. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days' time days' time bucket should not exceed the prudential limit of 15% of outflows of each time bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

Rating of Financial Product

Pursuant to the RBI circular dated February 4, 2009, all NBFCs with an asset size of Rs 1,000 million and above are required to furnish at the relevant regional office of the RBI, within whose jurisdiction the registered office of the NBFC is functioning, information relating to the downgrading and upgrading of assigned rating of any financial products issued by them within 15 days of such change.

Supervisory Framework

In order to ensure adherence to the regulatory framework by NBFCs ND SI, the RBI has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio etc. as at the end of March every year, in a prescribed format. This return is to be submitted electronically within a period of three months from the close of every financial year. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non-banking financial institution requiring to hold a CoR under the RBI Act. This certificate is required to be submitted within one month of the date of finalization of the balance sheet and in any other case not later than December 30 of that particular year. Further, in addition to the auditor's report under Section 227 of the Companies Act, the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS 7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI.

Applicable Foreign Investment Regime

FEMA Regulations

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion, GoI, ("**FDI Policy**") and the FDI Policy issued by the DIPP (circular 1 of 2012, with effect from 10 April 2012).

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended ("**FEMA Regulations**") to prohibit, restrict or regulate, transfer by or issue of security to a person resident outside India. As specified by the FEMA Regulations, no prior consent and approval is required from the FIPB or the RBI, for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

Foreign Direct Investment

FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made. Investors are required to file the required documentation with the RBI within 30 days of such issue/ acquisition of securities. Under the approval route, prior approval of the FIPB and/or RBI is required. FDI for the items/activities not under the automatic route (other than in prohibited sectors) may depend upon the activity be brought in through the approval route. Further:

- a) As per the sector specific guidelines of the Government of India, 100% FDI/ NRI investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.
- b) Minimum Capitalisation Norms for fund based NBFCs are the following:
 - i. For FDI up to 51% - US\$ 0.5 million to be brought upfront
 - ii. For FDI above 51% and up to 75% - US \$ 5 million to be brought upfront
 - iii. For FDI above 75% and up to 100% - US \$ 50 million out of which US \$ 7.5 million to be brought up front and the balance in 24 months
- c) Minimum capitalization norm of US\$0.5 million is applicable in respect of all permitted non fund based NBFCs with foreign investment, except for 100% foreign owned NBFC with a minimum capitalisation of US \$50 million.
- 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 specified in (b) (iii) above (without any restriction on number of operating subsidiaries and without bringing in additional capital)

- e) Joint ventures 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.

Where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, the prior approval of the RBI may not be required other than in certain circumstances although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser.

NBFC's having FDI are required to submit a certificate from the statutory auditors on half yearly basis certifying compliance with the terms and conditions of the FDI regulations. Such certificate should be submitted not later than one month from the close of the half year to which the certificates pertains to the regional office of the RBI in whose jurisdiction the head office of our Company is registered.

Calculation of Total Foreign Investment in Indian Companies

On 13 February 2009, the Indian Government issued two press notes setting out guidelines for foreign investment in India. Press Note 2 of 2009 prescribes the guidelines for the calculation of total foreign investment (direct and indirect) in Indian companies. Press Note 3 of 2009 prescribes the transfer of ownership or control of Indian companies in sectors with caps from resident Indian citizens to non-resident entities. Additionally, Press Note 4 of 2009 issued on 25 February 2009 clarifies the guidelines on downstream investments by Indian companies. These press notes have been consolidated by the Government of India an FDI Policy issued by the Department of Industrial Policy & Promotion (Circular 1 of 2012, with effect from 10 April 2012). The FDI Policy is reviewed every one year.

Credit Information Companies (Regulation) Act, 2005

In terms of Section 2(f) (ii) of the Credit Information Companies (Regulation) Act, 2005, an NBFC has been included as "credit institution". Thus all NBFCs being credit institutions are required to become a member of at least one credit information company as per the statute. Sub-sections (1) and (2) of Section 17 of the Credit Information Companies (Regulation) Act, 2005, a credit information company may require its members to furnish credit information as it may deem necessary in accordance with the provisions of the Act and every such credit institution has to provide the required information to that credit information company. Further, in terms of Regulation 10 (a) (ii) of the Credit Information Companies Regulations, 2006, every credit institution shall (a) keep the credit information maintained by it, updated regularly on a monthly basis or at such shorter intervals as may be mutually agreed upon between the credit institution and the credit information company; and (b) take all such steps which may be necessary to ensure that the credit information furnished by it, is update, accurate and complete. The NBFCs are required to provide to credit information companies the current data and historical data in order to enable the credit information companies to validate their software and develop a robust database.

SCRA

The SCRA seeks to prevent undesirable transactions in securities by regulating the business of dealing in securities and other related matters. The SCRA provides for grant of recognition for stock exchanges by the Central Government. Every recognized stock exchange is required to have in place a set of rules relating to its constitution and bye-laws for the regulation and control of contracts.

The bye-laws normally provide *inter alia* for:

- the opening and closing of markets and the regulation of the hours of trade;
- the fixing, altering or postponing of days for settlements;
- the determination and declaration of market rates, including the opening, closing highest and lowest rates for securities;
- the terms, conditions and incidents of contracts, including the prescription of margin requirements, if any, and conditions relating thereto, and the forms of contracts in writing;

- the regulation of the entering into, making, performance, recession and termination of contracts, including contracts between members or between a member and his constituent.

SEBI Act

Pursuant to Section 12 of the SEBI Act, and the rules, regulations and guidelines issued by SEBI, a stockbroker, sub-broker and depository participant or any other intermediary associated with the securities market, may buy, sell or deal in securities only after obtaining a valid certificate of registration from SEBI in accordance with the applicable regulations.

Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time ("Insider Trading Regulations") govern the law with respect to insider trading in India. The Insider Trading Regulations *inter alia* prohibit all insiders from dealing in securities of a listed company when the insider is in possession of unpublished price sensitive information ("UPSI"). It further prohibits an insider from communicating, counseling or procuring, directly or indirectly, any UPSI to any person who while in possession of such UPSI is likely to deal in such securities.

Information is said to be price sensitive if it is likely to, directly or indirectly, materially affect the price of the securities of our Company to which it relates. Under the Insider Trading Regulations, the concept of an "insider" is related to those of a connected person and a deemed connected person. A person is said to be connected to a company when he or she is a director, employee or officer in our Company or stands in a professional or business relationship with our Company and when he or she may reasonably be expected to have access to UPSI and includes *inter alia* market intermediaries, Merchant Bankers, share transfer agents, registrars to an issue, debenture trustees, brokers, Portfolio Managers, investment advisors.

The Insider Trading Regulations further provide that all listed companies and organisations associated with the securities market including *inter alia* intermediaries as defined under the SEBI Act, asset management companies, trustees of mutual funds etc. should frame a code of internal procedures and conduct based on the Model Code of Conduct specified under the Insider Trading Regulations.

BRIEF HISTORY AND CERTAIN OTHER CORPORATE MATTERS

History and Background

Golden Goenka Fincorp Limited (GGFL) is a RBI registered Non-Banking Financial Company. Our Company was originally incorporated with the Registrar of Companies, West Bengal on October 7, 1993 as Golden Securities Private Limited. Pursuant to Shareholders Resolution dated November 30, 1994 our Company was converted into Public Limited Company and the name was changed to "Golden Securities Limited". Fresh Certificate of Incorporation consequent to such change of name was issued by the Registrar of Companies, West Bengal vide certificate dated December 13, 1994. The name of our Company was changed to Golden Goenka Fincorp Limited vide fresh Certificate of Incorporation dated November 16, 2011 issued by the Registrar of Companies, West Bengal. Subsequently the name of our Company was changed to its present name Golden Goenka Fincorp Limited and a fresh Certificate of Incorporation reflecting the new name was issued by the Registrar of Companies, West Bengal on November 21, 2011. Our Company made its public issue in the year 1995 and subsequently got its shares listed at BSE Limited and The Calcutta Stock Exchange Limited in the same year. The RBI granted a certificate of registration dated April 20, 1998, permitting our Company to carry on the business of a NBFC as a non deposit taking company. Subsequently, we have received a fresh certificate dated May 21, 2012 pursuant to change of name of our Company

Our Company was originally promoted by Mr. Binod Kumar Mehra. On August 7, 2010, Mr. Girdhari Lal Goenka one of the present promoters of our Company entered into a Memorandum of Understanding (MOU) with the erstwhile promoters viz, Mr. Binod Kumar Mehra, Ms Anita Mehra and Ms Ekta Mehra to acquire from them 3,30,300 equity shares of the face value ₹ 10/- each of our Company aggregating to 11.01% of the equity and voting share capital of our Company for cash at a price of ₹ 10/- per equity shares and also to acquire management control of our Company along with Risewell Credit Private Limited. Subsequent to the MOU, our Company had passed a special resolution through the postal ballot in compliance with Section 192A of the Companies Act read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001 & Regulation 12 read with regulation 2(1) (c) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 to effect the change in Management control of our Company. The outcome of the special resolution was declared by the then Chairman of our Company on October 1, 2010 and thereafter Mr. Girdhari Lal Goenka and Risewell Credit Private Limited were inducted as promoter of our Company by the Board of directors on October 29, 2010 and also were entrusted with the Management Control of our Company.

The Board of Directors of our Company at its meeting held on 19th May, 2011 had issued and allotted 83,40,000 fully paid- up equity shares of ₹ 10/- each at a price of ₹ 18/- per equity share (including a premium of ₹ 8/- per equity share) pursuant to a Preferential Issue to Risewell Credit Private Limited and other strategic non promoter investors in accordance with Sec 81(1A) of the Companies Act and applicable provisions for preferential issue under SEBI ICDR Regulations. The Preferential allotment of equity shares to Risewell Credit Private Limited along with its existing equity share holding and shareholding of the other constituents of the Promoter group resulted in acquisition beyond the permissible limit triggering the requirement of making Open Offer in compliance with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Risewell Credit Private Limited made an open offer to the public shareholders of our Company. The Open Offer opened on July 1, 2011 and closed on July 20, 2011. Risewell Credit Private Limited acquired 12,78,265 equity shares of ₹ 10 each in our Company at a price of ₹ 18 per share through this open offer.

Changes in Registered Office of our Company

Our Company's Registered Office was situated originally at 71, Canning Street, Room No. C- 440, Kolkata – 700 001. With effect from February 1, 1994, the registered office was shifted to 6, Burdhaman Road, 3rd Floor, Kolkata – 700 027. The Registered Office was later shifted to 12A, S.N. Roy Road, Kolkata – 700 038 with effect from June 1, 2002. The Registered Office was shifted to its present location at 1st, British Indian Street, Room No- B 10, Kolkata – 700 069 with effect from October 29, 2010.

Shareholders

The total number of members of our Company as on August 31, 2012 is 1390.

Major Key Events in the History of our Company

Year	Events
1993	Incorporated as a Private Limited Company on October 7, 1993
1994	Shareholders approve the conversion of our Company to a Public Limited Company
1995	Public Issue of 17,50,200 shares of ₹10/- each at par and listing of the equity shares of our Company on BSE and CSE
1998	Certificate of registration from RBI as NBFC w.e.f. 20 th April, 1998.
2010	Change in the Management Control of our Company
2011	<ul style="list-style-type: none">• Allotted 1,40,00,000 shares of ₹ 10 each at a premium of Rs 8 per share on preferential basis to Promoters and Strategic Investors, not forming part of promoter group• Open Offer made by Risewell Credit Private Limited, being one of the promoters• Golden Goenka Management Consultancy Services Pvt. Limited, Golden Goenka Properties and Construction Pvt. Limited and Golden Goenka Financial Advisors Pvt. Limited became wholly owned subsidiaries of our Company• Change in name of our Company from Golden Securities Limited to Golden Goenka Fincorp Limited• Issue and allotment of 500000 nos of Rated Secured Taxable Redeemable Non – Convertible Debentures (“NCD”) of face value of ₹1000 each for cash aggregating to ₹5000 lakhs on private placement basis.
2012	<ul style="list-style-type: none">• Sub division of Company's Equity Shares of ₹10/- each into two equity shares of ₹5/- each• Issue and allotment of 1,75,00,000 Zero percent Optionally Convertible Debentures of face value of ₹ 40/- each aggregating to ₹ 70,00,00,000/- to the promoter/promoter group and non promoters on preferential basis.

Time and Cost Overrun

Since our Company is a NBFC there have been no time and cost overruns since incorporation.

Defaults or rescheduling of borrowing

We have not defaulted or rescheduled our borrowings. Furthermore, none of our loans taken from banks and financial institutions have been converted into equity in the past.

Injunction or Restraining Order

As of the date of this Draft Letter of Offer, no injunction or restraining order has been issued against our Company.

Technology and market competence

Since our Company is a NBFC the same is not applicable to our Company. For details see the section titled “Our Business” beginning on page no. 50 of this Draft Letter of Offer.

Competition

For details on the competition faced by our Company, see “Competition” in the section titled “Our Business” beginning on page no. 53 of this Draft Letter of Offer.

Main Objects of our Company

The main objects of our Company, as contained in its Memorandum of Association, are set forth below:

1. To carry on the investment business and to purchase, acquire hold and dispose of or otherwise invest in shares, debentures, stocks, bonds, obligations and securities issued or guaranteed by any company constituted or carrying on business in India or elsewhere and debentures, bonds, stocks, obligations and securities issued or guaranteed by any government, state dominion, sovereigns ruler, commissioner public body or authority, supreme municipal, local or otherwise whether in India or elsewhere.
2. To carry on the business of investors, guarantors and to finance, lend or advance money or give loans to such person or firm or body corporate with the object or financing industrial enterprises either with or without interest or security of on any such terms as may be determined and to receive money on deposit or loan upon such terms and conditions as the Company may approve. Provided that Company shall not do any banking business defined in the Banking Regulations Act, 1949.
3. To carry on the business as importers & exporters, buyers, sellers, traders, merchants, indentors, brokers, agents, commission agents, assemblers, refiners, cultivators, miners,

mediators, packers, stockist, distributors, advisors, hire purchasers of & in all kinds of rubberised cloth food grains, dairy products, soap detergents, biscuits, surgical, diagnostics medical pulses, leather & finished leather goods, leather garments, leather products, all relate items in leather, electric and electronics components and goods, iron & steel, aluminium, mineral, ferrous and non-ferrous metal, stainless steel, jute and jute products, textile, cotton, synthetic, fibre, silk, yarn, wool and woolen goods, handicrafts & silk artificial synthetics, readymade garments, design materials, process, printers in all textiles, timber cosmetics, stationery, tools & hardware, plastics & plastics goods, sugar, tea, coffee, paper packaging material, chemicals, cement, spices, grain, food grains factory materials, house equipments, rubber & rubber products, coal, coal products, & coaltar, fertilizers, agriculture products, industrial Products computer data paerials, software, paints, industrial and other gases, alcohol, edible and non-edible oils and fats, drugs, plants and machinery goods, engineering goods and equipments, office equipments, hospital equipments, railway accessories, medicine, sugar & sugarcane, automobile parts, building construction & materials, coal & coke, mica & mica products, gems & jewellery, imitation jewellery, dry flowers and plants, printing, transportation and all other kinds of goods and merchandise, commodities and articles of consumption of all kinds in India or elsewhere.

4. To carry on the business of rendering consultancy and advisory services and all related aspects thereof to act as financial consultant to organism and provide syndicated financial arrangements whether in domestic or in international markets and whether by way of loans or guarantees in export and yard credits, and acceptance, co-acceptance and discounting of international bills to act as representative in India for any person association bank, financial institution or a company established abroad whether incorporated or not engage in all or any of the aforesaid business; to advice on mobilise and manage of share funds from in India and abroad, to arrange placement of funds by non-resident Indians in connection with any public or private issue of securities in India and to do the business of merchant banker, underwriters, Registrars to issue and transfer agent.
5. To carry on the business of real estate and to acquire by purchase, lease, exchange, any immovable of property and to effect development and construction, to repair, remodel or otherwise deal in and made advances on the security of and deal in land, buildings, estates, hereditaments, roads, highways, docks, bridges, canals, dams, ports, reservoirs or any other structural of architectural work of any kind, whatsoever and for such purpose to prepare estimates, designs, plans, specifications or models and to do such other or any act that may be requisite therefore and to otherwise keel in offices, that, warehouses, shops, cinema theaters and other conveniences of all kinds and properties of all kinds and description and to act as town planners, surveyors, valuers, dealers, in cement, steel, iron, fuel, coke, timber and other building requisites and to manufacture requisites for above and prefabricated houses, apartments and structures and to do the business of hire purchase and leasing.
6. To carry on and establish the business of full fledged Foreign Exchange Money Changer as Licensed by Reserve Bank of India and to provide other services to the resident, non-resident Indians or other corporate bodies in relation to all foreign currencies and the matter incidental or ancillary thereto and to do the business of travel agents etc.
7. To carry on and establish an institution for training, teaching in Computer Application, operation, programming, data processing, internet and all other related subjects of Computer Science under the name and style 'Info - 2000' and also render services of all types of computer matters and software development for domestic and international market and also collaborate with international counterpart and appoint agents, franchise etc. to develop the trade.

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently carried out as well as business proposed to be carried out and the activities proposed to be undertaken pursuant to the Objects of the Issue.

Changes in the Memorandum of Association of our Company

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

Date of Shareholders approval	Details of change
On Incorporation	Incorporated with an Authorised Share Capital of ₹ 50,00,000/- comprising of 5,00,000 Equity Shares of ₹ 10/- each.
December 08, 1994 (EGM)	Increase in Authorised Share Capital from ₹ 50,00,000/- to ₹ 3,50,00,000/- comprising of 35,00,000 Equity Shares of ₹10/- each.

Date of Shareholders approval	Details of change
August 12, 1997 (AGM)	Alteration in the Object Clause of Memorandum Of Association relating to activity of our Company
July 19, 1999 (AGM)	Alteration in the Object Clause of Memorandum Of Association relating to activity of our Company
November 10, 2010 (AGM)	Increase in Authorised Share Capital from ₹ 3,50,00,000/- to ₹12,50,00,000/- comprising of 1,25,00,000 Equity Shares of ₹10/- each.
April 27, 2011	Increase in Authorised Share Capital from Rs 12,50,00,000/- to ₹ 17,50,00,000/- comprising of 1,75,00,000 Equity Shares of ₹ 10/- each
September 16, 2011	Increase in Authorised Share Capital from ₹ 17,50,00,000/- to ₹ 70,00,00,000/- comprising of 7,00,00,000 Equity Shares of ₹ 10/- each
March 24, 2012	Passed through postal ballot : Subdivision of Company's Equity Shares of ₹10/- each into two equity shares of ₹ 5/- each
August 22, 2012	Increase in Authorised Share Capital from ₹ 70,00,00,000/- to ₹ 85,00,00,000/- comprising of 17,00,00,000 Equity Shares of ₹ 5/- each

Promoters

The Promoters of our Company are Mr. Girdhari Lal Goenka and Risewell Credit Private Limited For details, see the chapter "Our Promoters, Promoter Group and Group Companies" beginning on page no. 89 of this Draft Letter of Offer.

Capital raising activities through equity or debt

For details regarding our equity capital raising, see the chapter "Capital Structure" beginning on page no. 18 of this Draft Letter of Offer.

OUR SUBSIDIARIES, HOLDING AND ASSOCIATE COMPANIES

i. Subsidiaries

As on the date of this Draft Letter of Offer our Company has three wholly owned subsidiaries namely Golden Goenka Properties & Construction Private Limited, Golden Goenka Management Consultancy Services Private Limited and Golden Goenka Financial Advisors Private Limited. None of our Subsidiaries (i) has its equity shares listed on any stock exchange; (ii) has completed any public issue of equity shares since the date of its incorporation; (iii) has become a sick company under SICA; (iv) is under winding-up; or (v) had negative net worth as of March 31, 2012.

Additionally, we have accounted for the accumulated profits and losses of all the subsidiaries in our restated consolidated summary statements for Fiscal Year 2012.

Golden Goenka Properties & Construction Private Limited ("GPCPL")

Golden Goenka Properties & Construction Private Limited was incorporated on September 26, 2011 with the Registrar of Companies, West Bengal as a private limited company, with its registered office at 1, British Indian Street, Room No. B 10, Kolkata – 700069, West Bengal. The Registration no. of GPCPL is 168156 and the Corporate Identification Number of GPCPL is U70109WB2011PTC168156. It is inter-alia carrying on the business of real estate development activities either on its own or through joint venture in land owned/proposed to be owned by our Company /associate companies.

Capital Structure:

	Equity Share Capital (₹)
Authorised capital	5,00,000
Issued, subscribed and paid-up capital	1,00,000

Shareholding Pattern:

The shareholding pattern of GPCPL is as follows:

Sl. No.	Name of Shareholder	No. of Shares held (₹10 face value)	%age Shareholding
1	Girdhari Lal Goenka*	5000	50.00

2	Dinesh Burman*	5000	50.00
	Total	10,000	100.00

*Holding as nominee of Golden Goenka Fincorp Limited

Our Company, holds 10, 000 equity shares in GPCPL aggregating to 100% of the issued and paid up equity share capital of GPCPL.

Board of Directors

Name of the Director	Designation
Vivek Goenka	Director
Dinesh Burman	Director
Girdhari Lal Goenka	Director

Financial Performance

The audited financial highlights for the last 1 year are given below:

For the financial year/period ended	₹ in Lakhs
	2011-12 (Audited)
Equity Capital	1.00
Reserves and Surplus (excluding revaluation reserves)	2.07
Total Income	3.36
Profit (Loss) after Tax	2.07
Earnings per Share (in ₹)	20.69
Net Asset Value per equity share (in ₹) (Face value ₹10/-)	30.69

Significant Notes of Auditors for the last Fiscal

There are no significant notes of auditors in respect of the financial results of GGCPL for the last Fiscal.

GGCPL is not in similar business as that of our Company.

Golden Goenka Management Consultancy Services Private Limited ("GMCSPL")

Golden Goenka Management Consultancy Services Private Limited was incorporated on September 26, 2011 with the Registrar of Companies, West Bengal as a private limited company, with its registered office at 1, British Indian Street, Room No. B 10, Kolkata – 700069, West Bengal. The Registration no. of GMCSPL is 168157 and the Corporate Identification Number of GMCSPL is U93000WB2011PTC168157. It is inter-alia carrying on the business of providing management consultancy services in the field of project consultancy, direct and indirect tax consultancy, financial consultancy, investment consultancy and various other corporate planning activities.

Capital Structure:

	Equity Share Capital (₹)
Authorised capital	5,00,000
Issued, subscribed and paid-up capital	1,00,000

Shareholding Pattern:

The shareholding pattern of GMCSPL is as follows:

Sl. No.	Name of Shareholder	No. of Shares held (₹10 face value)	%age Shareholding
1	Girdhari Lal Goenka*	5000	50.00
2	Dinesh Burman*	5000	50.00
	Total	10,000	100.00

*Holding as nominee of Golden Goenka Fincorp Limited

Our Company, holds 10, 000 equity shares in GMCSPL aggregating to 100% of the issued and paid up equity share capital of GMCSPL.

Board of Directors

Name of the Director	Designation
Vivek Goenka	Director
Dinesh Burman	Director
Girdhari Lal Goenka	Director

Financial Performance

The audited financial highlights for the last 1 year are given below:

For the financial year/period ended	₹ in Lakhs
	2011-12 (Audited)
Equity Capital	1.00
Reserves and Surplus (excluding revaluation reserves)	(0.31)
Total Income	-
Profit (Loss) after Tax	(0.31)
Earnings per Share (in ₹)	(3.08)
Net Asset Value per equity share (in ₹) (Face value ₹ 10/-)	6.92

Significant Notes of Auditors for the last Fiscal

There are no significant notes of auditors in respect of the financial results of GMCSPL for the last Fiscal.

GMCSPL is not in similar business as that of our Company.

Golden Goenka Financial Advisors Private Limited ("GFAPL")

Golden Goenka Financial Advisors Private Limited was incorporated on September 27, 2011 with the Registrar of Companies, West Bengal as a private limited company, with its registered office at 1, British Indian Street, Room No. B 10, Kolkata – 700069, West Bengal. The Registration no. of GFAPL is 168171 and the Corporate Identification Number of GFAPL is U93000WB2011PTC168171. It is inter-alia carrying on the business of providing financial advisory services in the field of investment advisory, project financing, debt syndication and providing advisory services in matter relating to acquisition, takeovers, mergers, amalgamation, restructuring and arrangements etc.

Capital Structure:

	Equity Share Capital (₹)
Authorised capital	5,00,000
Issued, subscribed and paid-up capital	1,00,000

Shareholding Pattern:

The shareholding pattern of GFAPL is as follows:

Sl. No.	Name of Shareholder	No. of Shares held (₹10 face value)	%age Shareholding
1	Girdhari Lal Goenka*	5000	50.00
2	Dinesh Burman*	5000	50.00
	Total	10,000	100.00

*Holding as nominee of Golden Goenka Fincorp Limited

Our Company, holds 10, 000 equity shares in GFAPL aggregating to 100% of the issued and paid up equity share capital of GFAPL.

Board of Directors

Name of the Director	Designation
Vivek Goenka	Director
Dinesh Burman	Director
Girdhari Lal Goenka	Director

Financial Performance

The audited financial highlights for the last 1 year are given below:

₹ in Lakhs

For the financial year/period ended	2011-12 (Audited)
Equity Capital	1.00
Reserves and Surplus (excluding revaluation reserves)	(0.31)
Total Income	-
Profit (Loss) after Tax	(0.31)
Earnings per Share (in ₹)	(3.05)
Net Asset Value per equity share (in ₹) (Face value ₹ 10/-)	6.95

Significant Notes of Auditors for the last Fiscal

There are no significant notes of auditors in respect of the financial results of GFAPL for the last Fiscal.

GFAPL is not in similar business as that of our Company.

In our restated consolidated financial information for the year ended 31st March, 201 we have accounted for the accumulated profits and losses of our Subsidiaries.

Interest of the Subsidiary in our Company

Our Subsidiaries do not hold any equity shares in our Company. Except as stated in "Related Party Transactions" on page no. F-33, our Subsidiaries does not have any other interest in our Company's business.

Common Pursuits

Except as disclosed in this Draft Letter of Offer, the Subsidiaries do not have any interest in any venture that is involved in any activities similar to those conducted by our Company. Our Company will adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when they arise.

ii. Holding Companies

As on the date of this Draft Letter of Offer, Risewell Credit Private Limited, one of our Promoters is also our Holding Company. For details, please refer to the section "Our Promoters, Promoter Group and Group Companies" at page no. 89 of the Draft Letter of Offer.

iii. Material Associates

As on the date of this Draft Letter of Offer our Company has the following Associate Companies :

- (i) Aristro Fincorp Private Limited
- (ii) Aristro Capital Markets Limited

The details of the Associate Companies are as under:

i. Aristro Fincorp Private Limited (AFPL)

AFPL was incorporated on January 11, 1995 as a private limited company under the Companies Act with the Registrar of Companies, West Bengal as Sanjibani Barter Private Limited. The name was changed to its present name vide Fresh Certificate of Incorporation dated September 20, 2012. The registered office of AFPL is located at 209, AJC Bose Road, Karnani Estate, 1st Floor, Flat No. 21, Kolkata - 700017. The Registration no. of AFPL is 21-67345 and the Corporate Identification Number of AFPL is U51219WB1995PTC067345. AFPL is registered with Reserve Bank of India as Non Banking Financial Company not accepting public deposits having Registration No. B-05.05921 w.e.f December 18, 2003.

Capital Structure:

	Equity Share Capital (₹)
Authorised capital	1,50,00,000
Issued, subscribed and paid-up capital	1,46,81,710

Shareholding Pattern:

The shareholding pattern of AFPL as on date is as follows:

Sl. No.	Name of Shareholder	No. of Shares held (₹10 face value)	%age Shareholding
1	Golden Goenka Fincorp Limited	4,94,371	33.67
2	Yes Professional Solutions Pvt. Ltd.	4,14,800	28.26
3	Suhana Vyapaar Pvt. Ltd.	3,22,000	21.93
4	GBK Resources Private Limited	2,37,000	16.14
	Total	14,68,171	100.00

Our Company, holds 4,94,371 equity shares in AFPL aggregating to 33.67% of the issued and paid up equity share capital of AFPL w.e.f June 27, 2012.

Board of Directors

Name of the Director	Designation
Mukesh Kumar Bhauwala	Director
Saibal Kanti Jana	Director
Raj Kumar Mundhra	Director

Financial Performance

The audited financial highlights for the last 3 years are given below:

₹ in Lakhs

For the financial year ended	2011-12 (Audited)	2010-11 (Audited)	2009-10 (Audited)
Equity Capital	146.82	146.82	146.82
Reserves and Surplus (excluding revaluation reserves)	5368.10	5223.17	5055.48
Total Income	1513.13	274.00	314.54
Profit (Loss) after Tax	144.93	168.04	198.29
Earnings per Share (in ₹)	9.87	11.45	13.51
Net Asset Value per equity share (in ₹) (Face value ₹ 10/-)	375.63	365.69	354.27

Significant Notes of Auditors for the last three Fiscals

There are no significant notes of auditors in respect of the financial results of AFPL for the last three Fiscals.

AFPL is in similar business as that of our Company.

ii. Aristro Capital Markets Limited (ACML)

Please refer to the section "Group Companies" at page no. 97 for further details.

S2 Capital Services Private Limited (S2CSPL) which was earlier an associate of our Company w.e.f December 28, 2011 has ceased to be an associate of our Company w.e.f September 8, 2012 pursuant to sale of 4,00,000 equity shares of S2CSPL by our Company.

Please refer to the section "Related Party Transactions" at page no. F-33 of the Draft Letter of Offer.

Strategic Partners

Our Company does not have any strategic partners as on date of the Draft Letter of Offer.

Financial Partners

Our Company does not have any financial partners as on date of the Draft Letter of Offer.

Shareholders Agreement

As on the date of filing the Draft Letter of Offer, there are no existing Shareholders Agreements amongst the shareholders of our Company.

Other Agreements

Our Company has not entered into any agreement, other than in the ordinary course of business.

OUR MANAGEMENT

As per the Articles of Association our Company cannot have less than 3 Directors and more than 12 Directors. Currently, our Company has Six (6) Directors, out of which two (2) are Whole Time Directors. The Chairman of our Company is an Executive Chairman. There are three (3) Independent Directors on the Board.

The following table sets forth details regarding the Board of Directors as on the date of this Draft Letter of Offer:

Board of Directors

Name, Designation, Father's Name, Residential Address, Qualification, Date of Birth (DOB), Age, Occupation, DIN and Term	Date of Appointment	Other Directorships/Partnerships / Proprietorships
<p>Mr. Girdhari Lal Goenka Chairman and Managing Director (<i>Executive & Non Independent</i>)</p> <p>S/o Late Jivan Ram Goenka</p> <p>Satyam Towers, 3 Alipore Road, Flat No.2B/1, Kolkata - 700 027</p> <p>B Com (H), FCA</p> <p>DOB: 06.01.1964 48 Years</p> <p>Industrialist</p> <p>DIN: 00613725</p> <p>Term: Three years w.e.f 23.11.11</p>	<p>08.10.2010</p> <p><i>(As Additional Director; Confirmed at AGM on 16.09.11)</i></p> <p><i>(Appointed as Chairman w.e.f 20.12.10)</i></p> <p><i>(Appointed as Managing Director on 21.11.11 for three years w.e.f 23.11.11)</i></p>	<ul style="list-style-type: none"> • Ascent Merchants Private Limited • Aslow Estates Private Limited • Aristro Capital Markets Limited • Balakrishna Infrastructure Private Limited • Beegeey Realtors Private Limited • Beauty Builders Private Limited • Cornerstone Developers Private Limited • Elegant Shelters Private Limited • GSL Share Holdings Private Limited • Karni Awash Private Limited • Karni Projects Private Limited • Karni Realtors Private Limited • Karni Business Private Limited • Karni Plaza Makers Private Limited • Karni Vincom Private Limited • Karni Infraprojects Private Limited • Karni Infra Holding Private Limited • N C Shaw & Co. Beverages Private Limited • Robin Properties & Investment Private Limited • Risewell Credit Private Limited • Rajnikita Builders Private Limited • Rajnikita Consultants Private Limited • Rajgaj Traders Private Limited • Raja Shelters Private Limited • Shree Karni Projects Private

Name, Designation, Father's Name, Residential Address, Qualification, Date of Birth (DOB), Age, Occupation, DIN and Term	Date of Appointment	Other Directorships/Partnerships / Proprietorships
		Limited <ul style="list-style-type: none"> • Sri Karni Ambey Developers Private Limited • Golden Goenka Properties and Construction Private Limited • Golden Goenka Management Consultancy Services Private Limited • Golden Goenka Financial Advisors Private Limited
<p>Mr. Dinesh Burman Executive Director (<i>Executive & Non Independent</i>)</p> <p>S/o Late Purana Chandra Burman</p> <p>1, Abdul Hamid Street, 2nd Floor, Kolkata- 700 069</p> <p>B.Sc, LLB</p> <p>DOB: 12.03.1957 55 Years</p> <p>Service</p> <p>DIN: 00612904</p> <p>Term: Three years w.e.f 30.05.12</p>	<p>30.07.2010</p> <p>(As Additional Director; appointed as Director at the AGM held on 27.09.10)</p> <p>(Appointed as Executive Director on 30.05.12 for three years w.e.f 30.05.12)</p>	<ul style="list-style-type: none"> • Karni Marketing Private Limited • Golden Goenka Properties and Construction Private Limited • Golden Goenka Management Consultancy Services Private Limited • Golden Goenka Financial Advisors Private Limited • Topmost Sales Private Limited • Golden Highrise Private Limited <p>Proprietorship Firm :</p> <ul style="list-style-type: none"> • Dinesh Enterprises
<p>Mr. Shree Mohan Kothari Director (<i>Non Executive & Non Independent</i>)</p> <p>S/o Late Gopi Ballabh Kothari</p> <p>50A Ballygunge Place, 2nd Floor, Shubham Vihar, Kolkata – 700019</p> <p>B Com (H), ACA, FCS</p> <p>DOB: 18.08.1964 48 Years</p> <p>Professional</p> <p>DIN: 00234702</p> <p>Term: Retire by Rotation</p>	<p>06.10.2011</p> <p>(As Additional Director Confirmed at AGM on 22.08.12)</p>	<ul style="list-style-type: none"> • Aristro Capital Markets Limited • Baba Ramdeo Apartments Private Limited • Baba Ramdeo Niwas Private Limited • GBK Resources Private Limited • Suchita Tradelink Private Limited <p>Proprietorship Firms :</p> <ul style="list-style-type: none"> • S.M. Kothari & Co., Company Secretaries
<p>Mr. Niranjan Kumar Choraria Director (<i>Non Executive & Independent</i>)</p> <p>S/o Mr. Roop Chand Choraria</p> <p>403, Divya Darshan Apt., Ghod Dod Road, Surat – 395007, Gujarat</p> <p>B.Com</p>	<p>09.11.2011</p> <p>(As Director appointed in casual vacancy)</p>	<p>Nil</p>

Name, Designation, Father's Name, Residential Address, Qualification, Date of Birth (DOB), Age, Occupation, DIN and Term	Date of Appointment	Other Directorships/Partnerships / Proprietorships
DOB: 16.06.1962 50 Years Business DIN: 03626290 Term: Retire by Rotation		
Mr. Rhythm Arora Director <i>(Non Executive & Independent)</i> S/o Mr. Rajeev Arora B-303 Prestige St. John's Woods, Thavrekere Main Rd. Bangalore 560029 ISC DOB: 26.09.1989 22 Years Business DIN: 03586033 Term: Retire by Rotation	21.11.2011 <i>(As Director appointed in casual vacancy)</i>	<ul style="list-style-type: none"> • Taxtools Infotech Pvt. Ltd.
Mr. Arun Kumar Goenka Director <i>(Non Executive & Independent)</i> S/o Late Biswanath Goenka 1205 Liliun, Nahar Amrit Shakti of Saki Vihar Road, Andheri (E) Mumbai - 400072 FCA DOB: 10.06.1957 55 Years DIN: 00844069 Term: Retire by Rotation	27.06.2012 <i>(As Director in casual vacancy confirmed at AGM on 22.08.12)</i>	<ul style="list-style-type: none"> • Udit Financial and Management Consultants Private Limited • Ask Giri Associates Private Limited • ANG Financial Consultants Private Limited • AGRIM Credit & Agency Private Limited • AALAP Leasefin Private Limited • Anubhav Credit & Viniyog Private Limited • Chaman Lease & Viniyog Private Limited • Mugdha Finalease Pvt. Ltd. • Mundhra Fiscal Services Private Limited • Gundlupet Finance and Investments Private Limited • India Coke and Power Private Limited • IMR Resources India Private Limited <p>Proprietorship Firms :</p> <ul style="list-style-type: none"> • H Pathak & Co.

The brief profile of the Directors of our Company is given below:

Mr. Girdhari Lal Goenka, aged 48 years is an Industrialist with more than 22 years of experience and is the Chairman and Managing Director of our Company. He is a Bachelor of Commerce from University of Calcutta and a Fellow Member of The Institute of Chartered Accountants of India.

Currently, at Golden, he has powers of management of the whole or substantially the whole of the affairs of our Company. He has keen analytical skills and good communication & interpersonal skills. He is a Melvin Jones Fellow and was the Zone Chairperson in the District for 2009-10. He was a Zone Chairperson for 2010-11 of Lions Club International District 322B1. He is also a life member of Lions Club International.

Mr. Dinesh Burman, aged about 55 years is the Executive Director of our Company. He holds a bachelors' degree in Science and a LLB from University of Calcutta.. He was associated with his own whole selling business in household appliances of various brands since 1987. Currently, at Golden, he looks after administration and business development.

Mr. Shree Mohan Kothari, aged about 48 years is a Non Executive Director of our Company. He is an Associate Member of The Institute of Chartered Accountants of India and a Fellow Member of The Institute of Company Secretaries of India. He is presently working as a Practicing Company Secretary since 1991 and has more than 24 years of experience in the field of corporate laws, Finance and Accounts. He is a member of the Association of Corporate Advisers & Executives.

Mr. Niranjana Choraria, aged about 50 years is an Independent Director of our Company. He is a Bachelor of Commerce from University of Calcutta. He started his career in his family business of Trading in all types of Industrial Bearings and manufacturing nuts & bolts accessories. He later started his own granite tiles manufacturing unit and has also set up a manufacturing unit of Corrugating Boxes & Narrow Woven Fabrics unit in Surat. Currently he deals with land and land related matters and advisory services in construction industry.

Mr. Rhythm Arora, aged about 22 years is an Independent Director of our Company. He is associated with Qubix Technologies which is an Audio Visual (AV) Design and Consultancy company and his role involves design of Audio Visual Systems.

Mr. Arun Kumar Goenka, aged about 55 years is an Independent Director of our Company. He is a Fellow Member of The Institute of Chartered Accountants of India. He has promoted a financial and investment consultancy company which acts as share broker, financial advisor/consultants with interest in takeover, merger and acquisitions.

TERMS OF APPOINTMENT & COMPENSATION OF WHOLE TIME DIRECTORS

CHAIRMAN AND MANAGING DIRECTOR

i. **Mr. Girdhari Lal Goenka, Chairman and Managing Director**

Mr. Girdhari Lal Goenka was appointed as Chairman of our Company at the Board Meeting held on December 20, 2010. He was appointed as Managing Director w.e.f November 23, 2011 for a period of three years and his remuneration was fixed at the Board Meeting held on November 21, 2011, and agreement dated November 23, 2011 subject to the approval of the members of our Company. Subsequently the shareholders of our Company have vide postal ballot on March 24, 2012 approved the appointment and remuneration of Mr. Girdhari Lal Goenka as Managing Director for a period of three years w.e.f November 23, 2011.

The terms of his appointment are as follows:

Particulars	Remuneration
Salary	₹ 1,20,000/- per month
Perquisites	<ul style="list-style-type: none"> i. House rent allowance of 50% of the basic salary ii. Medical Reimbursement of ₹ 15,000/- per annum iii. Leave Travel Concession: For self and family equal to One month basic salary iv. Use of Chauffeur driven Company car for official purposes and telecommunication facilities at residence and mobile expenses (including payment for local calls and long distance official calls). Provision of car for use on company's business and telephone at residence for official purposes are not to be considered as perquisites. v. Encashment of unavailed leave as per the rules of our Company at the time of retirement/cessation of service.
Minimum Remuneration	During any financial year in the tenure of Mr. Girdhari Lal Goenka as the Managing Director, if our Company has loss or inadequate profits, the payment of salary, perquisites and other allowances shall be governed by the

	limits prescribed under Schedule XIII of the Companies Act.
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The Remuneration Committee is entitled to determine and revise the salary, perquisites and allowances payable to the Managing Director at any time such that the overall remuneration payable shall not exceed the aggregate limit as prescribed under clause B of Section II of Part II of Schedule XIII of the Companies Act.

Termination: Our Company can terminate the appointment by giving 45 days notice or payment of Salary (Basic) in lieu thereof and Mr. Girdhari Lal Goenka can terminate the appointment by giving 90 days notice in writing or payment of Salary (Basic) in lieu thereof. If at any time Mr. Girdhari Lal Goenka ceases to be the director of our Company for any cause whatsoever, he shall cease to be the Managing Director of our Company.

ii. Mr. Dinesh Burman, Executive Director

Mr. Dinesh Burman was appointed as Executive Director of our Company w.e.f May 30, 2012 for a period of three years and his remuneration was fixed at the Board Meeting held on May 30, 2012 and agreement dated May 30, 2012, subject to the approval of the members of our Company. Subsequently the shareholders of our Company have at the Annual General Meeting held on August 22, 2012 approved the appointment and remuneration of Mr. Dinesh Burman as Executive Director for a period of three years w.e.f May 30, 2012.

The terms of his appointment are as follows:

Particulars	Remuneration
Salary	₹ 17,000/- per month
Perquisites	i. House rent allowance of 50% of the basic salary ii. Medical Reimbursement of ₹ 15,000/- per annum iii. Leave Travel Concession: Equal to One month basic salary iv. Encashment of unavailed leave as per the rules of our Company at the time of retirement/cessation of service.
Minimum Remuneration	During any financial year in the tenure of Mr. Dinesh Burman as the Executive Director, if our Company has loss or inadequate profits, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Schedule XIII of the Companies Act.

The Remuneration Committee is entitled to determine and revise the salary, perquisites and allowances payable to the Executive Director at any time such that the overall remuneration payable shall not exceed the aggregate limit as prescribed under clause A of Section II of Part II of Schedule XIII of the Companies Act.

Termination: Our Company can terminate the appointment by giving 45 days notice or payment of Salary (Basic) in lieu thereof and Mr. Dinesh Burman can terminate the appointment by giving 90 days notice in writing or payment of Salary (Basic) in lieu thereof.

Payment or benefit to Directors of our Company

1. Remuneration paid to Whole Time Director:

The aggregate value of salary and perquisites paid for the year 2011-12 to the Whole Time Director of our Company is as follows :

Name of the Director	Total Remuneration (in ₹ Lakhs)
Mr. Vivek Goenka *	2.32
Mr. Girdhari Lal Goenka (Managerial Remuneration)*	7.68
Mr. Girdhari Lal Goenka (Sitting Fees)*	0.35

* for part of the year

2. Remuneration details of Non Executive and Independent Directors

The Non-Executive and Independent Directors of our Company are not paid any remuneration other than sitting fees for attending meetings. Pursuant to the resolutions passed by the Board on October 29, 2010 and May 19, 2011 respectively sitting fees of ₹ 5,000 for attending each meeting of the Board and sitting fees of ₹ 1,000 for attending each meeting of the Committee are being paid. Other than sitting fees payable as a Director, no fees is payable to the chairman of the committees.

Except as stated in this Draft Letter of Offer, no amount or benefit (other than salaries paid in due course) has been paid by our Company within the two preceding years or is intended to be paid or given to any of the Directors.

Bonus or Profit Sharing Plan for the Directors

There is no bonus or profit sharing plan for the Directors of our Company.

Contingent and Deferred Compensation payable to Directors

The Chairman and Managing Director and Executive Director are also eligible for deferred payments like gratuity, leave salary etc. as per our Company policy apart from their regular remuneration.

Shareholding of Directors in our Company

The shareholding of the Directors on the date of filing the Draft Letter of Offer is as follows:

Sl. No.	Name of the Director	No. of Shares	% of the Paid-up Share Capital
1.	Mr.Girdhari Lal Goenka	72,000	0.19

For details of shareholding of our Directors in our Company, see section titled "Capital Structure" on page no. 18.

Relationships between Directors

None of our present directors are related to each other.

Details of Service Contracts

Other than the agreement(s) entered into with the Chairman and Managing Director and the Executive Director, there are no service contracts entered into with any Directors for provision of benefits or payments of any amount upon termination of employment except statutory benefits upon termination of their employment in our Company or retirement. Our Company can terminate the appointment of Chairman & Managing Director and the Executive Director by giving 45 days notice or payment of Salary (Basic) in lieu thereof and Chairman & Managing Director and the Executive Director can terminate the appointment by giving 90 days notice in writing or payment of Salary (Basic) in lieu thereof.

Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them under our Articles. All the independent Directors are entitled to receive sitting fees for attending the Board/committee meetings within the limits laid down in the Companies Act and as decided by our Board. The Chairman and Managing Director and Executive Director of our Company may be deemed to be interested to the extent of remuneration paid to them for services rendered as officer or employees of our Company (For more details, please refer "Related Party Transactions " as mentioned in the "Financial Statements" given in this Draft Letter of Offer at page no. F-33). Further, our Directors may also be interested to the extent of Equity Shares, if any, already held by them or their relatives or by the companies/firms/ventures promoted by them in our Company, or that may be subscribed for and allotted to them, or their relatives or by the companies, firms, ventures, trusts in which they are interested as directors, members, partners, trustees and promoters out of the present Rights Issue in terms of this Draft Letter of Offer and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our Directors have no interest in any property acquired by our Company within two preceding years from the date of filing of this Draft Letter of Offer. Except as stated in "Related Party Transactions" on page no. F-33, and to the extent of shareholding in our Company, our Directors do not have any other interest in our business. Except as stated in this section, respectively, no amount or benefits were paid or were intended to be paid to our Directors within

two preceding years from the date of filing of this Draft Letter of Offer. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any Company in which they hold Directorships or any partnership firm in which they are partners as may be declared in their respective declarations. Except as stated otherwise in this Draft Letter of Offer, we have not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Draft Letter of Offer in which the directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered with them.

Directorships of our Directors in Listed Companies

The Directors of our Company are not, and for a period of five years prior to the date of filing the DLOF have not been on the board of any listed company whose shares have been / were suspended from being traded on the BSE Limited or the National Stock Exchange of India Limited.

None of our Directors have been or are directors on the board of listed companies which have been/were delisted from any stock exchange(s). For details of our directors associated with securities market, see section titled "Other Regulatory and Statutory Disclosures" on page no. 144.

Changes in our Board during the last three years

Sl. No	Name	Date of Appointment	Date of Cessation	Reason
1	Anup Kumar Mehrotra	-	30.10.2009	Resignation
2	Dinesh Burman	30.07.2010	-	Appointed as Additional Director
3	Dinesh Burman	27.09.2010	-	Appointed as Director
4	Pramod Kumar Mehra	-	08.10.2010	Resignation
5	Ashok Kumar Bansal	-	08.10.2010	Resignation
6	Girdhari Lal Goenka	08.10.2010	-	Appointed as Additional Director
7	Gauri Shankar Mehta	08.10.2010	-	Appointed as Additional Director
8	Binod Kumar Mehra	-	29.10.2010	Resignation
9	Vivek Goenka	01.12.2010	-	Appointed as Additional Director
10	Vivek Goenka	20.12.2010	23.11.2011	Appointment and Resignation as Managing Director
11	Shree Mohan Kothari	06.10.2011	-	Appointed as Additional Director
12	Girdhari Lal Goenka	16.09.2011	-	Appointed as Director
13	Gauri Shankar Mehta	16.09.2011	27.06.2012	Appointment and Resignation as Director
14	Ms. Nitu Kaur	28.02.2005	09.11.2011	Appointment and Resignation as Director
15	Dr. Madhusudan Prasad Srivastawa	28.02.2005	09.11.2011	Appointment and Resignation as Director
16	Niranjan Kumar Choraria	09.11.2011	-	Appointed as Director in casual vacancy
17	Girdhari Lal Goenka	23.11.2011	-	Appointed as Managing Director
18	Rhythm Arora	21.11.2011	-	Appointed as Director in casual vacancy
19	Dinesh Burman	30.05.2012	-	Appointed as Executive Director
20	Arun Kumar Goenka	27.06.2012	-	Appointed as Director in casual vacancy
21	Shree Mohan Kothari	22.08.2012	-	Appointed as Director
22	Arun Kumar Goenka	22.08.2012	-	Appointed as Director

Borrowing Powers of Board of Director

The shareholders in their Extra-Ordinary General Meeting held on May 23, 2012 have pursuant to the provisions of section 293 (1)(d) of the Companies Act, authorized our Company to borrow money from time to time up to a limit not exceeding in the aggregate of ₹ 30000 lakhs notwithstanding that moneys to be borrowed, together with the moneys already borrowed by our Company (apart from temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of our Company and its free reserves.

Corporate Governance

CORPORATE GOVERNANCE & SUB-COMMITTEES

Our Company has complied with the provisions of the Listing Agreement including the corporate governance code in accordance with Clause 49 of such listing agreement and the constitution of the various committees. The Board of our Company functions either as a full board of directors or through various committees constituted to oversee specific operational areas.

Currently the Board of Directors consists of 6 Directors with a Executive and Non Independent Chairman. The details of with respect to the various committees of our Company are as follows:

I. Committees of the Board :

Audit Committee

The Audit Committee was constituted by our Directors by a Board resolution dated January 31, 2003 and re-constituted pursuant to a Board resolution dated February 28, 2005, November 09, 2011, November 21, 2011 and June 27, 2012. The Audit Committee presently comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Niranjan Kumar Choraria	Chairman	Non Executive Independent Director
Mr. S.M. Kothari	Member	Non Executive Director
Mr. Arun Kumar Goenka	Member	Non Executive Independent Director
Mr. Rhythm Arora	Member	Non Executive Independent Director

The powers of the Audit Committee shall include the following:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The terms of reference of the Audit Committee shall be in accordance with the provisions of the Companies Act and the Listing Agreement and shall include the following :

- To Review, the quarterly, half yearly and annual financial statements before submission to the board for approval.
- To review performance of the Statutory and Internal auditors and adequacy of internal control system.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- To review the adequacy of internal audit function and frequency of internal audit.
- To discuss with Internal Auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- To discuss with statutory auditor before the audit commences about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- To Review the annual financial statements before submission to the Board for approval with reference to:
 - ✓ Matter required to be included in the Director Responsibility statement to be included in Board report in terms of clause (2AA) of section 217 of the Companies Act.
 - ✓ Changes if any, in accounting policies and practices and reason for the same.
 - ✓ Major accounting entries involving estimates based on exercise of judgment by management.
 - ✓ Compliance with the listing and other legal requirement relating to financial statement.
 - ✓ Disclosure of any related party transaction.

- ✓ Qualification in the draft audit report.
- To carry such other function as is mentioned in the terms of reference of Audit Committee.

The Company Secretary shall act as Secretary of the Audit Committee.

The quorum necessary for the meeting of the Audit Committee shall be two directors other than the Executive Directors.

Remuneration Committee:

The Remuneration Committee was constituted by our Directors by a Board resolution dated October 29, 2010 and re-constituted pursuant to a Board resolution dated November 9, 2011, November 21, 2011 and June 27, 2012. The Remuneration Committee presently comprises of :

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Arun Kumar Goenka	Chairman	Non Executive Independent Director
Mr. Niranjana Kumar Choraria	Member	Non Executive Independent Director
Mr. Rhythm Arora	Member	Non Executive Independent Director

The terms of reference of the Remuneration Committee shall in accordance with the provisions of the Companies Act and the Listing Agreement and shall include the following :

- To fix the Salary & Perquisites of Executive Directors of the company.
- To consider the profits of the company and to decide about the adequacy of profits of the company.
- To consider the adequacy of profits of the company and to consider remuneration payable to the Managerial persons as per requirement of the Companies Act and Schedule XIII of the Companies Act.
- To approve the remuneration payable to the managerial personnel of the company in case of inadequacy of the profits as per requirement of Schedule XIII of the Companies Act.
- To take all other consequential and incidental action and measure.

The Company Secretary shall act as Secretary of the Remuneration Committee.

The quorum necessary for the meeting of the Remuneration Committee shall be two directors.

Shareholders Grievances Committee

The Shareholders' Grievance Committee was constituted by our Directors by a Board resolution dated January 31, 2003 and re-constituted pursuant to a Board resolution dated February 28, 2005, November 09, 2011, November 21, 2011. The Shareholders' Grievance Committee presently comprises of :

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. S.M. Kothari	Chairman	Non Executive Director
Mr. Dinesh Burman	Member	Executive Director
Mr. Rhythm Arora	Member	Non Executive Independent Director
Mr. Girdhari Lal Goenka	Member	Executive Director

The terms of reference of the Shareholders Grievance Committee shall include the following:

- To do all work relating to transfer, transmission, consolidation, split and issue of duplicate shares of the company;
- To do all the necessary things as may be required from time to time under the Companies Act and other related enactment;
- To look into the shareholder complaints, if any, and to redress the same expeditiously.
- To inform the shareholders regarding provisions of various act and the redressal agency for their grievance.
- To take all other consequential and incidental action and measure.

The Company Secretary shall act as Secretary of the Shareholders Grievance Committee.

The Company Secretary of the Company, Mr. Biswanath Mukherjee is the Compliance Officer of our Company. However Mr. Sudhir Kumar Banthiya is the Compliance Officer for this Right Issue.

There were no unresolved complaints/transfers pending.

The quorum necessary for the meeting of the Shareholders Grievance Committee shall be two directors.

II. Other Committees of our Company :

Right Issue Committee

The Right Issue Committee was constituted by our Directors by a Board resolution dated August 4, 2011 and re-constituted on November 9, 2011, March 14, 2012. The Right Issue Committee presently comprises of :

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Girdhari Lal Goenka	Chairman	Executive Director
Mr. S.M. Kothari	Member	Non Executive Director

The broad terms of reference of the Right Issue Committee shall include the following:

- To fix record date(s) for the purpose of the Rights Issue for ascertaining the names of members who will be entitled to the offer of equity shares in consultation with the stock exchange(s) with which the Company's shares are listed;
- To decide and determine the final size of the Rights Issue and the rights entitlement and to accept any amendments, modifications, variations or alterations thereto;
- Deciding on the timing, pricing and all the terms and conditions of the Rights Issue and to accept any amendments, modifications, variations or alterations thereto;
- To decide the treatment to be given to the fractional entitlement if any including rounding upward or downwards or ignoring such fractional entitlements and the terms and conditions for consolidation of fractional entitlements into a whole share in the manner as may be approved by SEBI and/or the Stock Exchanges;
- To finalise the Draft Letter of Offer, Letter of Offer, Composite Application Form, abridged Letter of Offer and other documents and to file the same with SEBI, Stock Exchanges and other concerned authorities and issue the same to the equity shareholders of the Company;
- To appoint the Lead Managers to the Rights Issue, Registrar, Legal Advisors, bankers to the right Issue, printers and such other agencies as may be required and to negotiate and finalise the terms of their appointment, including but not limited to execution of the Lead Manager and Registrar mandate letter, and execution of the memorandum of understanding with the Lead Manager and Registrar;
- Finalizing the basis of allotment of Equity Shares in consultation with the Lead Managers and the Stock Exchanges concerned, if necessary;
- Allotment of the Equity Shares;
- To open such accounts as are required;
- Issue new shares representing the equity shares issued as part of the Rights Issue and also inform the depositories to take the necessary action to give effect to the above and to do all such acts, deeds, matters and things necessary or desirable in connection with or incidental to the Rights Issue;
- Settling all questions, difficulties or doubts that may arise in relation to the Rights Issue as it may in its absolute discretion deem fit;
- To decide the mode and manner of allotment of shares if any not subscribed and left/remaining after allotment of rights shares and additional shares applied by the shareholders and renounces;
- To file necessary returns, make declarations/announcements, furnish information etc to the concerned authorities in connection with the Rights Issue;
- To sign and execute any other document, agreement, undertaking in connection with the Rights Issue;
- Submitting undertakings/certificates or providing clarifications to SEBI and the relevant stock exchanges in connection with the Rights Issue, if required;
- Delegation of any of the powers mentioned above to such persons as may be decided by the Committee from time to time; and
- To take all such steps as may be necessary in connection with this Rights Issue.

The quorum necessary for the meeting of the Right Issue Committee shall be two directors.

Nomination Committee

The Nomination Committee was constituted by our Directors by a Board resolution dated February 28, 2005 and re-constituted on May 31, 2010, November 9, 2011, March 14, 2012 and June 27, 2012. The Nomination Committee presently comprises of:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Niranjana Kumar Choraria	Chairman	Non Executive Independent Director
Mr. Arun Kumar Goenka	Member	Non Executive Independent Director
Mr. Rhythm Arora	Member	Non Executive Independent Director
Mr. Dinesh Burman	Member	Executive Director

The terms of reference of the Nomination Committee shall include the following:

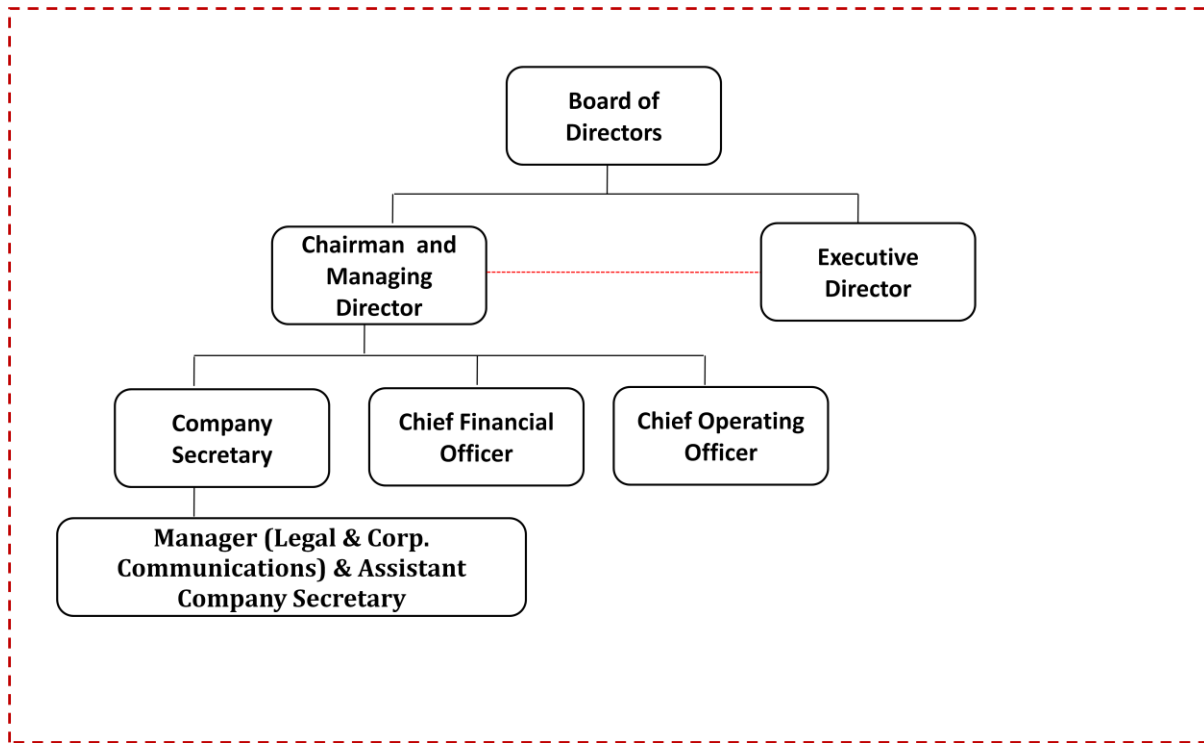
- To ensure fit and proper credentials of proposed/existing directors of the Company
- Appointment and reappointment of Directors on the Board
- Filling of a vacancy on the Board

The quorum necessary for the meeting of the Nomination Committee shall be two directors

Compliance with Listing Agreement, Takeover Regulations and SEBI (Prohibition of Insider Trading) Regulations, 1992

Our Company has complied with Listing Agreement, Takeover Regulations and SEBI (Prohibition of Insider Trading) Regulations, 1992 for the financial year ended March 31, 2012.

Organisation Chart- Golden Goenka Fincorp Limited



Key Managerial Personnel

The details of our Key Managerial Personnel other than Whole Time Directors as on the date of the Draft Letter of Offer are as follows:

Mr. Suresh K Vijayvergia, aged 58 years is the Chief Operating Officer of our Company and has joined our Company w.e.f March 19, 2012. Mr. Suresh K Vijayvergia is a Bachelor of Commerce from University of Udaipur and a Fellow Member of The Institute of Chartered Accountants of India. He has also done a certified course in Personnel Management from Jadavpur University. Prior to joining our Company he was in the professional practice as Chartered Accountant in the area of risk assurance, financial management, accounting and tax advisory. He had previously also worked at various organizations and has a total experience of over 34 years in finance including banking, strategic financial planning, cost control and cash flow management, risk management, corporate accounting and business strategies, fiscal management and financial reporting. He is primarily responsible for business operations & administration of our Company. The remuneration paid to him for the last Fiscal was ₹ 56,927 /-*

Mr. Shiv Kumar Dabriwala, aged 28 years is the Chief Financial Officer of our Company and has been associated with our Company since May 1, 2012. Mr. Dabriwala is a Bachelor of Commerce from University of Calcutta and an Associate Member of The Institute of Chartered Accountants of India. He has previously worked at JPM Exports Private Limited and has a total experience of over 4 years in accounting and finance, budgetary control, statutory audit, taxation, review & analysis of MIS reports. He is primarily responsible for the accounting and financial matters of our Company.

Mr. Biswanath Mukherjee, aged 72 years is the Company Secretary of our Company and has been associated with our Company since September 1, 1998. Mr. Biswanath Mukherjee is Fellow Member of The Institute of Company Secretaries of India. He has previously worked at M/s Jubilee Investments & Industries Ltd and has a total experience of around 54 years in handling secretarial matters and related issues. He is primarily responsible for looking after the secretarial and related compliances of our Company. The remuneration paid to him for the last Fiscal was ₹ 90,000/-.

Mr. Sudhir Kumar Banthiya, aged 26 yrs is the Manager (Legal & Corporate Communications) and Assistant Company Secretary of our Company and has been associated with our Company since December 1, 2011. He is also the Compliance Officer of the Rights Issue of our Company. He is a Bachelor of Commerce from University of Calcutta and an Associate Member of The Institute of Company Secretaries of India. He is also an LLB from Vidyasagar University. He has previously worked at Aristro Capital Markets Limited (erstwhile Aristro Capital Markets Private Limited) and has a total experience of around 2 year in Secretarial, Finance and Accounts. He is responsible for compliances with RBI, Stock Exchanges and other corporate laws as applicable to our Company. The remuneration paid to him for the last Fiscal was ₹ 92,477/-*.

* for part of the year.

All the Key Management Personnel are permanent employees of our Company. It is confirmed that except as otherwise stated in this Draft Letter of Offer, all the above-mentioned key managerial personnel have no other material / pecuniary interest in our Company.

Details of Service Contracts of our Key Management Personnel

Except for terms set forth in the appointment letters, our Key Managerial Personnel have not entered into any other contractual arrangements with our Company.

Contingent and Deferred Compensation payable to Key Management Personnel

As per the appointment letter(s), the following contingent and deferred compensation are payable to the Key Managerial Personnel:

- Gratuity as per the Payment of Gratuity Act; and
- Leave encashment benefits at the time of cessation/retirement from service.

Interest of Key Management Personnel

None of our Key Management Personnel have any interest in our Company except to the extent of remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in the ordinary course of business. None of our key managerial personnel have been paid any consideration of any nature by our Company, other than

their remuneration in the preceding two years. There are no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the key managerial personnel, was selected as a director or member of senior management.

Shareholding of Key Managerial Personnel

None of the Key Managerial Personnel hold any shares of our Company as on the date of this Draft Letter of Offer.

Changes in Key Managerial personnel during the last three years

The changes in our Key Management Personnel during the last three years are as follows:

Sl. No.	Name	Designation	Date of		Reason
			Joining	Leaving	
1	Nilay Agarwal	Vice President Operations	01.10.2010	01.09.11	Resignation
2	Giriraj Ratan Kothari	Chief Financial Officer	10.10.11	30.04.12	Resignation
3	Suresh K Vijayvergia	Chief Operating Officer	19.03.12	-	Appointment
4	Sudhir Kumar Banthiya	Manager (Legal & Corporate Communication) & Assistant Company Secretary	01.12.11		Appointment
5	Shiv Kumar Dabriwala	Chief Financial Officer	01.05.12	-	Appointment

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no Profit Sharing Plan or bonus for the Key Managerial Personnel.

Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

Our Company has not issued any Employees Stock Option Scheme / Employees Stock Purchase Scheme, as required by the Guidelines or Regulations of SEBI relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.

Payment or Benefit to Officers of our Company (Non-Salary Related)

No amount or benefit has been paid or given to any officer of our Company within the two preceding years from the date of filing of this Draft Letter of Offer or is intended to be paid, other than in the ordinary course of their employment, except reimbursement as per the policies of our Company. Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation.

Loans taken by Directors / Key Management Personnel

Except as mentioned in the "Financial Statements" beginning at page no.116, none of our directors / Key Management Personnel have taken any loans from our Company.

Arrangements and Understanding with Major Shareholders, Customers, Suppliers or Others

None of our Key Management Personnel or Directors have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

Nature of Family Relationship between the Key Management Personnel

There is no family relationship between the Key Management Personnel or between the promoters/directors and the key managerial personnel.

OUR PROMOTERS, PROMOTER GROUP AND GROUP COMPANIES

PROMOTERS

The Promoters of our Company are Mr. Girdhari Lal Goenka and Risewell Credit Private Limited

PROMOTERS AND THEIR BACKGROUND

Name of the Promoter	Mr. Girdhari Lal Goenka
Photo of the promoter	
Driving Licence No.	WB-011997557522
Passport Details	H 8289733
PAN No.	ADZPG1962B
Voter Id No	XYR1119890
Name of Bank and Branch	CITIBANK NA Kanak Building, 41, Chowringhee Road, Kolkata – 700 071
Bank Account No.	5-304068-339

For details, please refer to the Chapter titled "Our Management" at page no. 75 of this Draft Letter of Offer.

Risewell Credit Private Limited

Name	Risewell Credit Private Limited ("RCPL")
Registered Office	18, British Indian Street, 3 rd Floor, Room No. 304, Kolkata - 700 069
Company Registration Number	21-65409
Corporate Identification Number	U65993WB1994PTC065409
Registrar of Companies	Registrar of Companies, West Bengal Nizam Palace 2 nd MSO Building, 2 nd Floor 234/4, A.J.C. Bose Road Kolkata – 700020 West Bengal, India
PAN No.	AACCR3964K
TAN No.	CALR09862G
Name of Bank and Branch	HDFC Bank Ltd., Stephen House 4, BBD Bag East Kolkata 700001
Current Bank Account No.	00082320018573

Brief history of RCPL

Incorporated on October 5, 1994 by the name of Risewell Credit Private Limited with the Registrar of Companies, West Bengal as a private limited company. The Registered Office of RCPL is situated at 18, British Indian Street, 3rd Floor, Room No. 304, Kolkata - 700 069. RCPL is registered with Reserve Bank of India as Non Banking Financial Company not accepting public deposits having Registration No. B-05.04944 w.e.f January 17, 2003.

RCPL is engaged in the business of investment and general financier and also deals in Shares and Securities.

The main objects of the Memorandum of Association of RCPL provide that RCPL can *inter alia* undertake the business of investment and general financier and to purchase, acquire, hold and dispose of or otherwise invest in shares, debentures, stocks, bonds, obligations and securities or any other documents or rights whatsoever whether in India or elsewhere and to carry on the business of Hire Purchase leasing and finance lease arrangements of all kinds, purchasing, selling, hiring or letting on hire or on lease all kinds of plant machineries, equipments, vehicles and all other movable or immovable properties and factoring, discounting in general of all bills, documents bills of exchange or rights whatsoever and such allied activities which are required to carry on the said activities.

Promoter

Mr. Girdhari Lal Goenka is the current Promoter of RCPL. There has been no change in the control or management of RCPL during the period of three years immediately preceding the date of filing of the Draft Letter of Offer with SEBI.

Shareholding pattern as on date

Sr. No.	Name of Shareholder	No. of equity shares held	% of holding
1	Rosy Dealcomm Private Limited	3,04,500	9.27
2	Elegant Shelters Pvt Ltd	2,90,000	8.83
3	Ascent Merchants Private Limited	2,84,000	8.64
4	Karni Projects Private Limited	2,81,500	8.57
5	Balakrishna Infrastructure Private Limited	2,80,000	8.52
6	Rajnikita Consultants Pvt Ltd	2,80,000	8.52
7	Rajgaj Traders Private Limited	2,75,000	8.37
8	Karni Business Private Limited	2,73,000	8.31
9	Rajnikita Builders Pvt Ltd	2,03,500	6.19
10	Sushila Goenka	1,07,000	3.26
11	Decilion Finance Ltd.	1,07,000	3.26
12	Vinay Goenka	1,05,000	3.20
13	Welsome Finance Pvt Ltd.	63,500	1.93
14	Girdhari Lal Goenka	50,100	1.52
15	Raj Goenka	50,100	1.52
16	Anil kumar Parashramka	47,750	1.45
17	Pradip Kumar Parashramka	40,000	1.22
18	Suman Parashramka	40,000	1.22
19	Aalekha Supply Pvt Ltd.	40,000	1.22
20	Sri Salasar Suppliers Pvt Ltd.	29,000	0.88
21	Cornerstone Developers Pvt Ltd.	26,500	0.81
22	JNB Sidhu Finance Pvt Ltd.	23,000	0.70
23	Sunil Kumar Parashramka	22,000	0.67
24	Golden Commosales Pvt Ltd	19,500	0.59
25	Fairplan Commercial Pvt Ltd	14,500	0.44
26	Kasera Agencies Pvt Ltd	12,500	0.38
27	Jeewan Barter Pvt Ltd	6,500	0.20
28	Goodview Sales Pvt Ltd	5,000	0.15
29	Pushti Vincom Pvt Ltd.	5,000	0.15

	Total	32,85,450	100.00
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Board of directors :

Sr. No.	Name of Directors	Designation
1	Mr. Girdhari Lal Goenka	Director
2	Mrs. Raj Goenka	Director
3	Mr. Balkishan Gourisaria	Director

Financial Performance

Brief audited financial workings of RCPL for the last 3 financial years are given below.

(₹ in Lakhs)

Particulars	Year ending 31.03.2012	Year ending 31.03.2011	Year ending 31.03.2010
Equity Capital	328.55	288.20	288.20
Reserves & Surplus (excluding revaluation reserves)	5934.19	2149.94	2177.68
Sales & Other Income	3103.85	4444.83	3751.42
Profit/Loss After Tax	(210.40)	(27.75)	13.68
EPS (₹)	(10.35)	(0.96)	0.47
Diluted EPS	(10.35)	(0.96)	0.47
Net Asset Value (NAV) in ₹ (face value of ₹ 10/-)	190.62	84.60	85.56

RCPL is an unlisted Company and has not made any public issue in preceding three years. RCPL does not fall under the definition of a sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up. RCPL has not been restrained from accessing the capital market for any reasons by SEBI or by any other authority.

Undertakings

Our Company confirms that the Permanent Account Number, Bank Account Number, Driving Licence Number, Passport Number of Mr. Girdhari Lal Goenka shall be submitted to the Stock Exchanges, at the time of filing the Draft Letter of Offer with them. Further, neither Mr. Girdhari Lal Goenka nor the relatives of Mr. Girdhari Lal Goenka have been declared as willful defaulters by the Reserve Bank of India, or any other Government authority. We confirm that there have been no violations of securities laws committed by any of the Promoters in the past, nor are there any proceedings pending against any of the Promoters in this regard.

Our Company confirms that the Permanent Account Number, Bank Account Number, Company Registration Number and the address of the Registrar of Companies where Risewell Credit Private Limited is registered shall be submitted to the Stock Exchanges, at the time of filing the Draft Letter of Offer with them. Further, neither Risewell Credit Private Limited nor any natural person in control (i.e. holding 15.0% or more of voting rights) thereof, nor the directors on the board of Risewell Credit Private Limited have been declared as willful defaulters by the Reserve Bank of India, or any other Government authority. We confirm that there are no violations of securities laws committed by the Promoters in the past, nor are there any proceedings pending against any of the Promoters in this regard. Neither RCPL nor its Directors or persons in control have been prohibited from accessing the capital market under any order or direction passed by SEBI.

Further, the Promoters, their relatives as per Companies Act 1956, Golden Goenka Fincorp Limited and promoter group companies have not been declared or detained as wilful defaulters by RBI or any other government authority and there are no violations of securities laws committed by them in the past nor any such proceedings are pending against them.

Confirmations

The Promoters, member of our Promoter Group and Group Company have confirmed that there are no violations of securities laws committed by them in the past or are currently pending against them nor have they been declared as wilful defaulters by the RBI or any other Governmental Authority. Further our Promoters have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authority.

Further, none of the Promoters was or is a promoter or person in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI.

Outstanding Litigation

There are no outstanding litigation against our Promoters except as disclosed in the sections titled "Risk Factors" and "Outstanding Litigation and Material Developments" on page nos ix and 132, respectively.

Disassociation by the Promoters in the Last Three Years

Except as mentioned below, our Promoters have not disassociated with any venture during the three years preceding the date of filing of this Draft Letter of Offer:

Disassociation by Mr. Girdhari Lal Goenka :

Name of Company	Date of resignation	Reasons
Girdhar Commodities Private Limited	27.11.2009	Girdhari Lal Goenka resigned as Director as part of business strategy
Value Plus Retail Private Limited	22.01.2010	Girdhari Lal Goenka resigned as Director as part of business strategy
Glory Poly Films Limited	19.02.2010	Girdhari Lal Goenka resigned as Director as part of business strategy
Girdhar Vinimay Private Limited	04.10.2010	Girdhari Lal Goenka resigned as Director as part of business strategy
Girdhar Fiscal Services Pvt. Ltd.	11.03.2011	Girdhari Lal Goenka resigned as Director as part of business strategy
Calibre Developers Pvt Ltd.	19.10.2011	Girdhari Lal Goenka resigned as Director as part of business strategy
Vaibhav Laxmi Capital Market Private Limited	09.01.2012	Girdhari Lal Goenka resigned as Director as part of business strategy
Abhyudaya Housing and Constructions Pvt Ltd.	09.01.2012	Girdhari Lal Goenka resigned as Director as part of business strategy
Jackpot Distributors Private Limited	01.04.2010	Amalgamated with Karni Vincom Private Limited w.e.f 01.04.2010
Rangoli Tradelinks Private Limited	01.04.2010	Amalgamated with Karni Vincom Private Limited w.e.f 01.04.2010
Longview Commotrade Private Limited	01.04.2010	Amalgamated with Karni Vincom Private Limited w.e.f 01.04.2010
Liberal Commosales Private Limited	01.04.2010	Amalgamated with Karni Vincom Private Limited w.e.f 01.04.2010
Compact Vincom Private Limited	01.04.2010	Amalgamated with Karni Vincom Private Limited w.e.f 01.04.2010
Kalakanchan Developers Private Limited	01.04.2010	Amalgamated with Karni Vincom Private Limited w.e.f 01.04.2010
Phony Developers Private Limited	01.04.2010	Amalgamated with Karni Vincom Private Limited w.e.f 01.04.2010
Virdhi Vincom Private Limited	01.04.2010	Amalgamated with Karni Vincom Private Limited w.e.f 01.04.2010

Mr. Girdhari Lal Goenka has also resigned from the partnership firm G. Goenka & Co. w.e.f 17.11.11.

Mr. G. L. Goenka has transferred his entire shareholding in the following Companies:

Name of Company	No. Of Shares	Date of transfer of shareholding	Reasons
Vaibhav Laxmi Capital Market Pvt Ltd.	2500	21.03.12	Part of business strategy
Value Plus Retail Pvt. Ltd.	5000	21.03.12	Part of business strategy
Ranjan Leasing & Finance Pvt. Ltd.	2500	21.03.12	Part of business strategy
Jackpot Distributors Private Limited	5000		Amalgamated with Karni Vincom Private Limited w.e.f 01.04.2010
Rangoli Tradelinks Private Limited	5000		Amalgamated with Karni Vincom Private Limited w.e.f 01.04.2010
Longview Commotrade Private Limited	5000		Amalgamated with Karni Vincom Private Limited w.e.f 01.04.2010
Liberal Commosales Private Limited	5000		Amalgamated with Karni Vincom Private Limited w.e.f 01.04.2010
Kalakanchan Developers Private Limited	5000		Amalgamated with Karni Vincom Private Limited w.e.f 01.04.2010
Phony Developers Private Limited	5000		Amalgamated with Karni Vincom Private Limited w.e.f 01.04.2010

Disassociation by Risewell Credit Private Limited:

Risewell Credit Private Limited has transferred its entire shareholding in the following Companies :

Name of Company	No. Of Shares	Date of transfer of shareholding	Reasons
Abhyudaya Housing and Constructions Pvt. Ltd.	800000	11.04.11	Part of business strategy
Amartya Commercial Pvt. Ltd.	2000	28.02.10	Part of business strategy
GBK Resources Pvt. Ltd.	7250	28.02.10	Part of business strategy
Karni Apartments Pvt. Ltd.	11000	27.05.10	Part of business strategy
Karni Business Pvt. Ltd.	20000	27.05.10	Part of business strategy
Karni Nirman Pvt. Ltd.	5000	12.11.10	Part of business strategy
Rajgaj Traders Pvt. Ltd.	52500	31.03.10	Part of business strategy
Rosy Dealcomm Pvt. Ltd.	16800	18.02.10	Part of business strategy
Karni Plaza Makers Pvt. Ltd.	20000	28.05.10	Part of business strategy
Karni Vincom Pvt. Ltd.	15000	28.05.10	Part of business strategy

Experience of the Promoters in the business of our Company

Mr. Girdhari Lal Goenka has an experience of over twenty two (22) years in the NBFC sector. Our Promoters are assisted by a team of highly qualified professionals to manage the operations of our Company.

Common Pursuits

The Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company except as disclosed in the section titled "Common Pursuits of our Group Companies, Subsidiaries and Associate Companies with our Company" on page no. 110 and the sections titled "Group Companies" on page no. 97.

Interests of Promoters

The Promoters are interested to the extent of their shareholding and directorship in our Company. For details of the Promoter's shareholding and directorship in our Company, please see the sections entitled "Capital Structure" and "Our Management" on page nos 18 and 75 respectively.

Further, the Promoter(s) who are also Director(s) may be deemed to be interested to the extent of remuneration received, reimbursement of expenses payable to them and dividend declared, if any,

by our Company. For further details please see the section entitled "Our Management" on page no. 75.

Further, the Promoters are also member(s), or partner(s), of certain Promoter Group entities and may be deemed to be interested to the extent of the payments made by our Company, if any, to these Promoter Group entities. For the payments that are made by our Company to certain Promoter Group entities, please see the section entitled "Related Party Transactions" on page no. F-33.

The Promoters are not interested in any loan or advance given by our Company, neither are they beneficiaries of any such loans or advances except as mentioned under the head "Related Party Transactions" on page no. F-33 of the Draft Letter of Offer.

Mrs. Raj Goenka, wife of the Chairman and Managing Director of our Company has entered into a Leave and License Agreement dated October 25, 2010 with our Company for letting out the registered office of our Company at a Licensee fee of ₹ 1000/- per month.

Except as stated otherwise in this Draft Letter of Offer, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Letter of Offer in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company other than in the normal course of business. For further details please see the section titled "Related Party Transactions" on page no. F-33 of the Draft Letter of Offer.

Our Promoters have confirmed that they do not have any interest in any property acquired by our Company within two years preceding the date of this Draft Letter of Offer or proposed to be acquired by our Company as on the date of filing of the Draft Letter of Offer.

Payment or benefits to the Promoter

Except as stated in the section entitled "Related Party Transactions" on page no. F-33, there have been no payment or benefits to the Promoters during the two years prior to the filing of this Draft Letter of Offer.

Related Party Transactions

Except as disclosed in the section "Financial Statements – Related Party Transactions" on page no. F-33, our Company has not entered into any related party transactions with the Promoters or Group Companies.

Shareholding of the Promoter Group in our Company

For details of shareholding of members of our Promoter Group as on the date of filing of this Draft Letter of Offer see section titled "Capital Structure" beginning on page no. 18.

Other confirmations

Our Company has neither made any payments in cash or otherwise to the Promoters or to firms or companies in which our Promoters are interested as members, directors or promoters nor have our Promoters been offered any inducements to become directors or otherwise to become interested in any firm or company, in connection with the promotion or formation of our Company other wise than as stated in the section "Related Party Transactions" on page no. F-33.

Change in our management and control

The promoters of our Company are Mr. Girdhari Lal Goenka and Risewell Credit Private Limited. Our Company was originally promoted by Mr. Binod Kumar Mehra. On August 7, 2010, Mr. Girdhari Lal Goenka, one of the present promoters of our Company entered into a Memorandum of Understanding (MOU) with the erstwhile promoters viz, Mr. Binod Kumar Mehra, Ms Anita Mehra and Ms Ekta Mehra to acquire from them 3,30,300 equity shares of the face value ₹ 10/- each of our Company aggregating to 11.01% of the equity and voting share capital of our Company for cash at a price of ₹ 10/- per equity shares and also to acquire management control of our Company along with Risewell Credit Private Limited. Subsequent to the MOU, our Company had passed a special resolution through the postal ballot in compliance with Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001 & Regulation 12 read with regulation 2(1) (c) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 to effect the change in Management control of our Company. The

outcome of the special resolution was declared by the then Chairman of our Company on October 1, 2010 and thereafter Mr. Girdhari Lal Goenka and Risewell Credit Private Limited were inducted as promoters of our Company by the Board of directors on October 29, 2010 and also were entrusted with the Management Control of our Company.

Other than as disclosed above, there has been no change in the management and control of our Company.

PROMOTER GROUP

In addition to the Promoters named above, the following persons constitute the Promoter Group of our Company in terms of Regulation 2(1)(zb) of SEBI ICDR Regulations, 2009.

1. Natural persons who are part of the Promoter Group

The natural persons who are part of the Promoter Group (due to their relationship with the promoter), other than the Promoter are as follows:

Relatives of Mr. Girdhari Lal Goenka :

Name	Relationship with Mr. Girdhari Lal Goenka
Mrs. Raj Goenka	Wife
Mr. Rajeev Goenka	Son
Miss Nikita Goenka	Daughter
Mrs. Premlata Sarawagi	Sister
Mrs. Bimla Devi Agarwal	Sister
Mrs. Leela Devi Agarwal	Sister
Mrs. Heera Devi Goenka	Sister
Mrs. Sharda Devi Gourisaria	Mother of Spouse
Mr. Balkishan Gourisaria	Brother of Spouse
Mr. Shri Kishan Gourisaria	Brother of Spouse
Mrs. Bina Devi Lohia	Sister of Spouse
Mrs. Radha Devi Khaitan	Sister of Spouse
Mrs. Rama Agrawal	Sister of Spouse
Mrs. Ranjana Mandelia	Sister of Spouse
Mrs. Shalini Sarawagi	Sister of Spouse

2. Corporate entities forming part of the Promoter Group

The following entities form part of the Promoter Group:

Companies :

- i. Ascent Merchants Private Limited
- ii. Aslow Estates Pvt Ltd
- iii. Aristro Capital Markets Limited
- iv. Beauty Builders Pvt Ltd
- v. Balakrishna Infrastructure Private Limited
- vi. Cornerstone Developers Private Limited
- vii. Devrishi Developers Pvt. Ltd.
- viii. Elegant Shelters Pvt Ltd
- ix. GSL Shareholdings Private Limited
- x. Girdhar Fiscal Services Pvt. Ltd
- xi. Karni Projects Private Limited
- xii. Karni Business Pvt Ltd
- xiii. Karni Vincom Private Limited
- xiv. Karni Awash Private Limited
- xv. Karni Infraholdings Private Limited
- xvi. Karni Shelter Private Limited
- xvii. Karni Plaza Makers Private Limited
- xviii. Karni Realtors Private Limited
- xix. Karni Marketing Private Limited
- xx. N C Shaw & Co. Beverages Private Limited
- xxi. Robin Properties & Investment Pvt. Ltd.
- xxii. Rajgaj Traders Pvt Ltd.
- xxiii. Rajnikita Builders Private Limited

- xxiv. Rajnikita Consultants Private Limited
- xxv. Raja Shelters Private Limited
- xxvi. Rajnikita Builders Private Limited
- xxvii. Sri Karni Ambey Developers Private Limited
- xxviii. Topmost Sales Pvt Ltd

HUFs

- i. Girdhari Lal Goenka HUF

GROUP COMPANIES

Besides our Company the following are the companies, firms and ventures promoted by our Promoters, as on the date of this Draft Letter of Offer. Unless otherwise stated, none of the companies forming part of Group Companies is a sick company under the meaning of SICA and none of them are under winding up. Further, all the Group Companies are unlisted companies and they have not made any public issue of securities in the preceding five years. There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against our Group Companies.

Name of Group Companies	
Five Largest Group Companies (based on turnover- Fiscal 2012)	
1	N C Shaw & Co. Beverages Private Limited
2	Aristro Capital Markets Limited
3	Girdhar Fiscal Services Private Limited
4	Karni Marketing Private Limited
5	Shree Karni Projects Private Limited
Other Group Companies	
1	Ascent Merchants Private Limited
2	Aslow Estates Private Limited
3	Balakrishna Infrastructure Private Limited
4	Beauty Builders Private Limited
5	Beegeey Realters Private Limited
6	Cornerstone Developers Private Limited
7	Elegant Shelters Private Limited
8	Fort Vanijya Private Limited
9	GSL Share Holdings Private Limited
10	Karni Apartments Private Limited
11	Karni Awash Private Limited
12	Karni Business Private Limited
13	Karni Infra Holdings Private Limited
14	Karni Infraprojects Private Limited
15	Karni Plaza Makers Private Limited
16	Karni Projects Private Limited
17	Karni Realtors Private Limited
18	Karni Shelter Private Limited
19	Karni Vincom Private Limited
20	Raja Shelters Private Limited
21	Rajgaj Traders Private Limited
22	Rajnikita Builders Private Limited
23	Rajnikita Consultants Private Limited
24	Robin Properties & Investment Private Limited
25	Sri Karni Ambey Developers Private Limited
26	Girdhari Lal Goenka HUF

Five Largest Group Companies (based on turnover- Fiscal 2012)

N. C. Shaw & Co. Beverages Private Limited (NCSBPL)

NCSBPL was incorporated on March 10, 2003 as a private limited company under the Companies Act, 1956 (CIN No. U15520WB2003PTC095903). The Registered Office of NCSBPL is situated at P-45, Gora Gacha Road, Kolkata, - 700 053, West Bengal. NCSBPL was incorporated with the objective of establishing in India or elsewhere the business as manufacturers, retailers, processors, importers, exporters, agents, brokers, suppliers, wholesalers, retailers, agents, distributors, stockists, dealers, godown keepers, C&F agents etc, develop and distill, prepare etc all sorts of demineralised waters, liquors, alcoholic and non – alcoholic beverages etc and other related activities. NCSBPL has a Bottling agreement with Pernod Ricard India Private Limited ("PRIPL") to manufacture Indian Made Foreign Liquor (IMFL) for and on behalf of PRIPL.

Interest of our Promoters

Our Promoters and relatives of Mr. Girdhari Lal Goenka together hold 50.00% of the equity share capital of NCSBPL.

Board of Directors

Name of the Director	Designation
Girdhari Lal Goenka	Director
Raj Goenka	Director
Ajit Kothari	Director
Vineet Kothari	Director

Shareholding Pattern

Particulars	No. of shares Held	Shareholding (%)
Girdhari Lal Goenka	5000	1.69
Raj Goenka	65000	22.03
Ajit Kothari	35000	11.86
Vineet Kothari	35000	11.86
King Finance & Leasing Co P LTD	77500	26.27
Risewell Credit Private Limited	77500	26.27
Total	295000	100.00

Change in capital structure

There has been no change in the share capital of NCSBPL in the last six months prior to filing this Draft Letter of Offer.

Financial Performance

The audited financial highlights for the last 3 years are given below:

₹ in Lakhs

For the financial year ended	2011-12 (Audited)	2010-11 (Audited)	2009-10 (Audited)
Equity Capital	29.50	29.50	29.50
Reserves and Surplus (excluding revaluation reserves)	18.98	17.69	12.10
Total Income	10303.17	9651.46	9410.45
Profit (Loss) after Tax	1.29	5.59	4.04
Earnings per Share (in ₹)	0.43	1.89	1.37
Net Asset Value per equity share (in ₹) (Face value ₹ 10/-)	16.43	15.12	13.10

Significant Notes of Auditors for the last three Fiscals

There are no significant notes of auditors in respect of the financial results of NCSBPL for the last three Fiscals.

NCSBPL is not in similar business as that of our Company.

Aristro Capital Markets Limited (ACML)

ACML was incorporated on 18th June, 2009 as a private limited company under the Companies Act, 1956 and was converted into a Public Limited Company under section Sec. 44 of the Companies Act, 1956 and subsequently the name was changed to Aristro Capital Markets Limited. A fresh Certificate of Incorporation reflecting the new name was issued by the Registrar of Companies, West Bengal Kolkata on July 23, 2012. The new Registration No. of ACML is 135995 (CIN NO. U65999WB2009PLC135995). ACML was incorporated with the main objective to carry on business as shares and stock brokers, underwriters, agents, brokers for subscribing to and for the sale and purchase of securities, stocks, debentures, debenture stock, bonds, units or Certificates of Mutual Funds, Government Securities and or other financial instruments etc. and other related services. The Registered Office of ACML is situated at 21, Camac Street, Bells House, 9th Floor, Kolkata- 700 016. ACML is a stock broker of NSE and BSE and is registered with SEBI bearing registration nos. INB231395931 and INB011395937 respectively. ACML is also a trading member with NSE and BSE and is registered with SEBI bearing registration nos. INF231395931 and INF011395937 respectively. ACML is also registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996 as a Depository participant bearing Registration no. IN-DP-CDSL-645-2011 dated December 5, 2011 which is valid till December 4, 2016.

Interest of our Promoters

Our Company holds 20.00% of the equity share capital of ACML, and so Aristro Capital Markets Limited is also an Associate Company of our Company. Our Promoters and relatives of Mr. Girdhari Lal Goenka together hold 11.11% of the equity share capital of ACML.

Board of Directors

Name of the Director	Designation
Shree Mohan Kothari	Director
Raj Kumar Goenka	Director
Girdhari Lal Goenka	Director
Balkishan Gourisaria	Director
Mukesh Kumar Bhauwala	Director

Shareholding Pattern

Particulars	No. of shares Held	Shareholding (%)
Mr Girdhari Lal Goenka	50000	5.56
Mr Shree Mohan Kothari	200000	22.22
Mr Bal Kishan Gourisaria	50000	5.56
GBK Resources P Ltd	260000	28.89
Venkatesh Merchandise (P) Ltd	51000	5.67
Foresight Fragrance & Finance (P) Ltd	109000	12.11
Golden Goenka Fincorp Ltd.	180000	20.00
Total	900000	100

Change in capital structure

ACML has issued 3,000 equity shares of ₹ 10/- each at a premium of ₹ 190/- per share during the six months prior to filing this Draft Letter of Offer.

Financial Performance

The audited financial highlights for the last 3 years are given below:

(₹ in Lakhs)

For the financial year ended	2011-12 (Audited)	2010-11 (Audited)	2009-10 (Audited)
Equity Capital	89.70	34.00	34.00
Reserves and Surplus (excluding revaluation reserves)	1713.35	(33.91)	196.37
Total Income	4434.27	2.31	188.88
Profit (Loss) after Tax	(37.03)	(230.29)	0.37
Earnings per Share (in ₹)	(5.93)	(67.73)	0.11
Net Asset Value per equity share (in ₹) (Face value ₹ 10/-)	201.01	0.02	67.76

Significant Notes of Auditors for the last three Fiscals

There are no significant notes of auditors in respect of the financial results of ACML for the last three Fiscals

ACML is in similar business as that of our Company.

Girdhar Fiscal Services Private Limited (GFSPL)

GFSPL was incorporated on September 4, 1989 as a private limited Company under the Companies Act, 1956. The Registration No. of GFSPL is 21-047510 (CIN No. U65923WB1989PTC047510). The main objects of the Memorandum of Association of GFSPL provide that GFSPL can inter alia undertake the business of investors, guarantors, underwriters and financiers and related activities. The Registered Office of GFSPL is situated at 18, British Indian Street, Kolkata- 700 069. GFSPL is a non-deposit taking NBFC registered with the RBI to carry on the business of non – banking financial institution under Section 45IA of the Reserve Bank of India Act, 1934 bearing Registration no. 05.02540 dated May 28, 1998. GFSPL is also a trading member/sub broker of ISE Securities & Services Limited, Navi Mumbai but presently not doing any activities related to the said membership.

Interest of our Promoters

Our Promoters, companies controlled by them and relatives of Mr. Girdhari Lal Goenka together hold 57.90% of the equity share capital of GFSPL.

Board of Directors

Name of the Director	Designation
Raj Goenka	Director
Vinay Kumar Goenka	Director
Vivek Goenka	Director

Shareholding Pattern

Particulars	No. of shares Held	Shareholding (%)
Girdhari Lal Goenka	154150	6.23
Vivek Goenka	21200	0.86
Vinay Goenka	17600	0.71
Raj Goenka	160700	6.49
Rajgaj Traders Pvt. Ltd	190000	7.68
Vikash Goenka	11700	0.47
Rajnikita Consultants Pvt. Ltd	190000	7.68
Risewell Credit Private Limited	51500	2.08
Chanda Devi Parashramka	49300	1.99
Anil Kumar Parashramka	49200	1.99
Suman Parashramka	38100	1.54
Rajeev Goenka	107500	4.34
Nikita Goenka	90000	3.64
Sushila Devi Goenka	106000	4.28
Karni Projects Pvt. Ltd.	195000	7.88
Elegant Shelter Pvt. Ltd.	294500	11.90
Aalekha Supply Pvt. Ltd.	375000	15.15
Goodview Sales Pvt. Ltd	20000	0.81
Jeewan Barter Pvt. Ltd.	65000	2.63
Prabha Suppliers Pvt. Ltd	50000	2.02
Rosy Dealcomm Pvt. Ltd.	214000	8.64
Welsome Finance Pvt Ltd.	25000	1.01
Total	2475450	100.00

Change in capital structure

GFSPL has issued 64,000 equity shares of ₹ 10/- each at a premium of ₹ 990/- per share during the six months prior to filing this Draft Letter of Offer.

Financial Performance

The audited financial highlights for the last 3 years are given below:

For the financial year ended	(₹ in Lakhs)		
	2011-12 (Audited)	2010-11 (Audited)	2009-10 (Audited)
Equity Capital	247.55	241.15	191.65
Reserves and Surplus (excluding revaluation reserves)	2140.02	1680.86	1271.64
Total Income	648.83	2341.65	3592.90
Profit (Loss) after Tax	(174.43)	(36.28)	28.02
Earnings per Share (in ₹)	(7.23)	(1.89)	1.46
Net Asset Value per equity share (in ₹) (Face value ₹ 10/-)	96.45	79.70	76.35

Significant Notes of Auditors for the last three Fiscals

There are no significant notes of auditors in respect of the financial results of GFSPL for the last three Fiscals.

GFSPL is in similar business as that of our Company.

Karni Marketing Private Limited (KMPL)

KMPL was incorporated on April 25, 2008 as a private limited company under the Companies Act, 1956. The Registration No. of KMPL is 125205 (CIN NO. U51909WB2008PTC125205). KMPL was incorporated with the main objective to carry on business as buyers, sellers, traders, importers, exporters, merchants, indentors, agents, commission agents, refiners, cultivators, miners, mediators, advisors, hire purchasers and all kinds of electric and electronic goods, home appliances, wood, timber and timber products, gems and jewellery, etc. and all other kinds of goods and articles of consumption and to acquire, purchase on lease and run any hotel and restaurant. The Registered Office of KMPL is situated at 1, British Indian Street, Kolkata- 700 069, West Bengal.

Interest of our Promoters

Our Promoters, companies controlled by them and relatives of Mr. Girdhari Lal Goenka together hold 49.15% of the equity share capital of KMPL.

Board of Directors

Name of the Director	Designation
Dinesh Burman	Director
Balkishan Gourisaria	Director

Shareholding Pattern

Particulars	No. of shares Held	Shareholding (%)
Dinesh Burman	5000	4.24
Bal Kishan Gourisaria	5000	4.24
Rajgaj Traders Pvt Ltd	10000	8.47
Risewell Credit Private Limited	33000	27.97
Karni Projects Pvt Ltd	10000	8.47
Aalekha Supply Pvt Ltd	55000	46.61
Total	118000	100.00

Change in capital structure

There has been no change in the share capital of KMPL in the last six months prior to filing this Draft Letter of Offer.

Financial Performance

The audited financial highlights for the last 3 years are given below:

(₹ in Lakhs)

For the financial year ended	2011-12 (Audited)	2010-11 (Audited)	2009-10 (Audited)
Equity Capital	11.80	11.80	6.30
Reserves and Surplus (excluding revaluation reserves)	99.92	99.42	49.07
Total Income	285.14	368.65	334.06
Profit (Loss) after Tax	0.50	0.85	0.90
Earnings per Share (in ₹)	0.33	0.57	1.43
Net Asset Value per equity share (in ₹) (Face value ₹ 10/-)	94.68	94.25	87.88

Significant Notes of Auditors for the last three Fiscals

There are no significant notes of auditors in respect of the financial results of KMPL for the last three Fiscals.

KMPL is not in similar business as that of our Company.

Shree Karni Projects Private Limited (SKPPL)

SKPPL was incorporated on March 14, 2005 as a private limited company under the Companies Act, 1956 (CIN No. U70101WB2005PTC102223). The registered office of SKPPL is located at 74, Bentick Street, Kolkata - 700001. The main objects of the Memorandum of Association of SKPPL provide that SKPPL can inter alia undertake the business to purchase, lease, exchange, hire or

otherwise develop operate land, building etc, real estate activities and related activities and also invest in shares. SKPPL has constructed a property at Kolkata.

Interest of our Promoters

Our Promoters and companies controlled by them together hold 50.00% of the equity share capital of SKPPL.

Board of Directors

Name of the Director	Designation
Girdhari Lal Goenka	Director
Sajjan Kumar Saraff	Director
Vivek Goenka	Director
Uttam Kumar Gupta	Director

Shareholding Pattern

Particulars	No. of shares Held	Shareholding (%)
Girdhari Lal Goenka	5000	7.14
Vivek Goenka	5000	7.14
Rajgaj Traders Pvt Ltd	30000	42.86
Shree Shyam Dwellers India Ltd	30000	42.86
Total	70000	100.00

Change in capital structure

There has been no change in the share capital of SKPPL in the last six months prior to filing this Draft Letter of Offer.

Financial Performance

The audited financial highlights for the last 3 years are given below:

(₹ in Lakhs)

For the financial year ended	2011-12 (Audited)	2010-11 (Audited)	2009-10 (Audited)
Equity Capital	7.00	7.00	7.00
Reserves and Surplus (excluding revaluation reserves)	28.59	26.25	24.83
Total Income	161.83	109.38	7.55
Profit (Loss) after Tax	2.34	1.36	(0.16)
Earnings per Share (in ₹)	3.35	1.95	(0.23)
Net Asset Value per equity share (in ₹) (Face value ₹ 10/-)	50.85	47.50	45.47

Significant Notes of Auditors for the last three Fiscals

There are no significant notes of auditors in respect of the financial results of KMPL for the last three Fiscals.

SKPPL is not in similar business as that of our Company.

Other Group Companies:

Ascent Merchants Private Limited (AMPL)

AMPL was incorporated on June 15, 2005 as a private limited company under the Companies Act, 1956 (CIN No.U51109WB2005PTC103758). The registered office of AMPL is located at 1 British Indian Street, Kolkata - 700069. The main objects of the Memorandum of Association of AMPL provide that AMPL can inter alia undertake the business of buyers, sellers, suppliers, traders etc of all kinds of machinery items and manmade fibres, textiles etc and related activities. AMPL is presently in the business of purchasing, building, construction of offices, shops etc and giving them or hire basis and also invests in shares

Interest of our Promoters

Our Promoters and relatives of Mr. Girdhari Lal Goenka together hold 32.43% of the equity share capital of AMPL.

Change in capital structure

There has been no change in the share capital of AMPL in the last six months prior to filing this Draft Letter of Offer.

AMPL is not in similar business as that of our Company.

Aslow Estates Private Limited (AEPL)

AEPL was incorporated on July 6, 1993 as a private limited company under the Companies Act, 1956 (CIN No.U45202WB1993PTC059356). The registered office of AEPL is located at 18, British Indian Street, 3rd Floor, Kolkata - 700069. The main objects of the Memorandum of Association of AEPL provide that AEPL can inter alia undertake the business to purchase, take on lease, acquire, etc and deal in land, building etc and carry on the business of properties and other related activities.

Interest of our Promoters

Our Promoters, companies controlled by them and relatives of Mr. Girdhari Lal Goenka together hold 99.47% of the equity share capital of AEPL.

Change in capital structure

AEPL has issued 1200 equity shares of ₹ 10/- each at a premium of ₹ 990/- per share during the six months prior to filing this Draft Letter of Offer.

AEPL is not in similar business as that of our Company.

Balakrishna Infrastructure Private Limited (BIPL)

BIPL was incorporated on July 25, 2006 as a private limited company under the Companies Act, 1956 (CIN NO.U70101WB2006PTC110754). The registered office of BIPL is located at 18, British Indian Street, 3rd Floor, Kolkata - 700069. The main objects of the Memorandum of Association of BIPL provide that BIPL can inter alia undertake the business of development of infrastructure work on build, operate and transfer basis as contracted from the Central Government, various state Governments, Union territories etc and to develop, construct run, repair roads, highways, bridges, railways etc and other related activities. BIPL is presently in the business of real estate related activities.

Interest of our Promoters

Our Promoters, companies controlled by them and relatives of Mr. Girdhari Lal Goenka together hold 97.32% of the equity share capital of BIPL.

Change in capital structure

BIPL has issued 2200 equity shares of ₹ 10/- each at a premium of ₹ 990/- per share during the six months prior to filing this Draft Letter of Offer.

BIPL is not in similar business as that of our Company.

Beauty Builders Private Limited (BBPL)

BBPL was incorporated on April 29, 1988 as a private limited company under the Companies Act, 1956 (CIN No.U45201WB1988PTC044284). The registered office of BBPL is located at 1, British Indian Street, Kolkata - 700069. The main objects of the Memorandum of Association of BBPL provide that BBPL can inter alia undertake the business of properties and real estate related activities.

Interest of our Promoters

Our Promoters, companies controlled by them and relatives of Mr. Girdhari Lal Goenka together hold 47.33% of the equity share capital of BBPL.

Change in capital structure

BBPL has issued 550 equity shares of ₹ 100/- each at a premium of ₹ 900/- per share during the six months prior to filing this Draft Letter of Offer.

BBPL is not in similar business as that of our Company.

Beegeey Realters Private Limited (BRPL)

BRPL was incorporated on December 18, 2003 as a private limited company under the Companies Act, 1956 (CIN No. U70101WB2003PTC097452). The registered office of BRPL is located at 1 British Indian Street, Kolkata, West Bengal - 700069. The main objects of the Memorandum of Association of BRPL provide that BRPL can inter alia undertake the business of dealers, owners and investors in land, buildings etc and related activities.

Interest of our Promoters

Companies controlled by our promoters hold 23.76% of the equity share capital of BRPL.

Change in capital structure

BRPL has issued 500 equity shares of ₹ 10 each at a premium of ₹ 990 per share during the six months prior to filing this Draft Letter of Offer.

BRPL is not in similar business as that of our Company.

Cornerstone Developers Private Limited (CDPL)

CDPL was incorporated on March 12, 2007 as a private limited company under the Companies Act, 1956 (CIN No.U45200WB2007PTC114092). The registered office of CDPL is located at 1, British Indian Street, Kolkata - 700069. The main objects of the Memorandum of Association of CDPL provide that CDPL can inter alia undertake the business to purchase, lease, exchange, hire or otherwise develop or operate land, building etc and other real estate related activities.

Interest of our Promoters

Our Promoters and companies controlled by them together hold 75.68% of the equity share capital of CDPL.

Change in capital structure

There has been no change in the share capital of CDPL in the last six months prior to filing this Draft Letter of Offer.

CDPL is not in similar business as that of our Company.

Elegant Shelters Private Limited (ESPL)

ESPL was incorporated on March 28, 2007 as a private limited company under the Companies Act, 1956 (CIN No. U45400WB2007PTC114759). The registered office of ESPL is located at 18 British Indian Street, Kolkata - 700069. The main objects of the Memorandum of Association of ESPL provide that ESPL can inter alia undertake the business to purchase, lease, exchange, hire or otherwise develop operate land, building etc and related activities. ESPL is presently in the business of investment in shares

Interest of our Promoters

Our Promoters and relatives of Mr. Girdhari Lal Goenka together hold 11.76% of the equity share capital of ESPL.

Change in capital structure

There has been no change in the share capital of ESPL in the last six months prior to filing this Draft Letter of Offer.

ESPL is in similar business as that of our Company.

Fort Vanijya Private Limited (FVPL)

FVPL was incorporated on December 9, 2009 as a private limited Company under the Companies Act, 1956 (CIN No. U51101WB2009PTC140049). The registered office of FVPL is located at 22 Camac Street, 1st Floor, Kolkata - 700016. The main objects of the Memorandum of Association of FVPL provide that FVPL can inter alia undertake the business of distributors, agents, traders, merchants, contractors etc and related activities. FVPL is presently in the business of real estate related activities either on its own or through joint ventures.

Interest of our Promoters

Our Promoter, companies controlled by our promoters together hold 10.57% of the equity share capital of FVPL.

Change in capital structure

There has been no change in the share capital of FVPL in the last six months prior to filing this Draft Letter of Offer.

FVPL is not in similar business as that of our Company.

GSL Share Holdings Private Limited (GSHPL)

GSHPL was incorporated on May 3, 2011 as a private limited company under the Companies Act, 1956 (CIN No. U65929WB2011PTC162226). The registered office of GSHPL is located at 1, British Indian Street, Kolkata - 700069. The main objects of the Memorandum of Association of GSHPL provide that GSHPL can inter alia undertake the activities of Core Investment Company as defined by the Reserve Bank of India and to purchase, hold, subscribe to any securities etc issued exclusively by its group companies and to give loans advances exclusively to any of its group companies.

Interest of our Promoters

Our Promoters and relatives of Mr. Girdhari Lal Goenka together hold 100.00% of the equity share capital of GSHPL.

Change in capital structure

There has been no change in the share capital of GSHPL in the last six months prior to filing this Draft Letter of Offer.

GSHPL is in similar business as that of our Company.

Karni Apartments Private Limited (KAPL)

KAPL was incorporated on March 24, 2007 as a private limited company under the Companies Act, 1956 (CIN No. U45400WB2007PTC114569). The registered office of KAPL is located at 1, British Indian Street, Kolkata - 700069. The main objects of the Memorandum of Association of KAPL provide that KAPL can inter alia undertake the business of to purchase, lease, exchange, hire or otherwise develop operate land, building etc, real estate activities and related activities.

Interest of our Promoters

Companies controlled by our promoters hold 26.23% of the equity share capital of KAPL.

Change in capital structure

There has been no change in the share capital of KAPL in the last six months prior to filing this Draft Letter of Offer.

KAPL is not in similar business as that of our Company.

Karni Awash Private Limited (KAPL)

KAPL was incorporated on July 11, 2005 as a private limited Company under the Companies Act, 1956 (CIN No.U70101WB2005PTC104075). The registered office of KAPL is located at 1, British Indian Street, Kolkata - 700069. The main objects of the Memorandum of Association of KAPL provide that KAPL can inter alia undertake the business to purchase, lease, exchange, hire or otherwise develop operate land, building etc, real estate related activities and related activities.

Interest of our Promoters

Our Promoter and relatives of Mr. Girdhari Lal Goenka together hold 46.02% of the equity share capital of KAPL.

Change in capital structure

There has been no change in the share capital of KAPL in the last six months prior to filing this Draft Letter of Offer.

KAPL is not in similar business as that of our Company.

Karni Business Private Limited (KBPL)

KBPL was incorporated on January 19, 2006 as a private limited company under the Companies Act, 1956 (CIN No. U51909WB2006PTC107397). The registered office of KBPL is located at 18 British Indian Street, Kolkata - 700069. The main objects of the Memorandum of Association of

KBPL provide that KBPL can inter alia undertake the business as exporters, importers, sellers, buyers, traders etc of grain, pulses, oil, oil & cakes, cement etc and other related activities. KBPL is presently in the business of real estate related activities and is also engaged in investment in shares and securities.

Interest of our Promoters

Our Promoter, companies controlled by them and relatives of Mr. Girdhari Lal Goenka together hold 85.11% of the equity share capital of KBPL.

Change in capital structure

KBPL has issued 2000 equity shares of ₹ 10/- each at a premium of ₹ 990/- per share during the six months prior to filing this Draft Letter of Offer.

KBPL is not in similar business as that of our Company.

Karni Infra Holding Private Limited (KIHPL)

KIHPL was incorporated on March 28, 2011 as a private limited company under the Companies Act, 1956 (CIN No. U70102WB2011PTC161287). The registered office of KIHPL is located at 1 British Indian Street, Kolkata - 700069. The main objects of the Memorandum of Association of KIHPL provide that KIHPL can inter alia undertake the business of real estate developer, marketing agent, purchase, lease, exchange, hire or otherwise develop operate land, building etc, real estate developers and construction business and related activities.

Interest of our Promoters

Our Promoters and relatives of Mr. Girdhari Lal Goenka together hold 100% of the equity share capital of KIHPL.

Change in capital structure

There has been no change in the share capital of KIHPL in the last six months prior to filing this Draft Letter of Offer.

KIHPL is not in similar business as that of our Company.

Karni Infraprojects Private Limited (KIPPL)

KIPPL was incorporated on October 26, 2009 as a private limited company under the Companies Act, 1956 (CIN No. U45400WB2009PTC139024). The registered office of KIPPL is located at 74, Bentick Street, Kolkata - 700001. The main objects of the Memorandum of Association of KIPPL provide that KIPPL can inter alia undertake the business to purchase, lease, exchange, hire or otherwise develop operate land, building etc, real estate activities and related activities.

Interest of our Promoters

Our Promoters and relatives of Mr. Girdhari Lal Goenka together hold 4.08% of the equity share capital of KIPPL.

Change in capital structure

KIPPL has issued 25000 equity shares of ₹ 10 each at a premium of ₹ 990 per share during the six months prior to filing this Draft Letter of Offer.

KIHPL is not in similar business as that of our Company.

Karni Plaza Makers Private Limited (KPMPL)

KPMPL was incorporated on March 24, 2007 as a private limited company under the Companies Act, 1956 (CIN No. U45400WB2007PTC114567). The registered office of KPMPL is located at 1 British Indian Street, Kolkata, West Bengal - 700069. The main objects of the Memorandum of Association of KPMPL provide that KPMPL can inter alia undertake the business to purchase, lease, exchange, hire or otherwise develop operate land, building etc, real estate related activities and related activities.

Interest of our Promoters

Companies controlled by our promoters hold 95.24% of the equity share capital of KPMPL.

Change in capital structure

There has been no change in the share capital of KPML in the last six months prior to filing this Draft Letter of Offer.

KPML is not in similar business as that of our Company.

Karni Projects Private Limited (KPPL)

KPPL was incorporated on April 21, 2004 as a private limited Company under the Companies Act, 1956 (CIN No. U70101WB2004PTC098367). The registered office of KPPL is located at 1 British Indian Street, Kolkata - 700069. The main objects of the Memorandum of Association of KPPL provide that KPPL can inter alia undertake the business to purchase, lease, exchange, hire or otherwise develop operate land, building etc, real estate development and related activities. KPPL earns the rental income from the owned properties.

Interest of our Promoters

Our Promoters, companies controlled by them and relatives of Mr. Girdhari Lal Goenka together hold 71.93% of the equity share capital of KPPL.

Change in capital structure

KPPL has issued 12100 equity shares of ₹ 10/- each at a premium of ₹ 990/- per share during the six months prior to filing this Draft Letter of Offer.

KPPL is not in similar business as that of our Company.

Karni Realtors Private Limited (KRPL)

KRPL was incorporated on June 8, 2005 as a private limited company under the Companies Act, 1956 (CIN No. U70101WB2005PTC103629). The registered office of KRPL is located at 1 British Indian Street, Kolkata - 700069. The main objects of the Memorandum of Association of KRPL provide that KRPL can inter alia undertake the business of real estate related activities and investment in shares. KRPL is presently in the business of investment in shares.

Interest of our Promoters

Our Promoters and companies controlled by them together hold 75.36% of the equity share capital of KRPL.

Change in capital structure

There has been no change in the share capital of KRPL in the last six months prior to filing this Draft Letter of Offer.

KRPL is in similar business as that of our Company.

Karni Shelter Private Limited (KSPL)

KSPL was incorporated on March 28, 2007 as a private limited company under the Companies Act, 1956 (CIN No.U45400WB2007PTC114780). The registered office of KSPL is located at 209 AJC Bose Road, 3rd Floor, R. No. 109B, Kolkata - 700017. The main objects of the Memorandum of Association of KSPL provides that KSPL can inter alia undertake the business to purchase, lease, exchange, hire or otherwise develop operate land, building etc, real estate related activities and related activities. KSPL is presently in the business of investment in shares.

Interest of our Promoters:

Our Promoters and companies controlled by them together hold 98.37% of the equity share capital of KSPL.

Change in capital structure

There has been no change in the share capital of KSPL in the last six months prior to filing this Draft Letter of Offer.

KSPL is in similar business as that of our Company.

Karni Vincom Private Limited (KVPL)

KVPL was incorporated on August 24, 2007 as a private limited company under the Companies Act, 1956 (CIN No. U51909WB2007PTC118100). Vide order of the Hon'ble High Court at Calcutta

dated June 27, 2011, Liberal Comcosales Private Limited, Jackpot Distributors Private Limited, Compact Vincom Private Limited, Kalakanchan Developers Private Limited, Virdhi Vincom Private Limited, Longview Commotrade Private Limited, Phony Developers Private Limited and Rangoli Tradelinks Private Limited had amalgamated with Karni VINcom Private Limited w.e.f April 1, 2010. The registered office of KVPL is located at 18, British Indian Street, , Kolkata - 700069. The main objects of the Memorandum of Association of KVPL provide that KVPL can inter alia undertake the business as buyers, sellers, traders etc in all kinds of wood, timber and timber products, gems and jewellery etc.

Interest of our Promoters

Our Promoters, companies controlled by them and relatives of Mr. Girdhari Lal Goenka together hold 61.29% of the equity share capital of KVPL.

Change in capital structure

There has been no change in the share capital of KVPL in the last six months prior to filing this Draft Letter of Offer.

KVPL is not in similar business as that of our Company.

Raja Shelters Private Limited (RSPL)

RSPL was incorporated on February 5, 2007 as a private limited company under the Companies Act, 1956 (CIN No. U45200WB2007PTC113052). The registered office of RSPL is located at 18 British Indian Street, 3rd Floor, Room No. 305, Kolkata - 700069. The main objects of the Memorandum of Association of RSPL provide that RSPL can inter alia undertake the business to purchase, lease, exchange, hire or otherwise develop operate land, building etc, real estate activities and related activities.

Interest of our Promoters

Companies controlled by our promoters hold 10.49% of the equity share capital of RSPL.

Change in capital structure

RSPL had issued 9500 equity shares of ₹ 10/- each at a premium of ₹ 990/- during the six months prior to filing this Draft Letter of Offer.

RSPL is not in similar business as that of our Company.

Rajgaj Traders Private Limited (RTPL)

RTPL was incorporated on November 17, 1994 as a private limited Company under the Companies Act, 1956 (CIN No. U51109WB1994PTC065913). The registered office of RTPL is located at 18 British Indian Street, 3rd Floor, Room No. 303, Kolkata West Bengal - 700069. The main objects of the Memorandum of Association of RTPL provide that RTPL can inter alia undertake the business of buyers, sellers, traders, merchants, indentors etc in all kinds of rubberized cloth, food grains, dairy products etc and other related activities. RTPL is presently in the business of investment in shares and is a partner of Soham Estates, a firm engaged in the development of real estate in Mumbai. RTPL also receives rental income from renting its properties situated at 7/1A Grant lane, Kolkata - 700012

Interest of our Promoters

Our Promoters, companies controlled by them and relatives of Mr. Girdhari Lal Goenka together hold 13.57% of the equity share capital of RTPL.

Change in capital structure

RTPL has issued 80,500 equity shares of ₹ 10/- each at a premium of ₹ 990/- per share during the six months prior to filing this Draft Letter of Offer.

RTPL is not in similar business as that of our Company.

Rajnikita Builders Private Limited (RBPL)

RBPL was incorporated on September 17, 1996 as a private limited company under the Companies Act, 1956 (CIN No. U70200WB1996PTC081380). The registered office of RBPL is located at 1, British Indian Street, Kolkata - 700069. The main objects of the Memorandum of Association of RBPL provide that RBPL can inter alia undertake the business of real estate related activities.

Interest of our Promoters

Our Promoters, companies controlled by them and relatives of Mr. Girdhari Lal Goenka together hold 90.30% of the equity share capital of RBPL.

Change in capital structure

RBPL has issued 6200 equity shares of ₹10/- each at a premium of ₹ 990/- per share during the six months prior to filing this Draft Letter of Offer. The authorised share capital of RBPL was also increased from ₹ 6 lakhs to ₹ 10 lakhs during the six months prior to filing this Draft Letter of Offer.

RBPL is not in similar business as that of our Company.

Rajnikita Consultants Private Limited (RNCPL)

RNCPL was incorporated on December 13, 1996 as a private limited company under the Companies Act, 1956 (CIN No. U74140WB1996PTC082266). The registered office of RNCPL is located at 1 British Indian Street, Kolkata - 700069. The main objects of the Memorandum of Association of RNCPL provide that RNCPL can inter alia undertake the business of consultants and to advice and assist on all aspects of corporate, commercial and industrial management and other related activities.

Interest of the Promoters

Our Promoters, companies controlled by them and relatives of Mr. Girdhari Lal Goenka together hold 71.48% of the equity share capital of RNCPL.

Change in capital structure

RNCPL has issued 1000 equity shares of ₹ 10/- each at a premium of ₹ 990/- per share during the six months prior to filing this Draft Letter of Offer.

RNCPL is not in similar business as that of our Company.

Robin Properties & Investment Private Limited (RPIPL)

RPIPL was incorporated on August 7, 1992, as a private limited company under the Companies Act, 1956 (CIN No. U45201WB1992PTC056207). The registered office of RPIPL is located at 5/B/2 Satyam Towers, 3 Alipore Road, Kolkata - 700027. The main objects of the Memorandum of Association of RPIPL provide that RPIPL can inter alia undertake the business to purchase, lease, exchange, hire or otherwise develop operate land, building etc and real estate activities and related activities.

Interest of our Promoters

Our Promoters, companies controlled by them and relatives of Mr. Girdhari Lal Goenka together hold 99.58% of the equity share capital of RPIPL.

Change in capital structure

RPIPL has issued 800 equity shares of ₹ 10/- each at a premium of ₹ 990/- per share during the six months prior to filing this Draft Letter of Offer.

RPIPL is not in similar business as that of our Company.

Sri Karni Ambey Developers Private Limited (SKADPL)

SKADPL was incorporated on September 21, 1998 as a private limited company under the Companies Act, 1956 (CIN No. U70101WB1998PTC087993). The registered office of SKADPL is located at 132 M.G. Road, Kolkata - 700007. The main objects of the Memorandum of Association of SKADPL provide that SKADPL can inter alia undertake the business to purchase, lease, exchange, hire or otherwise develop operate land, building etc, real estate related activities and related activities.

Interest of our Promoters

Our Promoters, companies controlled by them and relatives of Mr. Girdhari Lal Goenka together hold 58.47% of the equity share capital of SKADPL.

Change in capital structure

There has been no change in the share capital of SKADPL in the last six months prior to filing this Draft Letter of Offer.

SKADPL is not in similar business as that of our Company.

Girdhari Lal Goenka HUF: Girdhari Lal Goenka (HUF) is a Hindu Undivided Family represented by its Karta Mr. Girdhari Lal Goenka.

The coparceners of Girdhari Lal Goenka HUF are:

Mr. Girdhari Lal Goenka
Mrs. Raj Goenka
Mr. Rajeev Goenka
Ms. Nikita Goenka

Interest of our Promoters in our Group Companies

Except to the extent of their shareholding and/or directorship, as detailed above, our Promoters have no other interest in our Group Companies.

Defunct Group Companies

Except as stated in this Draft Letter of Offer, there are no Group Companies, which had remained defunct or for which application was made to the Registrar of Companies for striking off its name, during the five years preceding the date of filing of this Draft Letter of Offer.

Group Companies with negative net worth

Except as stated in this Draft Letter of Offer, none of the Group Companies have negative Net Worth on date of end of the respective financial years audited and mentioned herein. There are no significant adverse factors in respect of the losses incurred by our Group Companies in any of the immediately preceding three years prior to the filing of this DLOO.

None of our group companies are sick companies within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and are not under the Board for Industrial and Financial Reconstruction. Further, they are not under winding up.

Interest of Group Companies in promotion of our Company

None of our Group Companies have any interest in the promotion of our Company.

Interest of Group Companies in the properties acquired by our Company in the preceding 2 years before filing the Draft Letter of Offer with SEBI or proposed to be acquired by our Company

The Group Companies do not have any interest in any property acquired by our Company in the preceding 2 years before filing the Draft Letter of Offer with SEBI or proposed to be acquired by our Company.

Outstanding Litigation

There are no outstanding litigation against our Group Companies, except as disclosed in the sections "Risk Factors" and "Outstanding Litigation and Material Developments" on page nos. ix and 132, respectively.

Previous Public Issues by Group Companies and Promise v/s Performance

None of our Group Companies have made any public issue (including any rights issue to the public) during the last three years and the equity shares of our Group Companies are not listed on any stock exchange.

Common Pursuits of our Group Companies, Subsidiaries and Associate Companies with our Company

There is no common pursuit among our Company and our Group Companies and Associate Companies except as stated below:

Name of the Concern	Nature of Main Activity	Nature of Interest
Aristro Capital Markets Limited (ACML)	To act as Stock Broker and investment in securities	Our Company holds 20.00% of the equity share capital of ACML. Our Promoters and relatives of Mr. Girdhari Lal Goenka together hold 11.11% of the equity share capital of ACML.

Girdhar Fiscal Services Private Limited (GFSPL)	GFSPL is a non-deposit taking NBFC registered with the RBI to carry on the business of non – banking financial institution under Section 45IA of the Reserve Bank of India Act, 1934.	Our Promoters, companies controlled by them and relatives of Mr. Girdhari Lal Goenka together hold 57.90% of the equity share capital of GFSPL.
Elegant Shelters Private Limited (ESPL)	The main business of ESPL is presently in investment in shares.	Our Promoters and relatives of Mr. Girdhari Lal Goenka together hold 11.76% of the equity share capital of ESPL.
GSL Share Holdings Private Limited (GSHPL)	The main business of the Memorandum of Association of GSHPL provide that GSHPL can undertake the activities of Core Investment Company as defined by the Reserve Bank of India and to purchase, hold, subscribe to any securities etc issued exclusively by its group companies and to give loans advances exclusively to any of its group companies.	Our Promoters and relatives of Mr. Girdhari Lal Goenka together hold 100.00% of the equity share capital of GSHPL.
Karni Realtors Private Limited (KRPL)	The main business of KRPL is presently in investment in shares.	Our Promoters and companies controlled by them together hold 75.36% of the equity share capital of KRPL.
Karni Shelter Private Limited (KSPL)	KSPL is presently in the business of investment in shares.	Our Promoters and companies controlled by them together hold 98.37% of the equity share capital of KSPL.
Aristro Fincorp Private Limited (AFPL)	AFPL is a non-deposit taking NBFC registered with the RBI to carry on the business of non – banking financial institution under Section 45IA of the Reserve Bank of India Act, 1934	AFPL is an associate Company and our Company, holds 33.67% of the equity share capital of AFPL

Related Business Transactions within the Group Companies and Significance on the Financial Performance of our Company

For details of the related party transactions, see “Related Party Transactions” forming part of the “Financial Statements” beginning on page no. F-33.

Sales or purchases between Group Companies, Subsidiaries` and Associate Companies exceeding 10% in aggregate of the total sales or purchases of our Company

There have been no sales or purchases between the Group Companies and Associate Companies, where the sales or purchases exceed in value in the aggregate ten per cent of the total sales or purchases of our Company except as disclosed in “Related Party Transactions” in the section titled “Financial Statements” beginning on page no. F-33 of this Draft Letter of Offer.

Payment of amount or benefits to our Group Companies during the last two years

Except as disclosed in the section “Financial Statements – Related Party Transactions” beginning on page no. F-33, no amount or benefits were paid or were intended to be paid to our Group Companies during the two years preceding the date of filing of this Draft Letter of Offer with SEBI.

Interest of Group Companies in any transaction by our Company

Except as disclosed in the section “Financial Statements – Related Party Transactions” beginning on page no. F-33, none of our Group Companies were interested in any transaction by our Company.

Business interests of our Group Companies, Subsidiaries and Associate Companies in our Company

Except as disclosed in the section “Financial Statements – Related Party Transactions” beginning on page no. F-33 of this Draft Letter of Offer, none of our Group Companies and associate companies have any business interest in our Company.

Shareholding of our Group Companies in our Company

None of our Group Companies hold any shares in our Company except as stated below:

Name of Group Company	Number of Shares	% of Holding
Rajgaj Traders Pvt Ltd.	15,00,000	3.90
Girdhar Fiscal Services Pvt Ltd	15,00,000	3.90

RELATED PARTY TRANSACTIONS

For details on related party transactions of our Company, see the section titled "Financial Statements" on page no. F-33.

CURRENCY OF PRESENTATION

In this Draft Letter of Offer, all references to "Rupees" and "₹" and "Indian Rupees" are to the legal currency of the Republic of India.

DIVIDEND POLICY

Dividends, other than interim dividends, if any, will be declared at the Annual General Meetings of the shareholders of our Company based on the recommendation of the Board of Directors. The Board may, at its discretion, recommend dividend to be paid to the shareholders. Generally, the factors that may be considered by the Board of Directors before making any recommendations for dividend include, but not limited to, the future expansion plans and capital requirements, profits earned during the fiscal year, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions. The Board of Directors may also, from time to time, pay interim dividends to the shareholders of our Company.

Our Company has declared interim dividend for the financial year 2011-12 @ ₹ 0.40 per share on face value of ₹ 10/- i.e. 4% on Equity Share.

Our Company has declared interim dividend for the financial year 2012-13 @ ₹ 0.20 per share on face value of ₹ 5/- i.e. 4% on Equity Share. The above is not necessarily indicative of the dividend amounts, if any, or the dividend policy, for the future.

SECTION VI: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Page No.
1	Auditors' Report dated July 25, 2012 on the restated audited financial statements of our Company	F1 - F104

AUDITORS' REPORT

The Board of Directors,
Golden Goenka Fincorp Limited,
(formerly Golden Securities Limited),
1st, British Indian Street,
1st Floor, Room No.B-10,
Kolkata - 700069

Dear Sirs,

Re: Proposed Issue by Golden Goenka Fincorp Limited (formerly Golden Securities Limited) (the "Company") of Equity Shares with a face value of ₹ 5 each for cash at a premium of ₹ [●] each per share (the "securities") for an amount not exceeding ₹ 131 crores (the "Offer Limit") on a rights basis to the existing shareholders of the Company in the ratio of [●] equity share(s) for every [●] fully paid up equity share(s) held by the existing equity shareholders on the record date that is on [●](the "Issue")

1. We have examined the financial information of Golden Goenka Fincorp Limited (formerly Golden Securities Limited) (the "Company"), as approved by the Board of Directors of the Company, annexed to this report and initialled by us for identification purposes only. The said financial information has been prepared by the Company in accordance with the requirements of Paragraph B of Part II of Schedule II to the Companies Act, 1956 (the "Act"), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI Regulations") as amended up to date, issued by the Securities and Exchange Board of India and the terms of our engagement with you in accordance with our engagement letter dated June 04, 2012 in connection with the Proposed Issue of Equity Shares of the Company.

2. Financial Information as per Audited Financial Statements

We have examined the attached 'Statement of Assets and Liabilities- Restated' of the Company as at March 31, 2012, 2011, 2010, 2009 and 2008 (Annexure I), 'Statement of Profit and Loss- Restated' of the Company for each of the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 (Annexure II) and 'Statement of Cash Flow - Restated' of the Company for each of the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 (Annexure III), collectively referred to as 'Standalone Financial Information'. The Standalone Financial Information is to be read in conjunction with the "Notes to Financial Statements - Restated", "Significant Accounting Policies - Restated" and "Other Notes to Financial Statements - Restated" given in Annexure IV, V and VI respectively to this report. The Standalone Financial Information have been extracted by the Management from the audited financial statements of the Company. The financial statements of the Company for the financial year ended March 31, 2012 have been audited by us and approved by the Board of Directors of the Company. The financial statements of the Company for the financial years ended March 31, 2011, 2010, 2009 and 2008 have been audited by one of us (i.e. Vasudeo & Associates) and adopted by the members, and accordingly reliance has been placed by us on such financial information for the said years. The financial information included for these years, i.e. year ended March 31, 2011, 2010, 2009 and 2008 are based solely on the report submitted by one of us (i.e. Vasudeo & Associates) who have also confirmed that the restated financial information has been made after incorporating:

i. Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods as given in 'Statement of Adjustments and Regrouping' (Annexure VII).

- ii. Regrouping, wherever necessary, to conform to the classification adopted for the Standalone Financial Information as given in ‘Statement of Adjustments and Regrouping’ (Annexure VII).
 - iii. Adjustments for the material amounts in the respective financial years to which they relate as given in ‘Statement of Adjustments and Regrouping’ (Annexure VII).
 - iv. There are no extraordinary items that need to be disclosed separately in the Standalone Financial Information.
 - v. There is no qualification in the auditors’ report on the Standalone Financial Statements for each of the financial years ended March 31, 2011, 2010, 2009 and 2008 which requires adjustments to the Standalone Financial Information.
 - vi. There are no revaluation reserves which need to be disclosed separately in the Standalone Financial Information in the respective financial year.
3. In accordance with the requirements of Paragraph B of Part II of Schedule II to the Act, the SEBI Regulations, the Guidance note on “Reports in Company Prospectuses (Revised)” issued by the Institute of Chartered Accountants of India to the extent applicable, as amended from time to time and the terms of our engagement with you, we further report that:
- (a) The ‘Statement of Assets and Liabilities - Restated’ of the Company, as at March 31, 2011, 2010, 2009 and 2008 examined and reported by one of us (i.e. Vasudeo & Associates), on which reliance has been placed by us and as at March 31, 2012 examined by us, as set out in Annexure I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in ‘Statement of Adjustments and Regrouping’ as set out in Annexure VII.
 - (b) The “Statement of Profit and Loss - Restated” of the Company, for the financial year ended March 31, 2011, 2010, 2009 and 2008 examined and reported by one of us (i.e. Vasudeo & Associates), on which reliance has been placed by us and as at March 31, 2012 examined by us, as set out in Annexure II to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in ‘Statement of Adjustments and Regrouping’ as set out in Annexure VII.
 - (c) Based on above and the reliance placed on the reports submitted by one of us (i.e. Vasudeo & Associates) as mentioned in paragraph 2 aforesaid, we are of the following opinion in respect of the restated financial information :
 - (i) Adjustments have been incorporated for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods as given in ‘Statement of Adjustments and Regrouping’ (Annexure VII).
 - (ii) Regrouping has been done, wherever necessary, to conform to the classification adopted for the Standalone Financial Information as given in ‘Statement of Adjustments and Regrouping’ (Annexure VII).
 - (iii) Adjustments have been incorporated for the material amounts in the respective financial years to which they relate as given in ‘Statement of Adjustments and Regrouping’ (Annexure VII).
 - (iv) There are no extraordinary items that need to be disclosed separately in the Standalone Financial Information.
 - (v) There is no qualification in the auditors’ report on the Standalone Financial Statements for each of the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 that requires adjustments to the Standalone Financial Information.

(vi) There are no revaluation reserves which need to be disclosed separately in the Standalone Financial Information in the respective financial year.

4. We have also examined the following other financial information relating to the Company, set out in Annexure prepared by the management and approved by the Board of Directors for the year ended March 31, 2012. In respect of financial years ended March 31, 2011, 2010, 2009 and 2008, information have been included based upon the reports submitted by one of us (i.e. Vasudeo & Associates):

- (i) Statement of Dividend Declared- Restated, as per Annexure VIII.
- (ii) Statement of Accounting Ratios- Restated, as per Annexure IX.
- (iii) Capitalisation Statement as at 31st March, 2012 as per Annexure X.
- (iv) Statement of Secured and Unsecured Loans- Restated, as per Annexure XI.
- (v) Statement of Tax Shelter- Restated, as per Annexure XII.

In our opinion, the above Standalone Financial Information, read alongwith the “Notes to Financial Statements - Restated”, “Significant Accounting Policies - Restated” and “Other Notes to Financial Statements - Restated” given in Annexure IV, V and VI respectively and other financial information contained in Annexure VIII to XII to this report are prepared after making adjustments and regrouping as considered appropriate and has been prepared in accordance with the requirements of Paragraph B of Part II of Schedule II to the Act, the SEBI Regulations, the Guidance note on “Reports in Company Prospectuses (Revised)” issued by the Institute of Chartered Accountants of India to the extent applicable, as amended from time to time and the terms of our engagement with you.

- 5. We have no responsibility to update our report for events and circumstances occurring after the date of this report.
- 6. This report should not in anyway be construed as a reissuance or redating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.
- 7. Our report is intended solely for use of the management and for inclusion in the Draft Letter of Offer in connection with the proposed rights issue of equity shares of the Company. Our report should not be used for any other purpose except with our consent in writing.

For **Haribhakti & Co.**
Chartered Accountants
(Firm’s Registration No. 103523W)

For **Vasudeo & Associates**
Chartered Accountants
(Firm’s Registration No.319299E)

Anand Kumar Jhunjunwala
Partner
Membership No. 056613

V.D. Agarwal
Partner
Membership No. 054784

Place: Kolkata
Date: 25/07/2012

Place: Kolkata
Date: 25/07/2012

GOLDEN GOENKA FINCORP LIMITED
(formerly Golden Securities Limited)
Statement of Assets and Liabilities - Restated, As Audited

Annexure I

(₹ in Lakhs)

Note	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
(1) Non-Current Assets					
(a) Fixed Assets	1				
Gross Block	24.62	9.60	98.61	98.61	98.61
Less: Depreciation	6.01	4.47	42.39	42.36	42.32
Net Block	18.61	5.13	56.22	56.25	56.29
(b) Non-Current Investments	2	453.55	2.78	10.00	121.00
(c) Deferred Tax Assets (Net)	3	2.33	-	-	-
(d) Long-Term Loans and Advances	4	2,175.03	100.19	118.18	55.82
		2,649.52	108.10	184.40	233.11
(2) Current Assets					
(a) Current Investments	5	600.00	-	-	-
(b) Stock for Trade	6	1,021.27	319.20	60.17	36.24
(c) Trade Receivables	7	475.31	58.50	40.20	40.61
(d) Cash and Bank Balances	8	270.93	38.44	31.11	39.74
(e) Short-Term Loans and Advances	9	3,459.37	6.34	28.59	33.54
(f) Other Current Assets	10	78.97	-	-	0.16
		5,905.85	422.48	160.07	150.56
(3) Non-Current Liabilities					
(a) Long-Term Borrowings	11	5,000.00	-	-	-
(b) Deferred Tax Liabilities (Net)	12	-	-	0.01	0.01
(c) Other Long-Term Liabilities	13	3.42	-	10.44	10.44
(d) Long-Term Provisions	14	17.00	0.25	52.94	48.80
		5,020.42	0.25	63.39	67.02
(4) Current Liabilities					
(a) Short-Term Borrowings	15	650.00	-	-	-
(b) Other Current Liabilities	16	27.64	5.03	0.27	0.28
(c) Short-Term Provisions	17	0.05	-	0.11	-
		677.69	5.03	0.38	0.28
(5) Share application money pending allotment		-	200.00	-	-
(6) Net Worth (1+2-3-4-5)		2,857.26	325.30	280.70	278.35
		2,857.26	325.30	280.70	316.37

Statement of Assets and Liabilities ,Restated, As Audited

(₹ in Lakhs)

Note	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
(7) Net Worth Represented by Shareholders' Funds					
Share Capital	18	1,700.02	300.02	299.99	299.99
Reserves and Surplus	19	1,157.24	25.28	(19.29)	(21.64)
		2,857.26	325.30	280.70	278.35
		2,857.26	325.30	280.70	316.37

GOLDEN GOENKA FINCORP LIMITED
(formerly Golden Securities Limited)
Statement of Profit and Loss -Restated, As Audited

Annexure II

(₹ in Lakhs)

	Note	Year ended 31st March, 2012	Year ended 31st March, 2011	Year ended 31st March, 2010	Year ended 31st March, 2009	Year ended 31st March, 2008
INCOME						
Revenue From Operations	20	9,584.87	443.18	1,113.99	252.06	428.15
Other Income	21	16.01	0.08	0.69	3.05	0.67
Changes in Stock-for-Trade		702.07	259.01	15.51	8.42	(13.44)
		10,302.95	702.27	1,130.19	263.53	415.38
EXPENSES						
Purchases of Shares, Mutual Fund & Commodities		9,849.00	680.02	1,111.10	286.68	378.11
Employees Benefits Expenses	22	44.41	5.08	4.28	3.45	3.35
Finance Cost	23	190.95	-	-	-	-
Depreciation and Amortisation Expense	1	1.54	0.69	0.03	0.04	0.07
Other Expenses	24	83.88	18.49	5.13	6.64	16.52
		10,169.78	704.28	1,120.54	296.81	398.05
PROFIT BEFORE BAD DEBTS, PROVISIONS,TAX AND EXTRAORDINARY ITEMS						
		133.17	(2.01)	9.65	(33.28)	17.33
Bad Debts		-	6.13	-	-	-
Contingent Provisions against Standard Assets		13.52	0.25	-	-	-
Provision for Non-Performing Assets		-	(52.94)	4.15	(0.83)	(20.89)
		13.52	(46.56)	4.15	(0.83)	(20.89)
PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS						
		119.65	44.55	5.50	(32.45)	38.22
Tax Expense:						
Current tax		28.95	-	1.40	0.03	5.90
MAT Credit Entitlement		(1.39)	-	-	-	-
Income-tax for earlier years		-	-	1.74	5.54	-
Deferred Tax Charge / (Credit)		(2.33)	(0.01)	-	-	2.88
		25.23	(0.01)	3.14	5.57	8.78
PROFIT BEFORE EXTRAORDINARY ITEMS						
		94.42	44.56	2.36	(38.02)	29.44
Extraordinary Items		-	-	-	-	-
		94.42	44.56	2.36	(38.02)	29.44
Earnings per equity share (Basic and Diluted) (in ₹) (par value ₹ 10/- per Equity Share)		0.62	1.49	0.08	(1.27)	0.98

GOLDEN GOENKA FINCORP LIMITED
(formerly Golden Securities Limited)
Statement of Cash Flow - Restated

Annexure III

(₹ in Lakhs)

	Year ended 31st March, 2012	Year ended 31st March, 2011	Year ended 31st March, 2010	Year ended 31st March, 2009	Year ended 31st March, 2008
A. Cash Flow from Operating Activities					
Net Profit Before Tax	119.65	44.55	5.50	(32.45)	38.22
Adjustments for:					
Depreciation and Amortisation	1.54	0.69	0.03	0.04	0.07
Provision for Diminution in value of the Long term investments	2.22	-	-	-	-
Contingent Provisions against Standard Assets	13.52	0.25	-	-	-
Provision for Non-Performing Assets	-	(52.94)	4.15	(0.83)	(20.89)
Profit on sale of Investments (Net)	(7.39)	(3.27)	-	(2.42)	(0.33)
Dividend income	(0.02)	(0.08)	-	-	-
Interest income on Fixed Deposits	-	-	-	(0.42)	-
Interest Income on Investment in Bond	(3.63)	-	-	-	-
Liabilities No Longer Required written back	(0.01)	-	-	-	-
Loss on valuation of Stock for Trade	166.54	16.32	0.80	17.49	6.88
Operating Profit before Working Capital changes	292.42	5.52	10.48	(18.59)	23.95
Adjustment for:					
Increase / (Decrease) in Liabilities and Provisions	20.51	(5.73)	0.02	(0.04)	0.10
Decrease/(Increase) in Trade Receivables	(416.81)	(18.29)	(7.23)	0.80	24.83
Decrease/(Increase) in Stock for Trade	(868.62)	(275.35)	(16.30)	(25.91)	6.56
Decrease / (Increase) in Loans and Advances/ Other Assets	(5,577.21)	34.54	(27.86)	(36.04)	30.44
Cash Generated from / (used in) Operations	(6,549.71)	(259.31)	(40.89)	(79.78)	85.88
Taxes paid (Net of refunds)	(57.19)	(1.32)	(0.51)	(1.29)	(3.75)
Net Cash (Used in) / Generated by Operating Activities	(6,606.90)	(260.63)	(41.40)	(81.07)	82.13
B. Cash Flows from Investing Activities					
Purchase of Fixed Assets	(14.97)	(5.60)	-	-	-
Proceeds from Sale of Fixed Assets	-	62.95	-	-	-
Purchase of Investments	(1,130.74)	(2.77)	-	(50.00)	(110.00)
Interest received on Bond	3.63	-	-	-	-
Interest received on Fixed Deposits	-	-	-	0.42	-
Proceeds from Sale of Investments	85.12	13.27	-	163.42	1.33
Dividend Received	0.02	0.08	-	-	-
Net Cash (Used in)/ Generated by Investing Activities	(1,056.94)	67.93	-	113.84	(108.67)
C. Cash Flows from Financing Activities					
Share Application money received	-	400.00	-	-	-
Share Application money refunded	-	(200.00)	-	-	-
Calls in arrears received	-	0.03	-	-	-
Proceeds from Issuance of Share Capital	2,320.00	-	-	-	-
Proceeds from issue of Secured Redeemable Non-Convertible Debentures	5,000.00	-	-	-	-
Proceeds from Unsecured Long-Term Borrowings	650.00	-	-	-	-
Interim Dividends Paid on Equity Shares	(62.64)	-	-	-	-
Corporate Dividend Tax Paid	(11.03)	-	-	-	-
Net Cash (Used in)/ Generated by Financing Activities	7,896.33	200.03	-	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	232.49	7.33	(41.40)	32.77	(26.54)
Cash and Cash Equivalents at the beginning of the year	38.44	31.11	72.51	39.74	66.28
Cash and Cash Equivalents at the end of the year	270.93	38.44	31.11	72.51	39.74
Cash and Cash Equivalents are represented by:					
Cash on hand	20.23	3.39	2.06	2.29	2.12
In Current Accounts	245.35	35.05	28.89	70.22	37.62
In Unclaimed Dividend Account	5.35	-	-	-	-
Cheques on Hand	-	-	0.16	-	-
Total	270.93	38.44	31.11	72.51	39.74

GOLDEN GOENKA FINCORP LIMITED
(formerly Golden Securities Limited)

Notes to Financial Statements - Restated

Annexure IV

1 Fixed Assets

Particulars	(₹ in Lakhs)				
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Gross Block/ Original Cost :					
Opening					
Tangible Assets :					
Assets for Own Use					
Land-Freehold	-	-	-	-	-
Air-conditioner	1.27	1.04	1.04	1.04	1.04
Office Equipment	0.68	0.68	0.68	0.68	0.68
Furniture & Fixtures	0.35	0.35	0.35	0.35	0.35
Motor Vehicles	5.37	-	-	-	-
Computers	1.93	1.93	1.93	1.93	1.93
Assets on Lease					
Plant & Machinery	-	94.61	94.61	94.61	94.61
	<u>9.60</u>	<u>98.61</u>	<u>98.61</u>	<u>98.61</u>	<u>98.61</u>
Additions/ adjustments during the year					
Tangible Assets :					
Assets for Own Use					
Land-Freehold	11.89	-	-	-	-
Air-conditioner	-	0.23	-	-	-
Office Equipment	1.02	-	-	-	-
Furniture & Fixtures	-	-	-	-	-
Motor Vehicles	-	5.37	-	-	-
Computers	2.11	-	-	-	-
Assets on Lease					
Plant & Machinery	-	-	-	-	-
	<u>15.02</u>	<u>5.60</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disposals/adjustments during the year					
Tangible Assets :					
Assets for Own Use					
Land-Freehold	-	-	-	-	-
Air-conditioner	-	-	-	-	-
Office Equipment	-	-	-	-	-
Furniture & Fixtures	-	-	-	-	-
Motor Vehicles	-	-	-	-	-
Computers	-	-	-	-	-
Assets on Lease					
Plant & Machinery	-	94.61	-	-	-
	<u>-</u>	<u>94.61</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing					
Tangible Assets :					
Assets for Own Use					
Land-Freehold	11.89	-	-	-	-
Air-conditioner	1.27	1.27	1.04	1.04	1.04
Office Equipment	1.70	0.68	0.68	0.68	0.68
Furniture & Fixtures	0.35	0.35	0.35	0.35	0.35
Motor Vehicles	5.37	5.37	-	-	-
Computers	4.04	1.93	1.93	1.93	1.93
Assets on Lease					
Plant & Machinery	-	-	94.61	94.61	94.61
	<u>24.62</u>	<u>9.60</u>	<u>98.61</u>	<u>98.61</u>	<u>98.61</u>

Particulars	(₹ in Lakhs)				
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Depreciation/ Amortisation and Impairment:					
Opening					
Tangible Assets :					
Assets for Own Use					
Land-Freehold	-	-	-	-	-
Air-conditioner	0.96	0.93	0.91	0.89	0.86
Office Equipment	0.67	0.59	0.58	0.57	0.55
Furniture & Fixtures	0.35	0.33	0.33	0.33	0.32
Motor Vehicles	0.56	-	-	-	-
Computers	1.93	1.93	1.93	1.92	1.91
Assets on Lease					
Plant & Machinery	-	38.61	38.61	38.61	38.61
	<u>4.47</u>	<u>42.39</u>	<u>42.36</u>	<u>42.32</u>	<u>42.25</u>
For the year					
Tangible Assets :					
Assets for Own Use					
Land-Freehold	-	-	-	-	-
Air-conditioner	0.04	0.03	0.02	0.02	0.03
Office Equipment	0.07	0.08	0.01	0.01	0.02
Furniture & Fixtures	-	0.02	-	-	0.01
Motor Vehicles	1.25	0.56	-	-	-
Computers	0.18	-	-	0.01	0.01
Assets on Lease					
Plant & Machinery	-	-	-	-	-
	<u>1.54</u>	<u>0.69</u>	<u>0.03</u>	<u>0.04</u>	<u>0.07</u>

GOLDEN GOENKA FINCORP LIMITED
(formerly Golden Securities Limited)

Notes to Financial Statements - Restated

Annexure IV

Deductions / adjustments during the year					
Tangible Assets :					
Assets for Own Use					
Land-Freehold	-	-	-	-	-
Air-conditioner	-	-	-	-	-
Office Equipment	-	-	-	-	-
Furniture & Fixtures	-	-	-	-	-
Motor Vehicles	-	-	-	-	-
Computers	-	-	-	-	-
Assets on Lease					
Plant & Machinery	-	38.61	-	-	-
	-	38.61	-	-	-
Closing					
Tangible Assets :					
Assets for Own Use					
Land-Freehold	-	-	-	-	-
Air-conditioner	1.00	0.96	0.93	0.91	0.89
Office Equipment	0.74	0.67	0.59	0.58	0.57
Furniture & Fixtures	0.35	0.35	0.33	0.33	0.33
Motor Vehicles	1.81	0.56	-	-	-
Computers	2.11	1.93	1.93	1.93	1.92
Assets on Lease					
Plant & Machinery	-	-	38.61	38.61	38.61
	6.01	4.47	42.39	42.36	42.32
Net Carrying Value					
Tangible Assets :					
Assets for Own Use					
Land-Freehold	11.89	-	-	-	-
Air-conditioner	0.28	0.31	0.11	0.13	0.15
Office Equipment	0.95	-	0.08	0.10	0.11
Furniture & Fixtures	-	-	0.02	0.02	0.02
Motor Vehicles	3.57	4.81	-	-	-
Computers	1.92	0.01	0.01	0.01	0.01
Assets on Lease					
Plant & Machinery	-	-	56.00	56.00	56.00
	18.61	5.13	56.22	56.26	56.29

GOLDEN GOENKA FINCORP LIMITED
(formerly Golden Securities Limited)

Notes to Financial Statements - Restated

Annexure IV (continued)

2 Non-Current Investments

(₹ in Lakhs)

Particulars	As at	As at	As at	As at	As at
	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Trade Investments (at Cost unless otherwise stated)					
In Equity instruments - Unquoted					
In Subsidiary Companies					
10,000 equity shares of ₹ 10/- each in Golden Goenka Financial Advisors Private Limited	1.00	-	-	-	-
10,000 equity shares of ₹ 10/- each in Golden Goenka Management Consultancy Services Private Limited	1.00	-	-	-	-
10,000 equity shares of ₹ 10/- each in Golden Goenka Properties & Construction Private Limited	1.00	-	-	-	-
In Associate Companies					
90,000 equity shares of ₹ 10/- each in Aristro Capital Markets Private Limited	450.00	-	-	-	-
In other Company					
10,000 equity shares of ₹ 10/- each in Satellite Mercantiles Private Limited	-	-	10.00	10.00	10.00
Other Investments (at Cost unless otherwise stated)					
In Equity instruments - Quoted					
2,354 , equity shares of ₹ 10/- each in Microsec Financial Services Limited [Net of provision for other than temporary diminution aggregating ₹ 222,453]	0.55	2.78	-	-	-
In Mutual Fund Units - Quoted					
568,180.716 units in Reliance Liquid Fund	-	-	-	-	110.00
10,000 units in Reliance Long Term Equity Fund	-	-	-	-	1.00
	453.55	2.78	10.00	10.00	121.00
Aggregate amount of quoted non-current investments	2.78	2.78	-	-	111.00
Aggregate market value of quoted non-current investments	0.55	0.97	-	-	-
Aggregate amount of unquoted non-current investments	453.00	-	10.00	10.00	10.00
Provision for diminution in the value of Non-current Investments	2.22	-	-	-	-
All Investments mentioned above are fully paid-up.					

3 Deferred Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at	As at	As at	As at	As at
	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Deferred tax assets					
Depreciation on Fixed asset	0.03	-	-	-	-
Disallowance under Section 43 B	1.06	-	-	-	-
Others	4.47	-	-	-	-
	5.56	-	-	-	-
Deferred tax liabilities					
Debenture issue expenses	(3.23)	-	-	-	-
	2.33	-	-	-	-

4 Long-Term Loans and Advances

(₹ in Lakhs)

Particulars	As at	As at	As at	As at	As at
	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Secured, considered good					
Loan Assets					
- Others	-	-	-	-	2.70
Unsecured, considered good					
Loan Assets					
- To related parties	250.00	-	-	-	-
- Others	1,915.00	100.19	85.00	55.00	19.00
	2,165.00	100.19	85.00	55.00	21.70
Unsecured, considered Doubtful					
Loan Assets					
- Others	-	-	33.18	33.18	34.12
	-	-	33.18	33.18	34.12
Unsecured, considered good					
Security deposits					
Other Loans and advances	2.08	-	-	-	-
- Prepaid expenses	7.95	-	-	-	-
	10.03	-	-	-	-
	2,175.03	100.19	118.18	88.18	55.82

GOLDEN GOENKA FINCORP LIMITED
(formerly Golden Securities Limited)

Notes to Financial Statements - Restated

Annexure IV (continued)

5 Current Investments

Particulars	(₹ in Lakhs)				
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Trade Investments (at lower of cost or Market Price)					
In Equity instruments - Unquoted, Fully paid-up In Associate Company 1,200,000 equity shares of ₹ 10/- each in S2 Capital Services Private Limited	600.00	-	-	-	-
	<u>600.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Aggregate amount of unquoted current investments	600.00	-	-	-	-

6 Stock for Trade

Particulars	(₹ in Lakhs)				
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Stock for Trade (At lower of cost and net realisable value)	1,021.27	319.20	60.17	44.67	36.24
	<u>1,021.27</u>	<u>319.20</u>	<u>60.17</u>	<u>44.67</u>	<u>36.24</u>

7 Trade Receivables

Particulars	(₹ in Lakhs)				
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Unsecured, considered good					
Debts due for a period exceeding six months -Considered good	-	-	30.20	30.20	37.04
Other Debts -Considered good	475.31	58.50	10.00	2.77	3.57
	<u>475.31</u>	<u>58.50</u>	<u>40.20</u>	<u>32.97</u>	<u>40.61</u>
Trade Receivable stated above include debts due by Private Company in which director is a member:					
-Aristro Capital Market Private Limited	466.71	58.50	-	-	-
-Mehra Capital Markets Limited	-	-	-	2.77	-

8 Cash and Bank Balances

Particulars	(₹ in Lakhs)				
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Cash on Hand	20.23	3.39	2.06	2.29	2.12
Balances with Banks					
-In Current Account	245.35	35.05	28.89	70.22	37.62
-In Unclaimed Dividend Account	5.35	-	-	-	-
Cheques on Hand	-	-	0.16	-	-
	<u>270.93</u>	<u>38.44</u>	<u>31.11</u>	<u>72.51</u>	<u>39.74</u>

9 Short-Term Loans and Advances

Particulars	(₹ in Lakhs)				
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Loan Assets					
Secured, Considered good					
Loan Assets - Others	1,023.00	-	-	-	-
Unsecured, Considered good					
Loan Assets - Others	2,320.00	-	20.00	28.00	23.50
	<u>3,343.00</u>	<u>-</u>	<u>20.00</u>	<u>28.00</u>	<u>23.50</u>
Interest accrued and due on Loan Assets	64.19	-	7.25	0.13	1.67
Other Loans and advances					
-Other deposits	15.89	4.38	0.84	4.41	6.67
- Advances for rendering of services	-	-	0.50	1.00	1.00
-Service tax receivable	2.52	-	-	-	-
-Prepaid expenses	2.18	-	-	-	-
-MAT credit entitlement	1.39	-	-	-	-
-Advance tax and Tax Deducted At Source, (Net of Provision for Tax)	30.20	1.96	-	-	0.97
	<u>3,459.37</u>	<u>6.34</u>	<u>28.59</u>	<u>33.54</u>	<u>33.81</u>

10 Other Current Assets

Particulars	(₹ in Lakhs)				
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Interest accrued but not due	78.97	-	-	0.77	0.16
	<u>78.97</u>	<u>-</u>	<u>-</u>	<u>0.77</u>	<u>0.16</u>

GOLDEN GOENKA FINCORP LIMITED
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Notes to Financial Statements - Restated

Annexure IV (continued)

Particulars	As at 31st March, 2012		As at 31st March, 2011		As at 31st March, 2010		As at 31st March, 2009		As at 31st March, 2008	
	As at 31st March, 2012	No. of shares	As at 31st March, 2011	No. of shares	As at 31st March, 2010	No. of shares	As at 31st March, 2009	No. of shares	As at 31st March, 2008	No. of shares
11 Long-Term Borrowings										
<i>Secured</i>										
Redeemable Non-Convertible Debentures	5,000,000		5,000,000		-		-		-	
12.75% Debentures of ₹ 1,000/- each	<u>5,000,000</u>		<u>5,000,000</u>		-		-		-	
Note:										
(a) During the Financial Year 2011-12, 500,000, 12.75% Redeemable Non-Convertible Debentures (NCDs) of the face value of ₹ 1,000/- each aggregating to ₹ 500,000,000 were issued and allotted on private placement basis.										
(b) The NCDs are redeemable at the end of 5 years from date of allotment i.e. 7th March, 2012) at a premium of 5% of the face value. Interest on these debentures is payable semi-annually on 1st April and 1st October (except in case of first interest payment, being paid on 31st March, 2012). These debentures were listed as CARB BB (-).										
(c) The NCDs are secured by mortgage over the Company's immovable property located in Gujarat and by hypothecation of stock and trade receivable/debts both as agreed between the Company and the Trustee for the Debenture Holders.										

12 Deferred Tax Liabilities (Net)

Particulars	As at 31st March, 2012		As at 31st March, 2011		As at 31st March, 2010		As at 31st March, 2009		As at 31st March, 2008	
	As at 31st March, 2012	(₹ in Lakhs)	As at 31st March, 2011	(₹ in Lakhs)	As at 31st March, 2010	(₹ in Lakhs)	As at 31st March, 2009	(₹ in Lakhs)	As at 31st March, 2008	(₹ in Lakhs)
Deferred tax Liabilities										
Depreciation on Fixed asset	-		-		0.01		0.01		0.01	
	-		-		<u>0.01</u>		<u>0.01</u>		<u>0.01</u>	

13 Other Long Term Liabilities

Particulars	As at 31st March, 2012		As at 31st March, 2011		As at 31st March, 2010		As at 31st March, 2009		As at 31st March, 2008	
	As at 31st March, 2012	(₹ in Lakhs)	As at 31st March, 2011	(₹ in Lakhs)	As at 31st March, 2010	(₹ in Lakhs)	As at 31st March, 2009	(₹ in Lakhs)	As at 31st March, 2008	(₹ in Lakhs)
Premium payable on redemption of Redeemable Non-Convertible Debentures	3.42		-		-		-		-	
Security Deposit	<u>3.42</u>		<u>10.44</u>		<u>10.44</u>		<u>10.44</u>		<u>10.44</u>	

14 Long-Term Provisions

Particulars	As at 31st March, 2012		As at 31st March, 2011		As at 31st March, 2010		As at 31st March, 2009		As at 31st March, 2008	
	As at 31st March, 2012	(₹ in Lakhs)	As at 31st March, 2011	(₹ in Lakhs)	As at 31st March, 2010	(₹ in Lakhs)	As at 31st March, 2009	(₹ in Lakhs)	As at 31st March, 2008	(₹ in Lakhs)
Provision for Employees Benefits (Non-Current Portion)										
-Gratuity	3.01		-		-		-		-	
-Leave Encashment	0.22		-		-		-		-	
Others										
Provision for Non-Performing Asset	13.77		0.25		52.94		48.80		56.57	
Contingent Provisions against Standard Assets	<u>17.00</u>		<u>0.25</u>		<u>52.94</u>		<u>48.80</u>		<u>56.57</u>	

15 Short-Term Borrowings

Particulars	As at 31st March, 2012		As at 31st March, 2011		As at 31st March, 2010		As at 31st March, 2009		As at 31st March, 2008	
	As at 31st March, 2012	(₹ in Lakhs)	As at 31st March, 2011	(₹ in Lakhs)	As at 31st March, 2010	(₹ in Lakhs)	As at 31st March, 2009	(₹ in Lakhs)	As at 31st March, 2008	(₹ in Lakhs)
Unsecured										
Loans and advances from related parties	650.00		-		-		-		-	
	<u>650.00</u>		-		-		-		-	

GOLDEN GOENKA FINCORP LIMITED
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Notes to Financial Statements - Restated
16 Other Current Liabilities

Annexure IV (continued)

Particulars	As at		As at		As at		As at	
	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008
Unclaimed dividend	5.36	-	-	-	-	-	-	-
Interest accrued and due on borrowings	1.27	-	-	-	-	-	-	-
Other payables	0.34	4.76	-	0.02	0.02	-	-	0.02
-Payables for Expenses and Services	0.19	-	-	-	-	-	-	-
-Accrual for Staff Benefits	8.46	0.27	0.27	0.24	0.24	-	-	0.26
-Accrual for Expenses and Services	12.02	-	-	-	-	-	-	-
-Statutory Liabilities	27.64	5.03	0.27	0.26	0.26	-	-	0.28

17 Short-Term Provisions

Particulars	As at		As at		As at		As at	
	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2008	31st March, 2008	31st March, 2008
Provision for Employees' Benefits (Current Portion)								
-Gratuity	0.02	-	-	-	-	-	-	-
-Leave Encashment	0.03	-	-	-	-	-	-	-
Others								
-Provision for Tax (Net of Advance tax and Tax Deducted At Source)	-	-	0.11	1.03	1.03	-	-	-
	0.05	-	0.11	1.03	1.03	-	-	-

GOLDEN GOENKA FINCORP LIMITED
(formerly Golden Securities Limited)

Notes to Financial Statements - Restated

18 Share Capital

Annexure IV (continued)

Particulars	As at 31st March, 2012		As at 31st March, 2011		As at 31st March, 2010		As at 31st March, 2009		As at 31st March, 2008	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
Authorised										
Equity Shares, par value ₹ 10/- per share	7,00,00,000	7,000.00	1,25,00,000	1,250.00	-	-	3,50,00	3,500.00	-	350.00
	7,00,00,000	7,000.00	1,25,00,000	1,250.00	-	-	3,50,00	3,500.00	-	350.00
Issued, Subscribed and Fully Paid-up										
Equity Shares, par value ₹ 10/- per share	1,70,00,200	1,700.02	30,00,200	300.02	30,00,200	300.02	30,00,200	300.02	30,00,200	300.02
Less: Calls in arrears	-	-	-	-	-	-	-	-	-	-
	1,70,00,200	1,700.02	30,00,200	300.02	30,00,200	300.02	30,00,200	300.02	30,00,200	300.02
Reconciliation of Equity Shares Outstanding:										
Equity										
At the beginning of the year	30,00,200	3,00,02,000.00	30,00,200	3,00,02,000.00	-	-	-	-	-	-
Add: Number of Shares issued as fully paid-up during the financial year	1,40,00,000	14,00,00,000.00	-	-	-	-	-	-	-	-
Number of Shares at the end of the year	1,70,00,200	17,00,02,000.00	30,00,200	3,00,02,000.00	30,00,200	3,00,02,000.00	30,00,200	3,00,02,000.00	30,00,200	3,00,02,000.00

During the year 2011-12, the Company issued and allotted 8,340,000 equity shares of ₹ 10/- each, fully paid, to the promoter and 5,660,000 equity shares of ₹ 10/- each to strategic investors not forming part of promoter group on preferential basis at a premium of ₹ 8/- per equity share on 19th May, 2011.

19 Reserves and Surplus

Particulars	31st March, 2012		As at 31st March, 2011		As at 31st March, 2010		As at 31st March, 2009		As at 31st March, 2008	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Securities Premium Reserve										
Opening Balance	-	-	-	-	-	-	-	-	-	-
Add: Addition during the year	1,120.00	-	-	-	-	-	-	-	-	-
Less: Utilised for Premium on Redemption of Debentures	3.42	-	-	-	-	-	-	-	-	-
Closing Balance	1,116.58	-	-	-	-	-	-	-	-	-
Special Reserve Fund [Reserve Fund as per Section 45-1C of Reserve Bank of India Act, 1934]										
Opening Balance	17.79	8.47	8.00	8.00	8.00	8.00	8.00	8.00	0.33	0.33
Add: Addition during the year @	18.45	9.32	0.47	7.67	0.47	7.67	0.47	7.67	7.67	7.67
Closing Balance	36.24	17.79	8.47	8.00	8.47	8.00	8.47	8.00	8.00	8.00
General Reserves										
Opening Balance	3.73	3.73	3.73	3.73	3.73	3.73	3.73	3.73	3.73	3.73
Add: Addition during the year	-	-	-	-	-	-	-	-	-	-
Closing Balance	3.73	3.73	3.73	3.73	3.73	3.73	3.73	3.73	3.73	3.73
Surplus										
Opening balance	3.76	(31.49)	(33.37)	4.65	(17.13)	(17.13)	(17.13)	(17.13)	(17.13)	(17.13)
Add: Net Profit/(Loss) after tax transferred from Statement of Profit and Loss	94.41	44.57	2.35	(38.02)	29.45	29.45	29.45	29.45	29.45	29.45
Amount available for appropriation	98.17	13.08	(31.02)	(33.37)	12.32	12.32	12.32	12.32	12.32	12.32
Appropriations:										
Interim Dividends	68.00	-	-	-	-	-	-	-	-	-
Corporate Dividend	11.03	-	-	-	-	-	-	-	-	-
Special Reserve Fund @	18.45	9.32	0.47	7.67	0.47	7.67	0.47	7.67	7.67	7.67
Closing Balance	0.69	3.76	(31.49)	(33.37)	4.65	4.65	4.65	4.65	4.65	4.65
	1,157.24	25.28	(19.29)	(21.64)	16.38	16.38	16.38	16.38	16.38	16.38

Note:

- (a) During the year 2011-12, the Company issued and allotted 8,340,000 equity shares of ₹ 10/- each, fully paid, to the promoter and 5,660,000 equity shares of ₹ 10/- each to strategic investors not forming part of promoter group on preferential basis at a premium of ₹ 8/- per equity share on 19th May, 2011.
- (b) During the year 2011-12, pursuant to Section 78 of the Companies Act, 1956, the Company has utilised the balance in Securities Premium Reserve for providing for the premium payable on the redemption of Non-Convertible Redeemable Debentures (NCDBs) issued during the current financial year, on a proportionate basis over the tenure of debentures.
- @. Statutory Reserve has not been re-allowed so as to give impact of the increase/decrease in profit/loss, as transfer to statutory reserve being statutory requirement as per the RBI Prudential Norms.

GOLDEN GOENKA FINCORP LIMITED
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Notes to Financial Statements - Restated

Annexure IV (continued)

20 Revenue From Operations

(₹ in Lakhs)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011	Year ended 31st March, 2010	Year ended 31st March, 2009	Year ended 31st March, 2008
Sale of Stock for Trade	9149.50	430.96	1102.85	248.99	422.09
Income from Loan Assets	360.75	8.95	11.14	3.07	6.06
Other Financial Services	63.60	-	-	-	-
Profit on sale of Current Investments	7.39	3.27	-	-	-
Interest on Investment in Tax-Free Bond	3.63	-	-	-	-
	<u>9,584.87</u>	<u>443.18</u>	<u>1,113.99</u>	<u>252.06</u>	<u>428.15</u>

21 Other Income

(₹ in Lakhs)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011	Year ended 31st March, 2010	Year ended 31st March, 2009	Year ended 31st March, 2008
Dividend Income From Long Term Investment	0.02	0.08	-	-	-
Dividend Income from Stock for Trade	15.94	-	0.61	0.21	0.34
Profit From Sale of Mutual Fund	-	-	-	2.42	0.33
Liabilities no longer required written back	0.01	-	-	-	-
Interest on Fixed Deposit	-	-	-	0.42	-
Interest on income tax refund	0.04	-	0.08	-	-
	<u>16.01</u>	<u>0.08</u>	<u>0.69</u>	<u>3.05</u>	<u>0.67</u>

GOLDEN GOENKA FINCORP LIMITED
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Annexure IV (continued)

Notes to Financial Statements - Restated

22 Employees Benefits Expenses

(₹ in Lakhs)

Particulars	Year ended	Year ended	Year ended	Year ended	Year ended
	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Salaries, Allowances and Bonus	40.47	4.93	4.15	3.36	3.25
Contribution to Provident and Other Funds	3.03	-	-	-	-
Staff Welfare Expenses	0.91	0.15	0.13	0.09	0.10
	<u>44.41</u>	<u>5.08</u>	<u>4.28</u>	<u>3.45</u>	<u>3.35</u>

23 Finance Cost

(₹ in Lakhs)

Particulars	Year ended	Year ended	Year ended	Year ended	Year ended
	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Interest on borrowings	190.95	-	-	-	-
	<u>190.95</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

24 Other Expenses

(₹ in Lakhs)

Particulars	Year ended	Year ended	Year ended	Year ended	Year ended
	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Capital & Commodity Market Expenses	20.30	1.77	2.27	0.95	0.16
Speculation Loss	-	-	-	3.13	13.29
Corporate Compliance Fees	31.33	6.08	0.26	0.39	0.23
Legal & Professional Fees	6.48	5.86	0.16	0.19	0.13
Debenture Issue Expenses	0.13	-	-	-	-
Auditors' Remuneration	4.58	0.20	0.20	0.17	0.15
Advertisement, Publicity & Sales Promotion	2.37	0.41	0.16	0.17	0.05
Motor Car Expenses	2.72	-	-	-	-
Provision for Diminution in Value of the Long-term investments	2.22	-	-	-	-
Directors' Sitting Fees	2.28	1.73	0.24	0.30	0.26
Printing and Stationery	1.77	0.63	0.15	0.09	0.10
Rent	1.05	0.21	0.27	0.18	0.18
Rates and taxes	0.05	0.05	0.05	0.05	0.06
Repair and Maintenance	-	-	-	-	-
-Others	0.56	0.25	0.33	0.29	0.70
Communication Expenses	1.34	0.02	0.09	0.10	0.08
Travelling and Conveyance	1.95	0.57	0.41	0.22	0.36
Electricity Charges	0.40	-	-	-	-
Miscellaneous expenses	4.35	0.71	0.54	0.41	0.77
	<u>83.88</u>	<u>18.49</u>	<u>5.13</u>	<u>6.64</u>	<u>16.52</u>

25 Auditors' Remuneration

(₹ in Lakhs)

Particulars	Year ended	Year ended	Year ended	Year ended	Year ended
	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Statutory Audit Fees (excluding service tax)	3.50	0.09	0.09	0.07	0.07
Tax Audit Fees (excluding service tax)	0.15	0.03	0.03	0.03	0.03
Other Services	0.83	0.08	0.08	0.07	0.05
Reimbursement of Expenses	0.10	-	-	-	-
	<u>4.58</u>	<u>0.20</u>	<u>0.20</u>	<u>0.17</u>	<u>0.15</u>

SIGNIFICANT ACCOUNTING POLICIES - RESTATED

2011-12

1.1 Basis of Preparation of Financial Statements

The financial statements have been prepared in conformity with Generally Accepted Accounting Principles in India, to comply in all material respects with the notified Accounting Standards ('AS') under the Companies Accounting Standard Rules, 2006, the relevant provisions of the Companies Act, 1956 ('the Act') and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non-Banking Financial (Non-deposit Accepting or Holding) Company ('NBFC'). The financial statements have been prepared under the historical cost convention, on accrual basis. The accounting policies applied by the Company are consistent with those applied in the previous year except as otherwise stated elsewhere.

Presentation and disclosure in Financial Statements

During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. Except accounting for dividend on investment in subsidiary, the adoption of new Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

Operating Cycle

As per the revised Schedule VI, "*An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents*".

For the company, there is generally no clearly identifiable normal operating cycle and hence the normal operating cycle for the company is assumed to have a duration of 12 months.

Current and Non-Current Asset

An asset is classified as 'current' when it satisfies any of the following criteria:

- i. it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle; or
- ii. it is held primarily for the purpose of being traded; or
- iii. it is expected to be realised within twelve months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as 'non-current'.

Current and Non-Current Liability

A liability is classified as 'current' when it satisfies any of the following criteria:

- i. it is expected to be settled in the Company's normal operating cycles; or
- ii. it is held primarily for the purpose of being traded; or
- iii. it is due to be settled within twelve months after the reporting date; or
- iv. the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as 'non-current'.

1.2 Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions which are considered to arrive at the reported amounts of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements and the reported income and expenses during the reporting year. Although these estimates are based upon the management's best knowledge of current

SIGNIFICANT ACCOUNTING POLICIES - RESTATED

events and actions, actual results could differ from these estimates. Any revision to the accounting estimates are recognised prospectively in the current and future years.

1.3 Fixed Assets, Depreciation/Amortisation and Impairment

a) Fixed Assets

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. Cost comprises of the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets, which takes substantial period of time to get ready for their intended use, are also capitalised to the extent they relate to the period till such assets are ready to put to use.

b) Depreciation/Amortisation

Depreciation/ Amortisation is provided on the Written Down Value Method ('WDV') as per the rates and in the manner prescribed in Schedule XIV to the Act. Management estimates the useful lives of Fixed Assets to be in accordance with the useful lives prescribed in the aforementioned Schedule.

Fixed Asset costing upto ₹ 5,000/- are depreciated fully over a period of 12 months from the date of purchase.

Depreciation/ Amortisation on assets purchased / sold during the reporting period is recognised on pro-rata basis.

c) Impairment of Fixed Assets

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment, based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

1.4 Investments

Investments that are intended to be held for not more than a year are classified as current investments. All other investments are classified as Non-Current investments. Current investments are carried at lower of cost and market price determined category-wise. All Non-Current investments, including investments in Subsidiary Companies are, carried at cost. However, provision for diminution in value, other than temporary in nature, is made to recognize a decline, on an individual basis.

1.5 Stock for Trade

Stock for trade is carried at lower of cost and market price.

1.6 Loan Assets

Loan Assets include loans advanced by the Company, secured by collateral offered by the customers, if applicable.

Loan assets are carried at net amount including installments fallen due and are net of unmatured / unearned finance charges, amounts received, assets not paid for, etc.

SIGNIFICANT ACCOUNTING POLICIES - RESTATED

1.7 Provisioning / Write-off of assets

The Company makes provision for Standard and Non-Performing Assets as per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time. The Company also makes additional provision towards loan assets, to the extent considered necessary, based on the management's best estimate.

1.8 Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured:

- a) Revenue from sale of stock for trade (shares/securities, commodities and mutual fund) is recognised when a binding obligation has been entered into.
- b) Interest Income from Loan assets is recognised in the Statement of Profit and Loss on accrual basis as per the term and condition of the loan agreement, except in the case of non-performing assets where it is recognised, upon realisation, as per the Prudential Norms / Directions of the Reserve Bank of India, applicable to NBFCs.
- c) Fees from consultancy services are recognised pro-rata over the period of the contract as and when services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue. Other fee based income is accounted for on accrual basis.
- d) Profit/loss from derivative instrument (future and options) are recognised on a marked to market basis.
- e) Dividend income is recognised when the right to receive the dividend is established.
- f) Profit or Loss on sale of investments is recognised when a binding obligation has been entered into.
- g) Interest is recognised using the time proportion basis taking into account the amount outstanding and the interest rate applicable.
- h) All other income is accounted for on accrual basis.

1.9 Prior Period and Extra Ordinary Items

Prior Period and Extra Ordinary items having material impact on the financial affairs of the Company are disclosed separately.

1.10 Retirement and other Employee Benefits

a) Gratuity

Liability for gratuity, which is a defined benefit scheme, is provided for based on an actuarial valuation carried out by an independent actuary as at the balance sheet date. Actuarial gains/ losses are recognised immediately in the Statement of Profit and Loss in the year it is earned / incurred and are not deferred.

b) Compensated absences

Compensated absences are a long-term employee benefit and is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. The Company accrues for the expected cost of short - term compensated absences in the year in which the employee renders services.

SIGNIFICANT ACCOUNTING POLICIES - RESTATED

c) Provident Fund

The provision of Employees' Provident Fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) is not applicable to the Company as the number of employees were less than 20 during the year and at year end.

1.11 Borrowing Costs

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

The ancillary costs incurred in connection with the arrangement of borrowings are amortised over the life of underlying borrowings. Premium payable on redemption of bonds is amortised over the tenure of the bonds. These form part of the borrowing costs.

Borrowing costs also include exchange differences arising from Foreign currency borrowings, to the extent they are regarded as an adjustment to the borrowing costs.

All other costs related to borrowings are recognised as expense in the period in which they are incurred.

1.12 Segment reporting

Based on the risks and returns associated with business operations and in terms of Accounting Standard-17 (Segment Reporting), the Group is predominantly engaged in 'Trading' and 'Financing and related Services' as primary reportable segments.

The Accounting policies adopted for segment reporting are in line with the accounting policies used in preparation of the financial statements of the Company, with following additional policies for segment reporting

Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

Segment assets and segment liabilities represent assets and liabilities in respective segments. Fixed assets used in the Company's business have not been identified to any of the reportable segments, as the fixed assets are used interchangeably between segments.

1.13 Leases

Leases, where the lessor effectively retains substantially all the risks and rewards of ownership of the leased asset, are classified as operating leases. Operating lease payments are recognised on a straight-line basis over the lease term.

1.14 Earnings Per Share (EPS)

Basic EPS is calculated by dividing the net profit or loss for the year, attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted EPS, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.15 Cash and Cash Equivalents

Cash and Cash Equivalents in the Cash Flow Statement comprise of cash on hand and at bank, demand deposits with banks, cheques on hand, remittances in transit and short term highly liquid investments with an original maturity of three months or less.

SIGNIFICANT ACCOUNTING POLICIES - RESTATED

1.16 Taxes on Income

Tax expense comprises of current tax [(net of Minimum Alternate Tax (MAT) credit entitlement)] and deferred tax.

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities. The deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by The Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

1.17 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the company has a present obligation as a result of past event and it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes to financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

SIGNIFICANT ACCOUNTING POLICIES - RESTATED

2010-11

1. PRINCIPAL ACCOUNTING POLICIES :

The Financial Statements have been prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. A summary of important accounting policies which have been applied consistently are set out below. Financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956 of India.

Presentation and disclosure in Financial Statements

During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. Except accounting for dividend on investment in subsidiary, the adoption of new Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

Operating Cycle

As per the revised Schedule VI, "*An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents*".

For the company, there is generally no clearly identifiable normal operating cycle and hence the normal operating cycle for the company is assumed to have a duration of 12 months.

Current and Non-Current Asset

An asset is classified as 'current' when it satisfies any of the following criteria:

- i. it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle; or
- ii. it is held primarily for the purpose of being traded; or
- iii. it is expected to be realised within twelve months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as 'non-current'.

Current and Non-Current Liability

A liability is classified as 'current' when it satisfies any of the following criteria:

- i. it is expected to be settled in the Company's normal operating cycles; or
- ii. it is held primarily for the purpose of being traded; or
- iii. it is due to be settled within twelve months after the reporting date; or
- iv. the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as 'non-current'.

2. BASIS OF ACCOUNTING :

The Financial Statements have been prepared under historical cost convention on accrual basis in compliance with applicable Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956

SIGNIFICANT ACCOUNTING POLICIES - RESTATED

3. FIXED ASSETS AND DEPRECIATION :

a) Fixed Assets:

Fixed Assets are carried at their original cost of acquisition less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the concerned assets.

b) Depreciation:

Depreciation on Fixed Assets is being provided on Written Down Value basis at the rates specified in Schedule XIV of the Companies Act, 1956.

4. INVESTMENTS :

Investments of long term nature is stated at cost less adjustment for diminution, other than temporary, in the value thereof.

5. INVENTORY VALUATION:

Inventories comprising shares of companies are valued at lower of cost and net Realizable price.

6. REVENUE RECOGNITION:

- I) The revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.
- II) The Company recognizes income and expenses on accrual basis.

7. RETIREMENT BENEFITS:

The provisions of Provident Fund Act and Gratuity Act are not applicable and liability on account of encashment of leave has been duly provided for (if any).

8. TAXATION:

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the company. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India, respectively. Deferred tax adjustments comprise changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax basis, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account.

Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgement as to whether their realisation is considered as reasonably certain.

SIGNIFICANT ACCOUNTING POLICIES - RESTATED

9. IMPAIRMENT OF ASSETS :

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset with future net discounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is recognized by debiting the profit and loss account and is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

10. EARNING PER SHARE :

In determining earning per share, the Company considers the net profit after tax and includes the post tax effect of any extra ordinary items. The number of the shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

11. PRELIMINARY EXPENSES :

Preliminary Expenses are fully written off in the year in which they are incurred.

SIGNIFICANT ACCOUNTING POLICIES - RESTATED

2009-2010

A) PRINCIPAL ACCOUNTING POLICIES:

The Financial Statements have been prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. A summary of important accounting policies which have been applied consistently are set out below. Financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956 of India.

Presentation and disclosure in Financial Statements

During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. Except accounting for dividend on investment in subsidiary, the adoption of new Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

Operating Cycle

As per the revised Schedule VI, "*An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents*".

For the company, there is generally no clearly identifiable normal operating cycle and hence the normal operating cycle for the company is assumed to have a duration of 12 months.

Current and Non-Current Asset

An asset is classified as 'current' when it satisfies any of the following criteria:

- i. it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle; or
- ii. it is held primarily for the purpose of being traded; or
- iii. it is expected to be realised within twelve months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as 'non-current'.

Current and Non-Current Liability

A liability is classified as 'current' when it satisfies any of the following criteria:

- i. it is expected to be settled in the Company's normal operating cycles; or
- ii. it is held primarily for the purpose of being traded; or
- iii. it is due to be settled within twelve months after the reporting date; or
- iv. the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as 'non-current'.

a) BASIS OF ACCOUNTING :

The Financial statements have been prepared under the historical cost convention.

b) FIXED ASSETS:

Fixed Assets are recorded at cost of acquisition including any incidental expenses incurred upto the date of installation.

SIGNIFICANT ACCOUNTING POLICIES - RESTATED

c) DEPRECIATION :

Depreciation on Fixed Assets is provided on Written Down Value basis at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on leased assets has been spread over the period of lease. Depreciation has not been provided on leased assets as the Company has filed a suit against the lessee.

d) INVESTMENTS :

Investment of long term nature is stated at cost, less adjustment for diminution, other than temporary, in the value thereof.

e) STOCK IN TRADE – SHARE :

Stock in trade is valued at cost or market price whichever is lower. Unquoted Shares are valued at cost or Breakup value whichever is lower.

f) REVENUE RECOGNITIONS :

- i) The revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.
- ii) The Company recognizes income and expenses on accrual basis.

g) RETIREMENT BENEFITS :

The provisions of Provident Fund Act and Gratuity Act are not applicable and liability on account of encashment of leave has been duly provided for (if any).

h) TAXATION :

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the company.

i) DEFERRED TAX :

Provision for deferred taxation is made using the liability method, at the current rates of taxation, on all timing differences to the extent that it is probable that a liability or assets will crystallise.

j) IMPAIRMENT OF ASSETS :

The Company identified impairable assets based on cash generating limit concept at the year end in terms of AS-28 issued by ICAI for the purpose of arriving at impairment loss there on, if any being difference between the book value and recoverable value of the relevant asset. Impairment loss, when crystallized is charged against revenue of the year.

SIGNIFICANT ACCOUNTING POLICIES - RESTATED

2008-2009

A) PRINCIPAL ACCOUNTING POLICIES:

The Financial Statements have been prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. A summary of important accounting policies which have been applied consistently are set out below. Financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956 of India.

Presentation and disclosure in Financial Statements

During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. Except accounting for dividend on investment in subsidiary, the adoption of new Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

Operating Cycle

As per the revised Schedule VI, "*An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents*".

For the company, there is generally no clearly identifiable normal operating cycle and hence the normal operating cycle for the company is assumed to have a duration of 12 months.

Current and Non-Current Asset

An asset is classified as 'current' when it satisfies any of the following criteria:

- i. it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle; or
- ii. it is held primarily for the purpose of being traded; or
- iii. it is expected to be realised within twelve months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as 'non-current'.

Current and Non-Current Liability

A liability is classified as 'current' when it satisfies any of the following criteria:

- i. it is expected to be settled in the Company's normal operating cycles; or
- ii. it is held primarily for the purpose of being traded; or
- iii. it is due to be settled within twelve months after the reporting date; or
- iv. the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as 'non-current'.

a) BASIS OF ACCOUNTING :

The Financial statements have been prepared under the historical cost convention.

b) FIXED ASSETS:

Fixed Assets are recorded at cost of acquisition including any incidental expenses incurred up to the date of installation.

SIGNIFICANT ACCOUNTING POLICIES - RESTATED

c) DEPRECIATION :

Depreciation on Fixed Assets is provided on Written Down Value Basis at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on leased assets has been spread over the period of lease. Depreciation has not been provided on leased assets as the Company has filed a suit against the lessee.

d) INVESTMENTS :

Investment of long term nature is stated at cost, less adjustment for diminution, other than temporary, in the value thereof.

e) STOCK IN TRADE – SHARE :

Stock in trade is valued at cost or market price whichever is lower.

f) REVENUE RECOGNITIONS :

i) The revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

ii) The Company recognizes income and expenses on accrual basis.

iii) Lease rentals received/receivable under the lease agreements have been accounted for as income adjusted by creating Lease Equalisation Account/Lease Terminal Account to ensure recognition of net Income on periodic basis.

g) RETIREMENT BENEFITS :

i) The provisions of Provided Fund Act are not applicable and liability on account of encashment of leave has been duly provided for.

ii) Gratuity to employees is charged against profit in the year in which the same is paid or becomes payable. No provision is made for liability of future payment of gratuity to retiring employees.

h) CONTINGENT LIABILITIES :

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible

obligation or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

i) TAXATION :

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the company.

j) DEFERRED TAX :

Provision for deferred taxation is made using the liability method, at the current rates of taxation, on all timing differences to the extent that it is probable that a liability or assets will crystallise.

k) IMPAIRMENT OF ASSETS :

Regarding impairment of assets, on assessment, it has been ascertained that no potential loss is present. Accordingly, no impairment loss has been provided in the Books of Accounts.

SIGNIFICANT ACCOUNTING POLICIES - RESTATED

2007-08

A) PRINCIPAL ACCOUNTING POLICIES:

The Financial Statements have been prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. A summary of important accounting policies which have been applied consistently are set out below. Financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956 of India.

Presentation and disclosure in Financial Statements

During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. Except accounting for dividend on investment in subsidiary, the adoption of new Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

Operating Cycle

As per the revised Schedule VI, "*An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents*".

For the company, there is generally no clearly identifiable normal operating cycle and hence the normal operating cycle for the company is assumed to have a duration of 12 months.

Current and Non-Current Asset

An asset is classified as 'current' when it satisfies any of the following criteria:

- i. it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle; or
- ii. it is held primarily for the purpose of being traded; or
- iii. it is expected to be realised within twelve months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as 'non-current'.

Current and Non-Current Liability

A liability is classified as 'current' when it satisfies any of the following criteria:

- i. it is expected to be settled in the Company's normal operating cycles; or
- ii. it is held primarily for the purpose of being traded; or
- iii. it is due to be settled within twelve months after the reporting date; or
- iv. the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as 'non-current'.

a) BASIS OF ACCOUNTING :

The Financial statements have been prepared under the historical cost convention.

b) FIXED ASSETS:

Fixed Assets are recorded at cost of acquisition including any incidental expenses incurred upto the date of installation.

SIGNIFICANT ACCOUNTING POLICIES - RESTATED

c) DEPRECIATION :

Depreciation on Fixed Assets is provided on Written Down Value Basis at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on leased assets has been spread over the period of lease. Depreciation has not been provided on leased assets as the Company has filed a suit against the lessee.

d) INVESTMENTS :

Investment of long term nature is stated at cost, less adjustment for diminution, other than temporary, in the value thereof.

e) STOCK IN TRADE – SHARE :

Stock in trade is valued at cost or market price whichever is lower.

f) REVENUE RECOGNITIONS :

- i) The revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.
- ii) The Company recognizes income and expenses on accrual basis.
- iii) Lease rentals received/receivable under the lease agreements have been accounted for as income adjusted by creating Lease Equalisation Account/Lease Terminal Account to ensure recognition of net Income on periodic basis.

g) PRELIMINARY AND SHARE ISSUE EXPENSES :

Preliminary and Share Issue Expenses are written off in equal installment over 10 years.

h) RETIREMENT BENEFITS :

The provisions of Provident Fund Act are not applicable and liability on account of encashment of leave has been duly provided for.

i) CONTINGENT LIABILITIES :

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

j) TAXATION :

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the company.

k) DEFERRED TAX :

Provision for deferred taxation is made using the liability method, at the current rates of taxation on all timing differences to the extent that it is probable that a liability or assets will crystallise.

l) IMPAIRMENT OF ASSETS :

Regarding impairment of assets, on assessment, it has been ascertained that no potential loss is present. Accordingly, no impairment loss has been provided in the Books of Accounts.

m) GRATUITY :

Gratuity to employees is charged against profit in the year in which the same is paid or becomes payable. No provision is made for liability of future payment of gratuity to retiring employees.

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

2011-12

1. Contingent Liabilities and Commitments (to the extent not provided for)

		(₹ in Lakhs)	
Particulars		As at 31 st March, 2012	As at 31 st March, 2011
I	Contingent Liabilities	Nil	Nil
II	Commitments	Nil	Nil

2. Operating lease-in the capacity of lessee

The Company has a cancellable operating lease arrangement for office space for a period of 3 years and is renewable on a periodic basis at the option of both the lessor and lessee. The total rental expenses for the year amounted to ₹ 1.05 Lakhs (Previous year: ₹ 0.21 Lakhs).

3. Disclosure pursuant to Accounting Standard (AS) 15 (Revised) - Employee Benefits

Defined Benefit Plan:

(A) **Gratuity benefit** to employees are not funded. The following table sets out the details of amount recognised in the financial statements in respect of employee benefit schemes:

Reconciliation of the projected benefit obligations

		(₹ in Lakhs)	
Particulars	Gratuity		
	As at 31 st March, 2012	As at 31 st March, 2011	
Change in the present value of the defined benefit obligation are as follows:			
Opening defined benefit obligation	-	-	
Interest cost	-	-	
Current services cost	0.86	-	
Benefits paid	-	-	
Actuarial (gains)/losses on obligation	2.17	-	
Closing defined benefit obligation	3.03	-	
Change in Plan Assets			
Plan assets at period beginning, at fair value	-	-	
Expected return on plan assets	-	-	
Actuarial gain/ (loss)	-	-	
Contributions	-	-	
Benefits paid	-	-	
Plan assets at period end, at fair value	-	-	
Reconciliation of present value of obligation and fair value of plan assets			
Present value of defined benefit obligation at the end of the period	3.03	-	
Fair value of plan assets at the end of the year	-	-	
(Asset) /Liability recognised in the balance sheet	3.03	-	
Current	0.02	-	
Non Current	3.01	-	

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

Particulars	Gratuity	
	2011-12	2010-11
(₹ in Lakhs)		
Amount recognised in the Statement of Profit and Loss account are as follows:-		
Current Service Cost	0.86	-
Interest Cost on benefit obligation	-	-
Expected return on plan assets	-	-
Net Actuarial (gain)/Loss recognized in the year	2.17	-
Past services cost	-	-
Net Benefit expense	3.03	-
Principal actuarial assumptions at the balance sheet date:		
Retirement age	60 years	-
Future salary rise	4%	-
Rate of discounting	8%	-
Attrition rate	3%	-
Mortality table	LIC (1994 -96)	-
Average balance service	27 years	-

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

(B) Leave benefits to employees are not funded. The following table sets out the details of amount recognised in the financial statements:

Particulars	Leave encashment	
	As at 31st March, 2012	As at 31st March, 2011
(₹ in Lakhs)		
Change in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	-	-
Interest cost	-	-
Current service cost	0.07	-
Benefits paid	-	-
Actuarial (gains)/losses on obligation	0.18	-
Closing defined benefit obligation	0.25	-

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

(₹ in Lakhs)

Particulars	Leave encashment	
	As at 31st March, 2012	As at 31st March, 2011
Change in Plan Assets		
Plan assets at period beginning, at fair value	-	-
Expected return on plan assets	-	-
Actuarial gain/ (loss)	-	-
Contributions	-	-
Benefits paid	-	-
Plan assets at period end, at fair value	-	-
Reconciliation of present value of obligation and fair value of plan assets		
Present value of defined benefit obligation at the end of the period	0.25	-
Fair value of plan assets at the end of the year	-	-
(Asset) /Liability recognised in the balance sheet	0.25	-
Current	0.03	-
Non Current	0.22	-

(₹ in Lakhs)

Particulars	Leave encashment	
	2011-12	2010-11
Amount recognised in the Statement of Profit and Loss account are as follows:		
Current Service Cost	0.07	-
Interest Cost on benefit obligation	-	-
Expected return on plan assets	-	-
Net Actuarial (gain)/ Loss recognised in the year	0.18	-
Past services cost	-	-
Net Benefit expense	0.25	-
Principal actuarial assumptions at the balance sheet date:		
Retirement age	60 years	-
Future salary rise	4%	-
Rate of discounting	8%	-
Attrition rate	3%	-
Mortality table	LIC (1994 -96)	-

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

5. Earnings Per Equity Share

The computation of Earnings Per Equity Share is set out below:-

Particulars	2011-12	2010-11
Profit After Tax attributable to Equity Shareholders (₹ in Lakhs)	92.27	46.60
Weighted average number of Equity Shares (Basic) (in Lakhs)	151.64	30.00
Weighted average number of Potential Equity Shares (in Lakhs)	-	-
Weighted average number of Equity Shares (Diluted) (in Lakhs)	151.64	30.00
Nominal Value of Equity per share (₹)	10	10
Earnings per share - Basic and Diluted	0.61	1.55

6. Movement of Provision towards Non-Performing Assets

Particulars	2011-12	2010-11
Gross Non-Performing Asset as on 1 st April (Opening Balance)	-	52.94
Add: Fresh Non-Performing Asset during the year	-	-
Sub Total (A)	-	52.94
Less:		
(i) Recoveries	-	18.00
(ii) Write – offs	-	34.94
Sub Total (B)	-	52.94
Gross Non-Performing Asset as on 31 st March (Closing Balance) (A-B)	-	-

7. The Company has not received any memorandum from 'Suppliers' (as required to be filed by the 'Suppliers' with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March, 2012 as micro, small or medium enterprises. Consequently, the amount paid / payable to these parties during the year is ₹ Nil (Previous year: ₹ Nil).

8. Haribhakti & Co. have been appointed as Joint Statutory Auditors pursuant to the approval of the Shareholders vide resolution passed through postal ballot dated 24th March, 2012.

9. The Company has declared an interim dividend @ 4%, amounting to ₹ 68.00 lakhs during the current financial year ended 31st March, 2012, out of which ₹ 5.36 lakhs is unclaimed as of the reporting date.

10. Related Party Disclosures

A. Related Parties:

- i. Holding Company : Risewell Credit Private Limited
(w.e.f. 19th May, 2011)
- ii. Subsidiaries : Golden Goenka Properties & Construction Private Limited
(w.e.f. 9th November, 2011)
: Golden Goenka Financial Advisors Private Limited
(w.e.f. 9th November, 2011)
: Golden Goenka Management Consultancy Services Private Limited
(w.e.f. 9th November, 2011)
- iii. Associate : Aristro Capital Markets Private Limited
: Mehra Capital Market Limited
(Upto 8th September, 2010)

GOLDEN GOENKA FINCORP LIMITED
(formerly Golden Securities Limited)

Annexure VI (continued)

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

- : S2 Capital Services Private Limited
(w.e.f 28th December, 2011)
- iv. Investing Company : Risewell Credit Private Limited
(Upto 18th May, 2011)
- B Key Management Personnel:**
- v. Managing Director : Mr. Girdhari Lal Goenka
(w.e.f. 23rd November, 2011)
: Mr. Vivek Goenka
(Upto 22nd November, 2011)
- C Relative of Key Management Personnel:**
- vi. Wife of Girdhari Lal Goenka , Managing Director : Mrs. Raj Goenka
(w.e.f 23rd November, 2011)

The following is the summary of transactions with related parties:

(₹ in Lakhs)

Name of related party	Nature of transactions and outstanding balances	2011-12	2010-11
Holding:			
Risewell Credit Private Limited	Loan taken	650.00	-
	Interest on Loan (TDS ₹ 0.14 lakhs)	1.42	-
	Balance Payable-Loan: <u>Long-term borrowings</u> Loans and advances from related parties	651.27	-
Subsidiaries:			
Golden Goenka Properties & Construction Private Limited	Loan given	250.00	-
	Investment made	1.00	-
	Balance Receivable: <u>Long-term loans and advances</u> Loans and advances to related parties	250.00	-
	Investment in Equity instruments	1.00	-
Golden Goenka Financial Advisors Private Limited	Investment made	1.00	-
	Investment in Equity instruments	1.00	-
Golden Goenka Management Consultancy Services Private Limited	Investment made	1.00	-
	Investment in Equity instruments	1.00	-

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

(₹ in Lakhs)

Name of related party	Nature of transactions and outstanding balances	2011-12	2010-11
Associate:			
Aristro Capital Markets Private Limited * As a share broker	Investment made	450.00	-
	Mark to Market Margin received	3.14	-
	Option Premium Paid	0.55	-
	Direct Expenses on Future & Options	0.14	-
	Security transaction Tax	8.87	-
	Purchase of Shares & Securities*	3,888.94	11.56
	Sales of Shares & Securities*	3,191.18	70.43
	Direct Expenses on Shares	8.83	0.10
	Share Speculation Profit	5.29	-
	Sale of Investment	9.49	-
	Balance Receivable-Trade	466.71	58.49
Mehra Capital Market Limited	Purchase of Shares & Securities	-	65.98
	Sales of Shares & Securities	-	120.45
	Speculation Loss	-	0.76
	Balance:	-	-
S2 Capital Services Private Limited	Purchase of Equity Shares	600.00	-
	Investment in Equity instruments	600.00	-
Investing Company:			
Risewell Credit Private Limited	Share Application Money Received	1,301.20	400.00
	Share Application Money refunded	-	200.00
	Issue of equity shares	1,501.20	-
	Balance: Share application money pending allotment	-	200.00
Key Managerial Person:			
Mr. Girdhari Lal Goenka	Managerial remuneration	7.68	-
	Director Sitting fees	0.35	0.40
Mr. Vivek Goenka	Managerial remuneration	2.32	-
Relative of Key Management Personnel			
Mrs. Raj Goenka	Rent	0.12	0.05

11. Previous year's financial statements have been audited by M/s Vasudeo & Associates, Chartered Accountants.
12. During the year, the Company vide resolution dated 16th September, 2011, at Annual General Meeting accorded approval to the Board to offer, issue and allot equity shares of ₹ 10/- each, for cash for a sum up to ₹ 13,100 lakhs or such sum as may be prescribed by the Board in this regard in the ratio to be determined by the Board and mentioned in the draft letter of offer to be issued by the Company in respect of rights issue. The Company is in the process of executing the proposed rights issue as of the reporting date. The Company in the Extra-Ordinary General Meeting held on 23rd May, 2012, informed the shareholders that the par value per equity share of ₹ 10/- each as mentioned in the resolution dated 16th September, 2011 stands at ₹ 5/- each [Also refer note 13].
13. Pursuant to the approval of the Shareholders vide resolution passed through postal ballot dated 24th March, 2012, the equity shares of face value of ₹ 10/- each were sub-divided into two equity shares of face value of ₹ 5/- each on record date of 4th May, 2012. Accordingly, authorised Equity Share Capital of the Company comprising of 700 lakhs Equity Shares of ₹ 10/- each stands revised to 1400 lakhs Equity Shares of ₹ 5/- each.

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

14. The Shareholders vide resolution dated 23rd May, 2012, passed in Extra Ordinary General Meeting accorded approval to the Board to offer, issue and allot up to 175 lakhs, 0% Optionally Convertible Debentures (“OCDs”) of face value of ₹ 40/- each, aggregating to ₹ 7,000 lakhs in one or more tranches, to the Promoters/ Promoter Group and Non-Promoters on a preferential basis with an option to convert each OCD held into two equity shares of ₹ 5/- each [Also refer note 13] fully paid-up at any time within 18 months from the date of allotment of OCDs.
15. As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the financial statements for the financial year commencing on or after 1st April, 2011. Accordingly, the financial statements for the year ended 31st March, 2012 are prepared in accordance with the Revised Schedule VI. Figures pertaining to the previous year have been rearranged/regrouped, reclassified and restated, wherever necessary, to make them comparable with those of current year.
16. Information as required by Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 is furnished vide **Annexure – II** to the Notes to Financial Statements attached herewith.

ANNEXURE I TO THE NOTES TO FINANCIAL STATEMENTS

Particulars of Stock for Trade as on 31st March, 2012

Particulars	Face Value	Quantity	Cost	Value
	(₹)	(Nos.)	(₹ in Lakhs)	(₹ in Lakhs)
Equity Shares: Trade				
Aditya Birla Chemicals (P) Limited	10	15,940	15.21	13.31
Action Construction Equipment Limited	2	16,550	4.98	5.15
Allahabad Bank Ltd	10	9,000	15.53	16.71
Andhra Bank Ltd	10	29,500	32.97	35.07
Archies Limited	2	4,000	1.14	0.94
Alstom T&D India Limited	2	10,000	18.01	18.76
Assam Company (I) Limited	1	37,500	3.51	2.60
Agro Tech Foods Limited	10	500	2.21	2.22
Bartronics India Limited	10	20,000	7.32	7.04
Bharti Shipyard Limited	10	34,000	31.82	27.05
Bharat Immunologicals & Biologicals Limited	10	10,000	1.45	0.82
Camson Bio Technologies Limited	10	20,500	11.69	10.04
Central Bank of India	10	64,500	61.23	64.90
Cosmo Films Limited	10	18,500	16.56	16.13
CREW B.O.S. Products Limited	10	32,456	16.81	9.37
Deccan Chronicle Holdings Limited	2	59,000	23.00	20.28
Dena Bank	10	34,000	28.07	30.55
Diamond Power Infrastructure Limited	10	15,971	16.93	17.38
Electrotherm (India) Limited	10	16,268	16.61	10.22
Excel Crop Care Limited	5	36,730	59.18	43.61
Excel Industries Limited	5	18,372	14.92	12.52
Finolex Cables Limited	2	17,000	6.97	5.27
Gangotri Iron & Steel Limited	5	15,000	8.15	6.14
G I C Housing Finance Ltd	10	42,582	37.91	37.62
GTL Limited	10	38,500	16.99	15.98
HBL Power Systems Limited	1	10,000	2.07	1.54
Hindustan Construction Co. Limited	1	19,500	5.40	5.00
Indiabulls Financial Services Limited	2	25,000	59.63	51.66
Indraprastha Medical Corp. Limited	10	36,378	13.98	12.83

GOLDEN GOENKA FINCORP LIMITED
(formerly Golden Securities Limited)

Annexure VI (continued)

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

Insilco Limited	10	15,000	2.34	2.10
Jain Irrigation Systems Limited – DVR	2	500	-	0.24
Jain Irrigation Systems Limited	2	15,000	18.80	14.79
Jay Shree Tea & Industries Limited	5	5,000	4.90	4.40
JK Tyre & Industries Limited	10	31,000	25.34	24.93
Kesoram Industries Limited	10	11,000	12.26	12.62
Lanco Industries Limited	10	3,000	1.08	0.79
Lanco Infratech Limited	1	5,000	0.92	0.91
Lumax Automotive Systems Limited	10	24,920	9.46	6.81
Lumax Auto Technologies Limited	10	8,873	14.24	13.05
Lyka Labs Limited	10	51,119	8.64	5.79
Bank of Maharashtra	10	6,500	3.02	3.55

GOLDEN GOENKA FINCORP LIMITED
(formerly Golden Securities Limited)

Annexure VI (continued)

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

ANNEXURE I (Continued)

Particulars	Face Value	Quantity	Cost	Value
	(₹)	(Nos.)	(₹ in Lakhs)	(₹ in Lakhs)
Manali Petrochemical Limited	5	32,564	3.40	3.30
Microsec Financial Services Limited	10	158,449	64.38	37.15
MIC Electronics Limited	2	35,010	2.55	2.99
Mukand Ltd	10	12,000	4.51	4.02
Nahar Spinning Mills Limited	5	4,090	2.44	1.99
Nitta Gelatin India Limited	10	5,071	5.38	4.39
NMDC Limited	1	3,000	5.57	4.82
PNB Gilts Limited	10	52,130	12.54	13.26
Punjab & Sind Bank	10	58,500	50.47	43.60
Rajshree Sugars & Chemicals Limited	10	9,320	3.98	3.45
Reliance Capital Limited	10	500	2.30	1.96
RSWM Limited	10	25,136	23.10	18.16
State Bank of Travancore	10	10	0.07	0.06
SIL Investments Limited	10	8,659	9.08	6.21
SJVN Limited	10	30,000	6.30	5.90
Sonata Software Ltd	1	35,000	8.86	6.32
Spicejet Ltd	10	28,000	8.08	6.58
Srei Infrastructure Finance Limited	10	24,500	6.38	6.36
SRF Limited	10	23,000	62.86	56.84
State Bank of Mysore	10	13,031	77.62	65.49
Sumedha Fiscal Services Limited	10	9,500	2.00	1.61
Tourism Finance Corporation of India Limited	10	20,000	4.82	4.84
Thermax Limited	2	8,500	42.18	39.39
Thirumalai Chemicals Limited	10	22,515	15.38	9.91
Tamilnadu Petroproducts Limited	10	9,527	1.54	1.51
TTK Prestige Limited	10	50	1.50	1.47
Tube Investments of India Limited	2	100	0.12	0.14
Uniphos Enterprises Limited	2	4,094	1.10	0.98
Universal Cables Limited	10	27,209	13.16	10.48
Vardhman Acrylics Limited	10	180,000	17.33	12.66
Visaka Industries Limited	10	8,500	7.85	6.12
West Coast Paper Mills Limited	4	36,518	23.47	17.58
Zenith Computers Limited	10	32,333	6.09	4.05
Zf Steering Gear (India) Limited	10	3,307	8.94	9.85
			1,156.60	
Less: Provision for diminution			166.54	
Total			990.06	

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

ANNEXURE I (Continued)

Particulars	Face Value	Quantity	Cost	Value
	(₹)	(Nos.)	(₹ in Lakhs)	(₹ in Lakhs)
Commodities: Trade				
E-SILVER		250	14.32	14.34
CASTKADI3 (75 Kg per bag)		600	16.88	17.55
			31.20	
Less: Provision for diminution			-	
Total			31.20	

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

ANNEXURE II TO THE NOTES TO FINANCIAL STATEMENTS [Refer Note 16]
Disclosure of details as required in terms of paragraph 13 of Non Banking Financial (Non-Deposit Accepting or Holding)
Companies Prudential Norms (Reserve Bank) Directions, 2007

			(₹ in Lakhs)	
Particulars			Amount Outstanding	Amount Overdue
Liabilities Side:				
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:			
	(a)	Debentures /Bonds: Secured Unsecured (Other than falling within the meaning of public deposit)	5,000.00	-
	(b)	Deferred Credits	-	-
	(c)	Term Loans	-	-
	(d)	Inter-corporate loans and borrowing	651.27	-
	(e)	Commercial Papers	-	-
	(f)	Other Loans: Working capital facility Public Deposit	-	-
Assets Side :				
			Amount Outstanding	
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (3) below]:			
	(a)	Secured		1,023.00
	(b)	Unsecured		4,485.00
(3)	Break-up of Leased Assets and Stock on Hire and other assets counting towards AFC activities			
	(a)	Financial assets		-
	(b)	Assets and advance for Operating Lease		-
	(c)	Repossessed Assets		-
(4)	Break up of Investments			
	Current Investments*			
	(1)	Quoted:		
	(i)	Shares: Equity		990.07
	(ii)	Debentures and bonds		-
	(iii)	Units of mutual funds		-
	(iv)	Government Securities		-
	(v)	Others		31.20
	(2)	Unquoted:		
	(i)	Shares: Equity		600.00
	(ii)	Debentures and bonds		-
	(iii)	Units of mutual funds		-
	(iv)	Government Securities		-
	(v)	Others		-

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

(₹ in Lakhs)

Particulars		Amount Outstanding		
Long term investments				
(1)	Quoted:			
(i)	Shares: Equity	0.55		
(ii)	Debentures and bonds	-		
(iii)	Units of mutual funds	-		
(iv)	Government Securities	-		
(v)	Others	-		
(2)	Unquoted:			
(i)	Shares: (a) Equity	453.00		
	(b) Preference	-		
(ii)	Debentures, bonds / units	-		
(iii)	Units of mutual funds	-		
(iv)	Government Securities	-		
(v)	Others (Investment in Funds)	-		
(5) Borrower group-wise classification of assets financed as in (2) and (3) above:				
Category		Amount net of provisions		
		Secured	Unsecured	Total
1.	Related Parties			
	(a) Subsidiaries	-	250.00	250.00
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2.	Other than related parties	-	-	-
Total		-	250.00	250.00
(6) Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):				
Category		Market Value / Break up or fair value or NAV		Book Value (net of provisions)
1.	Related Parties			
	(a) Subsidiaries	-	-	3.00
	(b) Companies in the same group	-	-	450.00
	(c) Other related parties	-	-	600.00
2.	Other than related parties	-	-	-
Total		-	-	1,053.00
(7) Other Information:				
Particulars		Amount		
i.	Gross Non-Performing Assets			
	(a) Related Parties	-		
	(b) Other than related Parties	-		
ii.	Net Non-Performing Assets			
	(a) Related Parties	-		
	(b) Other than related Parties	-		
iii.	Assets acquired in satisfaction of debt	-		

* Stock for Trade

GOLDEN GOENKA FINCORP LIMITED
(formerly Golden Securities Limited)

Annexure VI (continued)

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

Disclosure pursuant to Accounting Standard (AS) 17- Segment Reporting

- (i) The Company has identified two reportable segment viz. 'Trading' and 'Financing and related services' segment. Segments have been identified and reported taking into account nature of products and services, the differing risks and returns associated with the segments.
- (ii) The Company has identified business segment as the 'primary segment' for the purpose of disclosure. The Segment revenue, results, assets and liabilities include the respective amounts identifiable to each segment and amounts allocated on a reasonable basis. Company operates in a single Geographical segment. Hence, secondary Geographical segment information disclosure is not required.
- (iii) The accounting policies adopted for segment reporting are in line with the accounting policies used in preparation of the financial statements with following additional policies for segment reporting.

(₹ in Lakhs)

Particulars	Year ended 31st March, 2012			Year ended 31st March, 2011		
	Trading	Financing and related services	Total	Trading	Financing and related services	Total
Segment revenue						
External Sales	9,165.43	435.40	9,600.83	430.96	12.30	443.26
Add: Unallocable Income			0.05			-
Total Revenue			9,600.88			443.26
Segment results						
Add: Unallocable Income	(1.80)	228.70	226.90	8.19	58.86	67.05
Less : Unallocable administrative expenses		-	0.05			-
		-	107.31			22.51
Profit before tax			119.64			44.54
Segment assets						
Add:	1,496.58	6,712.66	8,209.24	377.70	102.97	480.67
Unallocable Corporate / other Assets			312.22			47.95
Advance Income-tax (including tax deducted at source) (net)			30.20			1.96
MAT Credit Entitlement			1.39			-
Deferred Tax Asset			2.33			-
Total Assets			8,555.38			530.58

(₹ in Lakhs)

Particulars	Year ended 31st March, 2012			Year ended 31st March, 2011		
	Trading	Financing and related services	Total	Trading	Financing and related services	Total
Segment liabilities						
Add:	-	5,667.19	5,667.19	-	0.25	0.25
Unallocable Corporate / other Liabilities			30.92			2.88
Provision for income tax (net)			-			-
Total			5,698.11			3.13
Cost incurred to acquire fixed assets (excluding capital advances)			15.02			5.60
			15.02			5.60
Depreciation/amortisation						
Unallocated depreciation/amortisation			1.54			0.69
			1.54			0.69
Non cash expenses other than depreciation and amortisation (included in measuring segment results)	166.54	15.74	182.28	16.32	0.25	16.57

- (iv) The reportable Segments are further described below :
Trading' includes dealing in Shares, Securities and commodities. 'Financing and Related services' segment includes all loans and advances to individuals, Firms & corporates, consultancy & advisory services relating to finance.

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

2010-11

1) Movement of Provision towards NPA

(` in Lacs)

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Gross NPAs as on April 1, 2010 (Opening Balance)	52.94	48.80
Add: Fresh NPAs during the year	-	4.14
Sub total (A)	52.94	52.94
Less:		
(i) Recoveries	18.00	-
(ii) Write-offs	34.94	-
Sub total (B)	52.94	-
Gross NPAs as on March 31, 2011 (Closing Balance)	-	52.94
(A-B)		

2) Confirmation from parties for amounts due to them/amounts due from them as per accounts of the company are not received. Necessary adjustments, if any, will be made when the accounts are reconciled.

3) Information about business and geographical segments
Business Segments

Pursuant to the Accounting Standard – 17 on “SEGMENT REPORTING”, the following Business segments have been reported.

Shares & Securities includes dealing in shares and other securities.

Finance includes all loans & advances to individuals & companies.

Others includes other income of the company.

3A. Segment Report for the year ended 31st March, 2011

<u>By Business Segments</u>				<u>` In Lacs</u>
	<u>Shares & Securities</u>	<u>Finance</u>	<u>Others</u>	<u>Total</u>
<u>Revenue</u>				
Total Revenue	427.96	8.95	6.34	<u>443.25</u>
<u>Result</u>				
Segment Result	(14.56)	55.11	6.05	46.60
Less: Unallocated expenses	-	-	-	NIL
Profit before Tax				46.60
Less : Provision for Tax				NIL

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED
Profit After Tax

46.60

OTHER INFORMATION

Segment Assets

Segment Assets	428.07	105.41	.69	534.17
----------------	--------	--------	-----	--------

Unallocated Corporate Assets	----	----	-----	-----
------------------------------	------	------	-------	-------

Total

534.17

Segment Liabilities & Provisions

Segment Liabilities	2.78	.31	.04	3.13
---------------------	------	-----	-----	------

Provisions	-----	-----	-----	-----
------------	-------	-------	-------	-------

Unallocated Corporate Liabilities & Provisions				3.60
--	--	--	--	------

Total

6.73

Capital Expenditure

Depreciation

.68

Amortization of Preliminary Expenses

4.58

Non Cash Expenses Other Than

Depreciation

3B. **GEOGRAPHICAL SEGMENT:** The Company's business is mainly concentrated in similar geographical, political and economical conditions. Hence disclosure for geographical segment is not required.

- 4) Basic Earning Per Share has been computed in accordance with Accounting Standard-20 "Earning Per Share". Basic Earning Per Share is computed by dividing Net Profit/(Loss) after tax by the Weighted number of Equity Shares outstanding during the year.

The following table sets forth, for the periods indicated, the computation of EPS.

	(C in Lacs)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
Basic		
Weighted average no. of Equity shares outstanding (in Lacs)	30.00	30.00
Net Profit	46.60	40.95
Basic earning per share (C)	1.55	1.36

5) RELATED PARTY DISCLOSURE

The company has transactions with its related parties comprising associates, key management personnel and relatives of key management personnel.

i) Relative of Key Management Personnel

1. Ms. Ekta Mehra (Daughter of Mr. Binod Kumar Mehra, Director) *

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

2. Mrs Anita Mehra **
3. Mrs Raj Goenka (Wife Of Mr. Girdhari Lal Goenka, Director)

* Transactions reported upto October 28, 2010
** Transactions reported upto September 29, 2010

ii) Associates

3. Mehra Capital Market Ltd.*
4. Aristro Capital Market Pvt Ltd
5. Risewell Credit Pvt Ltd

*Transactions reported upto September 08, 2010

iii) Key Management Personnel

6. Vivek Goenka (Managing Director)

B. In accordance with Accounting Standard 18, the disclosure required are given below :

								(in Lacs)
Sl. No.	Nature Transaction	Holding Company	Subsidiary	Associates	Relative of Key Management Personnel	KMP	Others	Total
1	Rent	---	---	---	0.21	---	---	0.21
2	Purchases	---	---	77.54	---	---	---	77.54
3	Sales	---	---	190.88	10.00	---	---	200.88
4	Share Application Money Received	---	---	400.00	---	---	---	400.00
5	Share Application Money Received	---	---	200.00	---	---	---	200.00
6	Salary	---	---	---	---	0.90	---	0.90

C. Outstanding as at the year end

Share Application Money	200.00
Sundry Debtors	58.50

6) Details of non-performing assets purchased/sold

The company has sold certain non-performing assets in terms of the guidelines issued by RBI circular no. DBOD.No.BP.BC.16/21.04.048/2005-06 dated July 13, 2005 on such sale.

The following table sets forth, for the periods indicated, details of non-performing assets sold

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

Particulars	(` in Lacs)
	Year ended March 31, 2011
No. of accounts	7
Aggregate value (net of provisions) of accounts sold,	34.94
Aggregate consideration	21.88
Aggregate Bad debt written off	13.06
Aggregate Bad debt reversed	6.94
Net Bad debt written off	6.12
Aggregate gain/(loss) over net book value	NIL

7) The Company has assigned certain leased assets aggregating to ` 62.95 Lacs and full amount has been received.	
8) A) Deferred Tax has been accounted in accordance with the requirement of Accounting Standard on “ Taxes on Income” (AS 22).	
B) The major components of the Deferred Tax , based on the tax effect of the timing differences, as at 31 st March, 2011 are timing difference in depreciable assets and amortization of Preliminary expenses but the deferred tax asset has not been recognized as there is no reasonable certainty that the company would earn profits in the near future however the reversal of Deferred tax liability has been accounted for.	
Deferred Tax has also not been provided on unabsorbed business losses and unabsorbed depreciation as there is no virtual certainty that the company would earn profits in the near future.	
9) Regarding impairment of assets, on assessment, it has been ascertained that no potential loss is present. Accordingly, no impairment loss has been provided in the Books of Account.	
10) The company has not received intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to their outstanding amount and interest have not been made.	
11) The company is registered as NBFC with RBI, Kolkata. It has received the certificate of NBFC from RBI, Kolkata. The company has transferred an amount of ` 9.32Lacs to Statutory Reserve Account as required by Non-Banking Financial companies Prudential Norms (Reserve Bank) Directions, 1998.	
12) Listing fees includes an amount of ` 1.21Lacs paid to Calcutta Stock Exchange and Bombay Stock Exchange and Legal & Professional charges includes an amount of ` 1.93 Lacs paid in connection with forthcoming right issue but the right issue was not proceeded with, as the management decided to withdraw the same.	
13) In the opinion of the management the market value of the quoted investment compared against their cost value have not suffered any permanent diminution and accordingly no provision for diminution in the value has been made during the year.	

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

14) Required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998

(` In lacs)

Particulars			
<u>Liabilities side:</u>			
(1)	Loans and advances availed by the NBFCs Inclusive of interest accrued thereon but not Paid :	Amount outstanding	Amount overdue
	(a) Debentures : Secured		
	: Unsecured		
	(other than falling within the meaning of public deposits*)		NIL
	(b) Deferred Credits		
	(c) Term Loans		
	(d) Inter-corporate loans and borrowing		
	(e) Commercial Paper		
	(f) Public Deposits*		
	(g) Other Loans (specify nature)		
(2)	<u>Break-up of (1)(f) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid) :</u>		
	(a) In the form of Unsecured debentures		
	(b) In the form of partly secured debentured i.e. debentures where there is a shortfall in the value of security	NIL	
	(c) Other public deposits		
<u>Assets side :</u>			
		Amount outstanding	
(3)	<u>Break-up of Loans and Advance including bills receivables [other than those included in (4) below] :</u>		
	(a) Secured		NIL
	(b) Unsecured		100.69
(4)	<u>Break up of leased Assets and stock on hire and hypothecation loans counting towards EI/ HP activities</u>		
	(i) Leased assets including lease rentals under sundry debtors :		
	(a) Financial lease		---
	(b) Operating lease	---	
	(ii) Stock on hire including hire charges under sundry debtors :		
	(a) Assets on hire		-----
	(b) Repossessed Assets		-----
	(iii) Hypothecation loans counting towards		

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

EL/HP activities

(a)	Loans where assets have been	-----
	repossessed	
(b)	Loans other than (a) above	-----

(5) **Break-up of Investment :**

Current Investments :

1.	Quoted :	
(i)	Shares : (a) Equity	319.20
	(b) Preference	NIL
(ii)	Debentures and Bonds	NIL
(iii)	Units of mutual funds	
(iv)	Government Securities	NIL
(v)	Others (please specify)	NIL
2.	Unquoted :	
(i)	Shares : (a) Equity	NIL
	(b) Preference	NIL
(ii)	Debentures and Bonds	NIL
(iii)	Units of mutual funds	NIL
(iv)	Government Securities	NIL
(v)	Others (Please specify)	NIL

Long Term investments :

1.	Quoted :	
(i)	Share : (a) Equity	2.78
	(b)Preference	NIL
(ii)	Debentures and Bonds	NIL
(iii)	Units of mutual funds	NIL
(iv)	Government Securities	NIL
(v)	Others (please specify)	NIL
2.	Unquoted :	
(i)	Shares : (a) Equity	NIL
	(b)Preference	NIL
(ii)	Debentures and Bonds	NIL
(iii)	Units of mutual funds	NIL
(iv)	Government Securities	NIL
(v)	Others (Please specify)	NIL

(6) **Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :**

	<u>Amount net of provisions</u>		
	Category		
	Secured	Unsecured	Total
1. Related Parties	---	---	---
(a) Subsidiaries			
(b) Companies in the same group	---	---	---
(c) Other related parties	---	---	---
2. Other than related parties	---	100.69	100.69
Total	NIL	100.69	100.69

(7) **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**

Category	Market Value/Break up or Fair value or NAV	Book Value (Net of Provisions)
----------	---	-----------------------------------

GOLDEN GOENKA FINCORP LIMITED
(formerly Golden Securities Limited)

Annexure VI (continued)

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

1. Related Parties		
(a) Subsidiaries		
(b) Companies in the same group	-----	---
(c) Other related parties	-----	---
2. Other than related parties	321.98	
Total	321.98	-----

(8) Other information		
	<u>Particulars</u>	<u>Amount</u>
(i) Gross Non-Performing Assets		
(a) Related parties		NIL
(b) Other than related parties		NIL
(ii) Net Non-Performing Assets		
(a) Related parties		NIL
(b) Other than related parties		NIL
(iii) Assets acquired in satisfaction of debt		NIL

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

2009-10

- 1) Sundry Debtors includes ₹ 18.30 Lacs and Fixed Assets includes ₹ 56.00 Lacs due on account of lease rentals and assets given on lease, from certain parties against which the Company has preferred recovery proceedings and the matter is sub-judice.

(₹ in Lacs)

2) Movement of Provision towards NPA	31.3.2010	31.3.2009
Opening Balance	48.80	56.57
Add/(Less): Provision during the year	4.14	(0.83)
Less : Written Off during the year	-	6.94
Closing balance	52.94	48.80

- 3) Confirmation from parties for amounts due to them/amounts due from them as per accounts of the company are not received. Necessary adjustments, if any, will be made when the accounts are reconciled.
- 4) Basic Earning Per Share has been computed with reference to Profit/(Loss) after tax of ₹ 4.09 Lacs [P.Y. ₹ (32.48) Lacs] and Equity Shares outstanding (nominal value ₹ 10) during the year aggregating to 30 Lacs shares.
- 5) A) Deffered Tax has been accounted in accordance with the requirement of Accounting Standard on " Taxes on Income" (As 22).

B) The major components of the Deffered Tax Liabilities, based on the tax effect of the timing differences, as at 31st March, 2010 are timing difference in depreciable assets ₹ 0.02 Lacs.

6. RELATED PARTY DISCLOSURE

A. In accordance with Accounting Standard 18, the disclosure required are given below : (₹ in Lacs)

<u>SL</u>	<u>Nature of Transaction</u>	<u>Holding Company</u>	<u>Subsidiary</u>	<u>Associates</u>	<u>Partnership Firm</u>	<u>Relative of Key Management Personnel</u>	<u>Total</u>
1	Rent	---	---	---	---	0.27	0.27
2	Purchases	---	---	701.32	---	---	---
3	Sales	---	---	698.32	---	---	---
4	Outstanding as on 31st March, 2010	---	---	NIL	---	NIL	NIL

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

B. Name of related parties and description of relationship: -

- i) Relative of Key Management Personal:- Ms. Ekta Mehra.(Daughter of Mr. Binod Kr. Mehra - Director)
- ii) Associates :- Mehra Capital Market Ltd

7A. Segment Report for the year ended 31st March, 2010

(₹ in Lacs)

By Business Segments

	<u>Shares & Securities</u>	<u>Finance</u>	<u>Others</u>	<u>Total</u>
<u>Revenue</u>				
Total Revenue	1103.46	11.23	NIL	1114.69
<u>Result</u>				
Segment Result	(5.66)	11.16	NIL	5.49
Less: Unallocated expenses				NIL
Less : Provision for Tax				1.4
Less: Fringe Benefit Tax				NIL
Less: Income Tax Adjust.				1.81
Add: Fringe Benefit Tax Adj				0.07
Profit/(Loss) After Tax				2.35

OTHER INFORMATION

Segment Assets

Segment Assets	71.23	245.64		316.87
Unallocated Corporate Assets	----	----		30.96
Total				347.83

Segment Liabilities & Provisions

Segment Liabilities	----	10.44	----	10.44
Provisions	4.14	48.81		52.95
Unallocated Corporate Liabilities				3.63
Total				67.02

Capital Expenditure

Depreciation

Non Cash Expenses Other Than Depreciation

7B.GEOGRAPHICAL SEGMENT : The Company's business is mainly concentrated in similar geographical , political and economical conditions. Hence disclosure for geographical segment is not required.

GOLDEN GOENKA FINCORP LIMITED

(formerly Golden Securities Limited)

Annexure VI (continued)

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

8. Regarding impairment of assets, on assessment, it has been ascertained that no potential loss is present, except the asset that was leased to M/s Prakash Industries Ltd. and M/s Sanderson Industries Ltd. The matter is sub-judice in court and the management is in opinion that full value of asset will be recovered. So the provision for impairment of asset is not provided.
9. The Company is registered as NBFC with RBI, Kolkata. It has received certificate of NBFC from RBI, Kolkata. The company has transferred an amount of ₹ 0.47 Lacs to Statutory Reserve account as required by Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998
10. Dues of Micro, Small and Medium Enterprises – NIL
11. Required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998

(₹ in Lacs)

Particulars			
<u>Liabilities side:</u>			
(1) Loans and advances availed by the NBFCs Inclusive of interest accrued thereon but <u>not Paid</u> :	Amount outstanding	Amount Overdue	
(a) Debentures : Secured			
: Unsecured			
(other than falling within the meaning of public deposits*)			NIL
(b) Deferred Credits			
(c) Term Loans			
(d) Inter-corporate loans and borrowing			
(e) Commercial Paper			
(f) Public Deposits*			
(g) Other Loans (specify nature)			
(2) Break-up of (1)(f) above (Outstanding Public deposits inclusive of interest accrued <u>thereon but not paid</u>) :			
(a) In the form of Unsecured debentures			
(b) In the form of partly secured debentured i.e. debentures where there is a shortfall in the value of security			NIL
(c) Other public deposits			

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

Assets side :

	Amount outstanding
(3) Break-up of Loans and Advance including bills receivables [other than those included in (4) below]	
(a) Secured	NIL
(b) Unsecured	145.93
(4) Break up of leased Assets and stock on hire and hypothecation loans counting towards EL/ HP activities	
(i) Leased assets including lease rentals under sundry debtors :	
(a) Financial lease	---
(b) Operating lease	18.30
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	---
(b) Repossessed Assets	---
(iii)Hypothecation loans counting towards EL/HP activities	
(a) Loans where assets have been repossessed	---
(b) Loans other than (a) above	---
(5) Break-up of Investment :	
<u>Current Investments :</u>	
1. Quoted :	
(i) Shares : (a) Equity	50.17
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	
(iv) Government Securities	NIL
(v) Others (please specify)	NIL
2. Unquoted :	
(i) Shares : (a) Equity	10.00
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others (Please specify)	NIL

GOLDEN GOENKA FINCORP LIMITED
(formerly Golden Securities Limited)

Annexure VI (continued)

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

Long Term investments :

1. Quoted :

(i)	Shares : (a) Equity	NIL
	(b) Preference	NIL
(ii)	Debentures and Bonds	NIL
(iii)	Units of mutual funds	NIL
(iv)	Government Securities	NIL
(v)	Others (please specify)	NIL

2 Unquoted :

(i)	Shares : (a) Equity	10.00
	(b) Preference	NIL
(ii)	Debentures and Bonds	NIL
(iii)	Units of mutual funds	NIL
(iv)	Government Securities	NIL
(v)	Others (Please specify)	NIL

(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:

	<u>Amount net of Provisions</u>		
	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>
1. Related Parties			
(a) Subsidiaries	----	----	----
(b) Companies in the same group	----	----	----
(c) Other related parties	----	----	----
2. Other than related parties	---	97.13	97.13
Total	NIL	97.13	97.13

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Category	Market Value/Break up or Fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries		
(b) Companies in the same group	----	----
(c) Other related parties	----	10.00
2. Other than related parties	50.17	10.00
Total	50.17	20.00

(8) Other information

<u>Particulars</u>	<u>Amount</u>
(i) Gross Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	52.94
(ii) Net Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	NIL
(iii) Assets acquired in satisfaction of debt	NIL

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

2008-09

- 1) Sundry Debtors includes ₹ 18.30 Lacs and Fixed Assets includes ₹ 56.00 Lacs due on account of lease rentals and assets given on lease, from certain parties against which the Company has preferred recovery proceedings and the matter is sub-judice.

(₹ in Lacs)

- | | | |
|---------------------------------------|------------------|------------------|
| 2) Movement of Provision towards NPA | 31.3.2009 | 31.3.2008 |
| Opening Balance | 56.57 | 79.21 |
| Add/(Less): Provision during the year | (0.83) | (20.89) |
| Less : Written Off during the year | 6.94 | 1.75 |
| Closing balance | 48.80 | 56.57 |
- 3) Confirmation from parties for amounts due to them/amounts due from them as per accounts of the company are not received. Necessary adjustments, if any, will be made when the accounts are reconciled.
- 4) Basic Earning Per Share has been computed with reference to Profit/(Loss) after tax of ₹(32.48) Lacs [P.Y. ₹ 21.89 Lacs] and Equity Shares outstanding (nominal value ₹ 10) during the year aggregating to 30 Lacs shares.
- 5) A) Deffered Tax has been accounted in accordance with the requirement at Accounting Standard on " Taxes on Income" (AS 22).
- B) The timing difference relating mainly to unabsorbed losses result in the Deferred Tax assets. As a prudence measure the net deferred tax assets relating to the above has not been recognised in the accounts.

c) The major components at the Deffered Tax Liabilities, based on the tax effect of the timing differences, as at 31st March, 2009 are timing difference in depreciable assets ₹ 0.02 Lacs.

6) RELATED PARTY DISCLOSURE

A. In accordance with Accounting Standard 18, the disclosure required are given below : (in Lacs)

<u>SL</u>	<u>Nature of Transaction</u>	<u>Holding Company</u>	<u>Subsidiary</u>	<u>Associates</u>	<u>Partnership Firm</u>	<u>Relative of Key Management Personnel</u>	<u>Total</u>
1	Rent	---	---	---	---	0.18	0.18
2	Purchases	---	---	99.14	---	---	99.14

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

3	Sales	---	---	92.03	---	---	92.03
4	Outstanding as on 31st March, 09 (Debit)	---	---	2.77	---	---	2.77

B. Name of related parties and description of relationship: -

- i) Relative of Key Management Personnel :- Ms. Ekta Mehra.(Daughter of Mr. Binod Kr. Mehra - Director)
- ii) Associates :- Mehra Capital Market Ltd

7A. Segment Report for the year ended 31st March, 2009

(₹ in Lacs)

By Business Segments

<u>Revenue</u>	<u>Shares & Securities</u>	<u>Finance</u>	<u>Others</u>	<u>Total</u>
Total Revenue	248.49	3.48	0	<u>251.97</u>
<u>Result</u>				
Segment Result	(36.68)	4.23		(32.45)
Less: Unallocated expenses				NIL
Profit before Tax				(32.45)
Less : Provision for Tax				NIL
Add/(Less): Deferred Tax				(.00)
Less: Fringe Benefit Tax				0.03
Less: Income Tax Adjust.				5.51
Less: Fringe Benefit Tax Adj				0.03
Profit/(Loss) After Tax				(38.02)

OTHER INFORMATION

Segment Assets

Segment Assets	62.10	197.58		259.68
Unallocated Corporate Assets	----	----		<u>18.77</u>
				<u>278.45</u>

Segment Liabilities

Segment Liabilities	----	----	----	----
Unallocated Corporate Liabilities				<u>278.45</u>
				<u>278.45</u>

Capital Expenditure

----	----	----	----
------	------	------	------

Depreciation

----	----	----	0.05
------	------	------	------

**Non Cash Expenses Other Than
Depreciation**

----	----	----	----
------	------	------	------

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

7B.GEOGRAPHICAL SEGMENT : The Company's business is mainly concentrated in similar geographical , political and economical conditions . Hence disclosure for geographical segment is not required.

8. Dues of Micro, Small and Medium Enterprises - NIL
9. Required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998

		(` in Lacs)	
Particulars			
<u>Liabilities side:</u>			
(1)	Loans and advances availed by the NBFCs Inclusive of interest accrued thereon but <u>not Paid</u> :	Amount outstanding	Amount overdue
	(a) Debentures : Secured		
	: Unsecured		
	(other than falling within the meaning of public deposits*)		NIL
	(b) Deferred Credits		
	(c) Term Loans		
	(d) Inter-corporate loans and Borrowing		
	(e) Commercial Paper		
	(f) Public Deposits*		
	(g) Other Loans (specify nature)		
(2)	Break-up of (1)(f) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid) :		
	(a) In the form of Unsecured debentures		
	(b) In the form of partly secured debentured i.e. debentures where there is a shortfall in the value of security		NIL
	(c) Other public deposits		
<u>Assets side :</u>			
(3)	Break-up of Loans and Advance including bills receivables [other than those included in (4) below]	Amount outstanding	
	(a) Secured		NIL
	(b) Unsecured		118.08

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

**(4) Break up of leased Assets and stock on hire
and hypothecation loans counting towards**

El/ HP activities

(i) Leased assets including lease rentals under sundry debtors :		
(a) Financial lease	----	
(b) Operating lease		18.30
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	----	
(b) Repossessed Assets	----	
(iii)Hypothecation loans counting towards EL/HP activities		
(a) Loans where assets have been repossessed	----	
(b) Loans other than (a) above	----	

(5) Break-up of Investment :

Current Investments :

1. Quoted :

(i) Shares : (a) Equity		24.67
(b) Preference		NIL
(ii) Debentures and Bonds		NIL
(iii) Units of mutual funds		
(iv) Government Securities		NIL
(v) Others (please specify)		NIL

2. Unquoted :

(i) Shares : (a) Equity		20.00
(b) Preference		NIL
(ii) Debentures and Bonds		NIL
(iii) Units of mutual funds		NIL
(iv) Government Securities		NIL
(v) Others (please specify)		NIL

Long Term investments :

1. Quoted :

(i) Shares : (a) Equity		NIL
(b) Preference		NIL
(ii) Debentures and Bonds		NIL
(iii) Units of mutual funds		NIL
(iv) Government Securities		NIL
(v) Others (please specify)		NIL

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

2 <u>Unquoted</u> :	10.00
(i) Shares : (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and Bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government Securities	NIL
(v) Others (Please specify)	NIL

(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:

	<u>Amount net of Provisions</u>		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	---	---	---
(b) Companies in the same group	---	---	---
(c) Other related parties	---	---	---
2. Other than related parties	---	118.08	118.08
Total	---	118.08	118.08

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Category	Market Value/Break up or Fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries		
(b) Companies in the same group	---	---
(c) Other related parties	---	10.00
2. Other than related parties	24.67	20.00
Total	24.67	30.00

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

(8) Other information

<u>Particulars</u>	<u>Amount</u>
(i) Gross Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	48.80
(ii) Net Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	NIL
(iii) Assets acquired in satisfaction of debt	NIL

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

2007-08

- 1) Sundry Debtors includes ₹ 18.30 Lacs and Fixed Assets includes ₹ 56.00 Lacs due on account of lease rentals and assets given on lease, from certain parties against which the Company has preferred recovery proceedings and the matter is sub-judice.

(₹ in Lacs)

2) Movement of Provision towards NPA	31.3.2008	31.3.2007
Opening Balance	79.21	79.43
Add/(Less): Provision during the year	(20.89)	(0.22)
Less : Written Off during the year	1.75	-
Closing balance	56.57	79.21

- 3) Confirmation from parties for amounts due to them/amounts due from them as per accounts of the company are not received. Necessary adjustments, if any, will be made when the accounts are reconciled.
- 4) Basic Earning Per Share has been computed with reference to Profit/(Loss) after tax of ₹ 21.89 Lacs [P.Y. ₹ (0.06) Lacs] and Equity Shares outstanding (nominal value ₹ 10) during the year aggregating to 30Lacs shares.
- 5) A) Deffered Tax has been accounted in accordance with the requirement at Accounting Standard on " Taxes on Income" (AS 22). As required by the said standard, the deferred tax provision relating to previous revenue reserve as on April 1, 2002.
- B) The major components at the Deffered Tax Assets/Liabilities, based on the tax effect of the timing differences, as at 31st March, 2008 are timing difference in depreciable assets ₹ 0.02 Lacs.

6. RELATED PARTY DISCLOSURE

In accordance with Accounting Standard 18, the disclosure required are given below : (in Lacs)

<u>SL</u>	<u>Nature of Transaction</u>	<u>Holding Company</u>	<u>Subsidiary</u>	<u>Associates</u>	<u>Partnership Firm</u>	<u>Relative of Key Management Personnel</u>	<u>Total</u>
1	Rent	---	---	---	---	0.18	0.18
2	Outstanding as on 31st March, 08 credit	---	---	---	---	NIL	NIL

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

Name of related parties and description of relationship: -

1. Relative of Key Management Personnel :- Ms. Ekta Mehra.(Daughter of Mr. Binod Kr. Mehra - Director).

7A. Segment Report for the year ended 31st March, 2008

(₹ in Lacs)

By Business Segments

	<u>Shares & Securities</u>	<u>Finance</u>	<u>Others</u>	<u>Total</u>
<u>Revenue</u>				
Total Revenue	409.47	6.06	0	508.74
<u>Result</u>				
Segment Result	11.48	26.86		38.34
Less: Unallocated expenses				NIL
Profit before Tax				38.34
Less : Provision for Tax				5.80
Add/(Less): Deferred Tax				(2.88)
Less: Fringe Benefit Tax				0.10
Less: Transfer to Statutory Reserve				7.67
Profit/(Loss) After Tax				21.89

OTHER INFORMATION

Segment Assets

Segment Assets	167.83	175.15		342.98
Unallocated Corporate Assets	----	----		(26.50)
				316.48

Segment Liabilities

Segment Liabilities	----	----	----	----
Unallocated Corporate Liabilities				316.48
				316.48

Capital Expenditure

	----	----	----	----
<u>Depreciation</u>	----	----	----	0.06

**Non Cash Expenses Other Than
Depreciation**

	----	----	----	----
--	------	------	------	------

7B.GEOGRAPHICAL SEGMENT : The Company's business is mainly concentrated in similar geographical , political and economical conditions . Hence disclosure for geographical segment is not required.

8. The Company is registered as NBFC with RBI, Kolkata. It has received certificate of NBFC from RBI, Kolkata. The company has transferred ` 7.67Lacs to Special Reserve (Statutory Reserve) account as required by Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

9. Required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998

		(₹ in Lacs)	
Particulars			
<u>Liabilities side:</u>			
(1)	Loans and advances availed by the NBFCS Inclusive of interest accrued thereon but <u>not Paid</u> :	Amount outstanding	Amount overdue
	(a) Debentures : Secured		
	: Unsecured		
	(other than falling within the meaning of public deposits*)		NIL
	(b) Deferred Credits		
	(c) Term Loans		
	(d) Inter-corporate loans and borrowing		
	(e) Commercial Paper		
	(f) Public Deposits*		
	(g) Other Loans (specify nature)		
(2)	Break-up of (1)(f) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid) :		
	(a) In the form of Unsecured debentures		
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		NIL
	(c) Other public deposits		
<u>Assets side :</u>			
(3)	Break-up of Loans and Advances including bills receivables [other <u>than those included in (4) below</u>]	Amount outstanding	
	(a) Secured		2.86
	(b) Unsecured		79.29
(4)	Break up of leased Assets and stock on hire and hypothecation loans counting towards EI/ HP activities		
	(i) Leased assets including lease rentals under sundry debtors :		
	(a) Financial lease		----
	(b) Operating lease		18.30
	(ii) Stock on hire including hire charges under sundry debtors:		

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

(a)	Assets on hire	----
(b)	Repossessed Assets	----
(iii)	Hypothecation loans counting towards EL/HP activities	
(a)	Loans where assets have been repossessed	----
(b)	Loans other than (a) above	----
(5)	Break-up of Investment :	
	<u>Current Investments :</u>	
	1. Quoted :	
(i)	Shares : (a) Equity	26.24
	(b) Preference	NIL
(ii)	Debentures and Bonds	NIL
(iii)	Units of mutual funds	
(iv)	Government Securities	NIL
(v)	Others (please specify)	NIL
	2. Unquoted :	
(i)	Shares : (a) Equity	10.00
	(b) Preference	NIL
(ii)	Debentures and Bonds	NIL
(iii)	Units of mutual funds	NIL
(iv)	Government Securities	NIL
(v)	Others (please specify)	
	<u>Long Term investments :</u>	
	1. <u>Quoted :</u>	
(i)	Shares : (a) Equity	NIL
	(b) Preference	NIL
(ii)	Debentures and Bonds	NIL
(iii)	Units of mutual funds	111.00
(iv)	Government Securities	NIL
(v)	Others (please specify)	NIL
	2 <u>Unquoted :</u>	
(i)	Shares : (a) Equity	10.00
	(b) Preference	NIL
(ii)	Debentures and Bonds	NIL
(iii)	Units of mutual funds	NIL
(iv)	Government Securities	NIL
(v)	Others (Please specify)	NIL

OTHER NOTES TO FINANCIAL STATEMENTS - RESTATED

(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:

	<u>Amount net of Provisions</u>		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	---	---	---
(b) Companies in the same group	---	---	---
(c) Other related parties	---	---	---
2. Other than related parties	2.86	79.29	82.15
Total	2.86	79.29	82.15

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Category	Market Value/Break up or Fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	---	---
(b) Companies in the same group	---	---
(c) Other related parties	---	10.00
2. Other than related parties	147.24	---
Total	147.24	10.00

(8) Other information

<u>Particulars</u>	<u>Amount</u>
(i) Gross Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	56.57
(ii) Net Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	NIL
(iii) Assets acquired in satisfaction of debt	NIL

Statement of Adjustments and Regrouping

(A) Restatement/ Adjustments

Below mentioned is the summary of results of restatement made in the audited accounts for the respective years and its impact on the profits of the Company:

Particulars	(Amount in ₹)				
	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2009	Year Ended 31.03.2008
Adjustments for :					
<u>Prior period item</u>					
Listing fees for 2007-08	10,500	-	-	-	-
Professional Fees	2,03,325	-	-	-	-
<u>Corporate Compliance Fees</u>					
Listing fees	-	-	-	-	(10,500)
<u>Legal & Professional Fees</u>					
Professional Fees	-	(2,03,325)	-	-	-
Increase / (decrease) in Profit	2,13,825	(2,03,325)	-	-	(10,500)

Prior period item

In the financial statements for the year ended March 31, 2012, certain expenses pertaining to earlier years, had been disclosed as prior period items. Prior period items are income or expenses, which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. For the purpose of Statement of Profit and Loss, as restated, such prior period items have been appropriately adjusted in the years ended March 31, 2011 and 2008 and the opening surplus as on 1st April, 2011

(B) Regroupings

The net effect of the following key regroupings have been presented against each item of Income or Expenses :

1. Upto 31 March 2010, Increase / Decrease in Stock were disclosed separately under Income . Accordingly such Increase / Decrease in Stock have been re-grouped under Expenses in the summary statement of profit and loss, as restated, for the years ended March 31, 2010, 2009 and 2008.
2. Upto 31 March 2010, Salaries and Bonus were disclosed separately under Administrative and Other charges . Accordingly such Salaries and Bonus have been re-grouped under Employees Benefits Expenses in the summary statement of profit and loss, as restated, for the years ended March 31, 2010, 2009 and 2008.
3. Upto 31 March 2010, Staff Welfare were disclosed separately under Administrative and Other charges . Accordingly such Staff Welfare have been re-grouped under Employees Benefits Expenses in the summary statement of profit and loss, as restated, for the years ended March 31, 2010, 2009 and 2008.
4. Upto 31 March 2010, Bank Charges were disclosed separately under bank charges under Administrative and Other charges. Accordingly such bank charges have been re-grouped under Miscellaneous Expenses under Other Expenses in the summary statement of profit and loss, as restated, for the years ended March 31, 2010, 2009 and 2008.
5. Upto 31 March 2010, Demat Charges were disclosed separately under Demat Charges and Securities Transaction Charges under Administrative and Other charges. Accordingly such Demat Charges and Securities Transaction Charges have been re-grouped under Capital & Commodity Market Expenses under Other Expenses in the summary statement of profit and loss, as restated, for the years ended March 31, 2010, 2009 and 2008.

6. Upto 31 March 2010, Securities Transaction Charges were disclosed separately under Securities Transaction Charges under Administrative and Other charges. Accordingly such Securities Transaction Charges have been re-grouped under Capital & Commodity Market Expenses under Other Expenses in the summary statement of profit and loss, as restated, for the years ended March 31, 2010, 2009 and 2008.
7. Upto 31 March 2010, Internal Audit Fee were disclosed separately under Internal Audit Fee under Administrative and Other charges. Accordingly such Internal Audit Fee have been re-grouped under Legal and Professional Expenses under Other Expenses in the summary statement of profit and loss, as restated, for the years ended March 31, 2010, 2009 and 2008.
8. Upto 31 March 2010, Custody Fees were disclosed separately under Custody Fees under Administrative and Other charges. Accordingly such Custody Fees have been re-grouped under Miscellaneous Expenses under Other Expenses in the summary statement of profit and loss, as restated, for the years ended March 31, 2010, 2009 and 2008.
9. Upto 31 March 2010, Computer Maintenance were disclosed separately under Computer Maintenance under Administrative and Other charges. Accordingly such Computer Maintenance have been re-grouped under Repair and Maintenance-Others under Other Expenses in the summary statement of profit and loss, as restated, for the years ended March 31, 2010, 2009 and 2008.
10. Upto 31 March 2010, Office Maintenance were disclosed separately under Office Maintenance under Administrative and Other charges. Accordingly such Office Maintenance have been re-grouped under Repair and Maintenance-Others under Other Expenses in the summary statement of profit and loss, as restated, for the years ended March 31, 2010, 2009 and 2008.
11. Upto 31 March 2010, Professional Tax were disclosed separately under Professional Tax under Administrative and Other charges. Accordingly such Professional Tax have been re-grouped under Rates & Taxes under Other Expenses in the summary statement of profit and loss, as restated, for the years ended March 31, 2010, 2009 and 2008.
12. Upto 31 March 2010, Service Tax were disclosed separately under Service Tax under Administrative and Other charges. Accordingly such Service Tax have been re-grouped under Rates and Taxes under Other Expenses in the summary statement of profit and loss, as restated, for the years ended March 31, 2010, 2009 and 2008.
13. Upto 31 March 2010, Listing Fees were disclosed separately under Listing Fees under Administrative and Other charges. Accordingly such Listing Fees have been re-grouped under Corporate Compliance Fees under Other Expenses in the summary statement of profit and loss, as restated, for the years ended March 31, 2010, 2009 and 2008.
14. Upto 31 March 2010, Filing Fees were disclosed separately under Filing Fees under Administrative and Other charges. Accordingly such Filing Fees have been re-grouped under Corporate Compliance Fees under Other Expenses in the summary statement of profit and loss, as restated, for the years ended March 31, 2010, 2009 and 2008.
15. Upto 31 March 2010, Postage and Stamp were disclosed separately under Postage and Stamp under Administrative and Other charges. Accordingly such Postage and Stamp have been re-grouped under Communication Expenses under Other Expenses in the summary statement of profit and loss, as restated, for the years ended March 31, 2010, 2009 and 2008.

(C) Changes in Accounting Policies/ Correction of Accounting Policies

The accounting policies applied by the Company for the preparation of the financial information for the financial years ended March 31, 2011, 2010, 2009 and 2008 are consistent with those applied during the financial year ended March 31, 2012. Hence there were no adjustments/ corrections done in the restated financial information.

(D) Auditor's Qualifications

There is no qualification in the auditor's report on the Audited Standalone financial statements for each of the financial years ended March 31, 2011, 2010, 2009 and 2008 that requires adjustments to the Standalone Financial Information.

(E) Taxes

Provision for Taxation (Income Tax and Deferred Tax) for the respective years have not been recomputed on the above adjusted profits as the same were immaterial.

Statement of dividend declared - Restated

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2009	Year Ended 31.03.2008
Equity Share Capital at the Balance Sheet date (₹ in lakhs)	1,700.02	300.02	299.99	299.99	299.99
No. of shares (Nos.)	1,70,00,200	30,00,200	30,00,200	30,00,200	30,00,200
Rate of Dividend (%)	4.00	NIL	NIL	NIL	NIL
Dividend Per share (₹)	0.40	NIL	NIL	NIL	NIL
<p>Note: During the year ended 31st March, 2012 the Company has paid an interim dividend @ 4% aggregating to ₹ 6,800,080.</p> <p>The above figure disclosed are as per the restated financial statement of Golden Goenka Fincorp Limited and excludes dividend declared, if any, by its subsidiaries.</p>					

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2009	Year Ended 31.03.2008
Number of shares at the beginning of the year	30,00,200	30,00,200	30,00,200	30,00,200	30,00,200
Number of shares at the end of the year	1,70,00,200	30,00,200	30,00,200	30,00,200	30,00,200
Weighted average number of equity share of ₹ 10/- each	1,51,64,134	30,00,200	30,00,200	30,00,200	30,00,200
Dilutive effect on weighted average number of shares	-	-	-	-	-
Weighted average number of equity shares of ₹ 10/- (Diluted)	1,51,64,134	30,00,200	30,00,200	30,00,200	30,00,200
Net Profit after tax available for Equity Shares (₹ in lakhs)	94.42	44.56	2.36	(38.02)	29.44
Net worth at the end of the year (₹ in lakhs)	2,857.26	325.30	280.70	278.35	316.37
Average Networth during the year [(Opening+Closing)/2] (₹ in lakhs)	1,591.28	303.00	279.53	297.36	310.21
Basic Earning Per Share (EPS) ₹	0.62	1.49	0.08	(1.27)	0.98
Dilutive Earning Per Share (EPS) ₹	0.62	1.49	0.08	(1.27)	0.98
Return on Net Worth (%)					
Considering Networth at the end of the year	3.30%	13.70%	0.84%	-13.66%	9.31%
Considering Average Networth during the year	5.93%	14.71%	0.84%	-12.79%	9.49%
Net Asset Value Per Share (₹)	16.81	10.84	9.36	9.28	10.55
Borrowing (₹ in lakhs)	5,650	-	-	-	-
Debt Equity	1.98	-	-	-	-
Notes:					
Earning Per Share (Basic)	= <u>Net Profit attributable to Equity Shareholders</u> Weighted Average Number of Equity Share Outstanding during the year				
Earning Per Share (Diluted)	= <u>Net Profit attributable to Equity Shareholders</u> Weighted Average Number of Diluted Equity Share Outstanding during the year				
Return on Net Worth (%) (Based on Net worth at the end of the year)	= <u>Net Profit After Tax</u> Net Worth at end of the year				
Return on Net Worth (%) (Based on Average Networth during the year)	= <u>Net Profit After Tax</u> Average Net Worth During the year				
Net Asset Value Per Share	= <u>Net worth at the end of the year</u> Number of Equity Shares outstanding at the end of the year				
Debt Equity	= <u>Borrowing</u> Net worth				
# Net Worth = Share Capital + Reserves					
Note: The above figure disclosed are as per the restated financial statement of Golden Goenka Fincorp Limited.					

Golden Goenka Fincorp Limited
(formerly Golden Securities Limited)
Capitalisation Statement

Annexure X
(in Lakhs)

Particulars	Pre issue as at 31.03.2012 (Audited)	Adjusted for Rights Issue (Immediately after the Issue)
Debt		
Long Term	5,000.00	5,000.00
Short Term	650.00	650.00
	5,650.00	5,650.00
Shareholders' Funds		
Share Capital	1,700.02	*
Reserves and Surplus		
Special Reserve under section 45-IC of Reserve Bank of India Act, 1934	36.23	36.23
General Reserve	3.73	3.73
Securities Premium Account	1,123.42	*
Surplus in Profit and Loss Account	0.69	0.69
	1,164.07	-
Total Shareholders' Funds	2,864.09	-
Long Term Debt / Equity	1.75	-
Total Debt/Equity	1.97	-

* These data will be inserted once the issue price is determined.

Note:

The above figure disclosed are as per the restated financial statement of Golden Goenka Fincorp Limited.

Golden Goenka Fincorp Limited
(formerly Golden Securities Limited)
Statement of Secured and Unsecured Loan - Restated

Annexure XI

Secured redeemable non-convertible debentures by way of private placement						
Sr. No.	Name of lenders	Deemed date of allotment	Number of NCDs	Amount outstanding (₹ in Lacs)	Rate of Interest	Securities Offered
1	Secured Redeemable Non-Convertible Debentures	7th March, 2012	5,00,000	5,000.00	12.75%	The NCDs are secured by mortgage over the Company's immovable property located in Gujarat, and by hypothecation of stock and trade receivable/ debtors both as agreed between the Company and the Trustee for the Debenture Holders.
Unsecured Loan						
Sr. No.	Name of lender	Nature of facility	Amount sanctioned (₹ in Lacs)	Amount outstanding (₹ in Lacs)	Rate of Interest	Repayment Terms
1	Risewell Credit Private Limited	Short Term Inter-Corporate Loan	5,000	651.27	11% p.a.	Repayment of principal amount on expiry of 120 days from the date of disbursement of loan.
Total			5,000	651.27		

Note:

Lender is a holding company of the Company.
Amount outstanding includes Accrued Interest.
The above figure disclosed are as per the restated financial statement of Golden Goenka Fincorp Limited.

GOLDEN GOENKA FINCORP LIMITED
(formerly Golden Securities Limited)
Statement of Tax Shelter -Restated, As Audited

Annexure XII
(₹ in Lakhs)

	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
Profit/(Loss) before tax as per books (Restated) (Normal Income)	112.26	44.55	5.50	(34.92)	38.22
Short Term Capital Gain	7.39	-	-	2.47	-
Total Profit/(Loss) before tax as per books (Restated)	119.65	44.55	5.50	(32.45)	38.22
Income Tax Rate (A)					
Tax Rates (Normal)	30.90%	30.90%	30.90%	30.90%	30.90%
Tax at Special Rate (STCG with STT)	15.45%	15.45%	15.45%	15.45%	15.45%
Tax at above rate (B)					
- on Normal Income	34.69	13.77	1.70	(10.79)	11.82
- on Special Rate Income (STCG)	1.14	-	-	0.38	-
Total	35.83	13.77	1.70	(10.41)	11.82
Adjustments:					
Permanent Differences:					
Exempt Income (Dividend Income & Tax Free Interest Income)	(19.57)	(0.08)	(0.61)	(0.21)	(0.67)
Provision for Diminution in Long Term Investment	2.22	-	-	-	-
Expenses of Capital Nature	28.75	-	-	-	-
Preliminary Expenses written off	-	4.58	-	-	-
Disallowance under section 40a	-	-	-	0.06	-
Sub Total (C)	11.40	4.50	(0.61)	(0.15)	(0.67)
Timing Difference					
Difference between tax depreciation and book depreciation	0.03	0.21	(0.02)	(0.02)	(0.02)
Disallowance for Provisions	13.52	0.25	4.15	-	-
Reversal of Provisions	-	(52.94)	-	(0.83)	(20.89)
Deferred Revenue Expenditure	(9.97)	-	-	-	-
Preliminary Expenses written off (Allowance under Section 35D)	-	(0.92)	-	-	-
Disallowance of 43B	3.03	0.01	-	-	-
Speculative Loss	-	-	-	-	13.29
Sub Total (D)	6.61	(53.39)	4.13	(0.85)	(7.62)
Net Adjustments (E) = (C) + (D)	18.01	(48.89)	3.52	(1.00)	(8.29)
Tax on Adjustments (F) = (E)*A	5.57	(15.11)	1.09	(0.31)	(2.56)
Net Tax after adjustments (G) = (B)+ (F)	41.40	(1.34)	2.79	(10.72)	9.26
Tax adjustment on account of Brought forward Business Loss and Unabsorbed Depreciation (H)	(12.44)	0.71	(2.78)	10.13	(3.53)
Tax adjustment on account of restatement (I)	-	0.63	-	-	0.03
Normal Tax Provision (J) =(G) + (H) + (I)	28.96	-	0.01	(0.59)	5.76
Tax Liability Under MAT (K)	-	-	1.39	-	-
Tax Provision L = (Higher of J or K)	28.96	-	1.39	-	5.76
MAT credit entitlement/ adjustment (M)	(1.39)	-	-	-	-
Tax Liability after MAT credit adjustment (N)= (L)+ (M)	27.57	-	1.39	-	5.76
Income Tax in respect of earlier years	-	-	1.74	5.54	-
Provision for Tax	27.57	-	3.13	5.54	5.76
Deferred Tax Adjustment	(2.33)	(0.01)	-	-	2.88

AUDITORS' REPORT

The Board of Directors,
Golden Goenka Fincorp Limited,
(formerly Golden Securities Limited)
1st British Indian Street,
1st Floor, Room No. B-10,
Kolkata - 700069

Dear Sirs,

Re: Proposed Issue by Golden Goenka Fincorp Limited (formerly Golden Securities Limited) (the "Company") of Equity Shares with a face value of ₹ 5 each for cash at a premium of ₹ [●] each per share (the "securities") for an amount not exceeding ₹ 131 crores (the "Offer Limit") on a rights basis to the existing shareholders of the Company in the ratio of [●] equity share(s) for every [●] fully paid up equity share(s) held by the existing equity shareholders on the record date that is on [●] (the "Issue")

1. We have examined the Consolidated Financial Information of Golden Goenka Fincorp Limited (formerly Golden Securities Limited) (the "Company"), its subsidiaries and associate [the Company, its subsidiaries and associate collectively referred to as "the Group"] as approved by the Board of Directors of the Company, annexed to this report and initialled by us for identification purposes only. The said financial information has been prepared by the Company in accordance with the requirements of Paragraph B of Part II of Schedule II to the Companies Act, 1956 (the "Act"), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI Regulations") as amended up to date, issued by the Securities and Exchange Board of India and the terms of our engagement with you in accordance with our engagement letter dated June 04, 2012 in connection with the Proposed Issue of Equity Shares of the Company.

2. **Financial Information as per Audited Consolidated Financial Statements**

We have examined the attached 'Statement of Consolidated Assets and Liabilities- Restated' of the Company as at March 31, 2012 (Annexure I), 'Statement of Consolidated Profit and Loss- Restated' of the Company for the financial year ended March 31, 2012 (Annexure II) and 'Statement of Consolidated Cash Flow - Restated' of the Company for the financial year ended March 31, 2012 (Annexure III), collectively referred to as 'Consolidated Financial Information'. The Consolidated Financial Information is to be read in conjunction with the "Notes to Consolidated Financial Statements - Restated", "Significant Accounting Policies - Restated" and "Other Notes to Financial Statements - Restated" given in Annexure IV, V and VI respectively to this report. The Consolidated Financial Information has been extracted by the Management from the audited consolidated financial statements of the Company. The Consolidated Financial Statements of the Company for the financial year ended March 31, 2012 have been audited by us and approved by the Board of Directors of the Company.

Financial statements of subsidiaries, which reflect total assets (net) of ₹ 255.25 lakhs as at March 31, 2012, total net revenues of ₹ 3.36 lakhs and net cash inflows of ₹ 2.22 lakhs for the year ended on that date, as considered in the Audited Consolidated Financial Statements, have been audited by one of us (i.e. Vasudeo & Associates). We did not audit the financial statements of the associate, in which the share of profit of the Group is ₹ 23.73 lakhs for the year ended March 31, 2012, as considered in the Audited Consolidated Financial Statements. The financial statements of the associate have been audited by other auditors whose report has been furnished to us and our opinion is based solely on the report of the other auditors (ARSK & Associates).

3. In accordance with the requirements of Paragraph B of Part II of Schedule II to the Act, the SEBI Regulations, the Guidance note on “Reports in Company Prospectuses (Revised)” issued by the Institute of Chartered Accountants of India to the extent applicable, as amended from time to time and the terms of our engagement with you, we further report that:

- (a) The ‘Statement of Consolidated Assets and Liabilities- Restated’ of the Company, as at March 31, 2012 examined by us, as set out in Annexure I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in ‘Statement of Adjustments and Regrouping’ as set out in Annexure VII.
- (b) The “Statement of Consolidated Profit and Loss- Restated” of the Company, for the financial year ended March 31, 2012 examined by us, as set out in Annexure II to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in ‘Statement of Adjustments and Regrouping’ as set out in Annexure VII.
- (c) Based on above and the reliance placed on the audited financial statements of subsidiaries audited by one of us (i.e. Vasudeo & Associates) and audited financial statements of an associate audited by other auditors (ARSK & Associates) for the financial year ended March 31, 2012, we are of the following opinion in respect of the restated consolidated financial information :
 - (i) No adjustments for the changes in accounting policies was required as March 31, 2012 being the first occasion that Consolidated Financial Statements were prepared by the Company.
 - (ii) No regrouping was required as March 31, 2012 being the first occasion that Consolidated Financial Statements were prepared by the Company.
 - (iii) March 31, 2012, being the first occasion that Consolidated Financial Statements were prepared, hence adjustments for the material amounts in respect of earlier financial years have been given effect to in the opening surplus as set out in Annexure VII.
 - (iv) There are no extraordinary items that need to be disclosed separately in the Consolidated Financial Information.
 - (v) There is no qualification in the auditors’ report on the Consolidated Financial Statements for the financial year ended March 31, 2012 that requires adjustments to the Consolidated Financial Information.
 - (vi) There are no revaluation reserves which need to be disclosed separately in the Consolidated Financial Information.

4. We have also examined the following other financial information relating to the Company, set out in Annexure prepared by the management and approved by the Board of Directors for the year ended March 31, 2012:

- (i) Statement of Dividend Declared – Restated, as per Annexure VIII
- (ii) Statement of Accounting Ratios – Restated, as per Annexure IX
- (iii) Capitalisation Statement as at March 31, 2012 as per Annexure X

In our opinion, the above Consolidated Financial Information, read alongwith the “Notes to Financial Statements - Restated”, “Significant Accounting Policies- Restated” and “Other Notes to Financial Statements - Restated” given in Annexure IV, V and VI respectively and other financial information contained in Annexure VIII to X to this report are prepared after making adjustments and regrouping as considered appropriate and has been prepared in accordance with the requirements of Paragraph B of Part II of Schedule II to the Act, the SEBI Regulations, the Guidance note on “Reports in Company Prospectuses (Revised)” issued by the Institute of Chartered Accountants of India to the extent applicable, as amended from time to time and the terms of our engagement with you.

5. We have no responsibility to update our report for events and circumstances occurring after the date of this report.
6. This report should not in anyway be construed as a reissuance or redating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.
7. Our report is intended solely for use of the management and for inclusion in the Draft Letter of Offer in connection with the proposed rights issue of equity shares of the Company. Our report should not be used for any other purpose except with our consent in writing.

For Haribhakti & Co.
Chartered Accountants
(Firm's Registration No. 103523W)

For Vasudeo & Associates
Chartered Accountants
(Firm's Registration No.319299E)

Anand Kumar Jhunjhunwala
Partner
Membership No. 056613

V.D. Agarwal
Partner
Membership No. 054784

Place: Kolkata
Date : 25/07/2012

Place: Kolkata
Date : 25/07/2012

GOLDEN GOENKA FINCORP LIMITED (CONSOLIDATED)
(formerly Golden Securities Limited)
Statement of Consolidated Assets and Liabilites - Restated, As Audited

Annexure I
(₹ in Lakhs)

	Note	As at 31st March, 2012
(1) Non-Current Assets		
(a) Fixed Assets	1	
Gross Block		25.18
Less: Depreciation / Amortisation		6.01
Net Block		19.17
(b) Non-Current Investments	2	474.28
(c)Deferred Tax Assets (Net)	3	2.33
(d) Long-Term Loans and Advances	4	2,175.03
		2,670.81
(2) Current Assets		
(a) Current Investments	5	600.00
(b) Stock for Trade	6	1,021.27
(c)Trade Receivables	7	475.31
(d) Cash and Bank Balances	8	273.15
(e) Short-Term Loans and Advances	9	3,458.72
(f) Other Current Assets	10	81.99
		5,910.44
(3) Non-Current Liabilities		
(a) Long-Term Borrowings	11	5,000.00
(b) Other Long-Term Liabilities	12	3.42
(c)Long-Term Provisions	13	17.00
		5,020.42
(4) Current Liabilities		
(a) Short-Term Borrowings	14	650.00
(b) Trade payables		-
(c)Other Current Liabilities	15	27.77
(d) Short-Term Provisions	16	0.05
		677.82
(5) Net Worth (1+2-3-4)		
		2,883.01

Statement of Consolidated Assets and Liabilities, As Audited

(₹ in Lakhs)

	Note	As at 31st March, 2012
(6) Networth Represented by Sources of Funds		
Shareholder's Funds		
Share Capital	17	1,700.02
Reserves and Surplus	18	1,182.99
		2,883.01

GOLDEN GOENKA FINCORP LIMITED (CONSOLIDATED)
(formerly Golden Securities Limited)
Statement of Consolidated Profit and Loss for the year ended 31st March, 2012

Annexure II

(₹ in Lakhs)

	Note	Year ended 31st March, 2012
INCOME		
Revenue From Operations	19	9,584.87
Other Income	20	43.10
Changes in Stock-for-Trade		702.07
		10,330.04
EXPENSES		
Purchases of Shares, Mutual Fund & Commodities		9,849.00
Employee Benefits Expense	21	44.41
Finance Cost	22	190.95
Depreciation and Amortisation Expense	1	1.55
Other Expenses	23	84.23
		10,170.14
PROFIT BEFORE BAD DEBTS, PROVISIONS, TAX AND EXTRAORDINARY ITEMS		159.90
Contingent Provisions against Standard Assets		13.52
PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		146.38
Tax Expense:		
Current tax		29.95
MAT Credit Entitlement		(1.39)
Deferred Tax Charge / (Credit)		(2.34)
Total Tax for current year		26.22
PROFIT BEFORE EXTRAORDINARY ITEMS		120.16
Extraordinary Items		-
NET PROFIT AFTER EXTRAORDINARY ITEMS		120.16
Earnings per equity share (Basic and Diluted) (in ₹) (Par value ₹ 10/- per Equity Share)		0.79

GOLDEN GOENKA FINCORP LIMITED (CONSOLIDATED)
(formerly Golden Securities Limited)
Statement of Consolidated Cash Flows -Restated, As Audited

Annexure III
(₹ in Lakhs)

Year ended
31st March, 2012

A. Cash Flow from Operating Activities	
Net Profit Before Tax	146.38
Adjustments for:	
Depreciation and Amortisation	1.55
Provision for Diminution in value of the Long term investments	2.22
Contingent Provision against Standard Assets	13.52
Loss on sale of Investments (Net)	(7.39)
Dividend Income	(0.02)
Interest Income on Investment in Bond	(3.63)
Interest Income on Inter-Corporate Loan	(3.36)
Liabilities No Longer Required written back	(0.01)
Loss on valuation of Stock for Trade	166.54
Share in Income of Associates	(23.73)
Operating Profit before Working Capital Changes	292.07
Adjustments for:	
Increase / (Decrease) in Liabilities and Provisions	20.64
Decrease/(Increase) in Trade Receivables	(416.81)
Decrease/(Increase) in Stock for Trade	(868.62)
Decrease / (Increase) in Loans and Advances/ Other Assets	(5,327.21)
Cash Generated from Operations	(6,299.93)
Direct Taxes paid (Net of refunds)	(57.19)
Net Cash (Used in) / Generated from Operating Activities	(6,357.12)
B. Cash Flows from Investing Activities	
Purchase of Fixed Assets	(15.53)
Loans Given by Subsidiary	(250.00)
Purchase of Investments	(1,127.74)
Interest Received	3.63
Proceeds from Sale of Investments	85.13
Dividend Received	0.02
Net Cash (Used) / Generated in Investing Activities	(1,304.49)
C. Cash Flows from Financing Activities	
Proceeds from Issuance of Share Capital	2,320.00
Proceeds from Issue of Secured Redeemable Non-Convertible Debentures	5,000.00
Proceeds from Unsecured Long-Term Borrowings	650.00
Interim Dividends Paid on Equity Shares	(62.64)
Corporate Dividend Tax Paid	(11.03)
Net Cash (Used) / Generated in Financing Activities	7,896.33
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	234.72
Cash and Cash Equivalents at the beginning of the year	38.43
Cash and Cash Equivalents at the end of the year	273.15
Cash and Cash Equivalents are represented by:	
Cash on hand	20.34
In Current Accounts	247.45
In Unclaimed Dividend Account	5.36
Total	273.15

Note:

Current year being the first occasion that Consolidated Financial Statements are presented, hence comparative figures for the previous period have not been presented, in accordance with Accounting Standard 21 (AS-21) "Consolidated Financial Statements."

GOLDEN GOENKA FINCORP LIMITED (CONSOLIDATED)
(formerly Golden Securities Limited)
Notes to Consolidated Financial Statements - Restated, As Audited

Annexure IV

1	(₹ in Lakhs)								
	Gross Block/ Original Cost				Depreciation/ Amortisation and Impairment #				Net Carrying Value
	Particulars	As at 1st April, 2011*	Additions/ adjustments during the year	Disposals /adjustments during the year	As at 31st March, 2012	As at 1st April, 2011*	For the year	Disposals / adjustments during the year	As at 31st March, 2012
Tangible:									
Assets for Own Use									
Land-Freehold [Refer note 4(c)]	-	11.89	-	11.89	-	-	-	-	11.89
Air-conditioner	1.27	-	-	1.27	0.95	0.04	-	0.99	0.28
Office Equipment	0.68	1.02	-	1.70	0.68	0.07	-	0.75	0.95
Furniture & Fixtures	0.35	-	-	0.35	0.35	-	-	0.35	-
Motor Vehicles	5.37	-	-	5.37	0.55	1.25	-	1.80	3.57
Computers	1.93	2.11	-	4.04	1.93	0.19	-	2.12	1.92
Total Fixed Assets	9.60	15.02	-	24.62	4.46	1.55	-	6.01	18.61
Intangible:									
Goodwill@	-	0.56	-	0.56	-	-	-	-	0.56
Total Intangible Assets	-	0.56	-	0.56	-	-	-	-	0.56
Total Fixed Assets	9.60	15.58	-	25.18	4.46	1.55	-	6.01	19.17

* Amount represents figures of Standalone Financial Statements of the Holding Company
None of the Company's Fixed Assets are considered impaired as on the Balance Sheet date.
@ Goodwill arising on consolidation of Subsidiaries.

GOLDEN GOENKA FINCORP LIMITED (CONSOLIDATED)
(formerly Golden Securities Limited)
Notes to Consolidated Financial Statements - Restated, As Audited

Annexure IV (continued)

2 Non-Current Investments

(₹ in Lakhs)

Particulars	As at 31st March, 2012
In Equity instruments - Unquoted, Fully paid-up (Goodwill ₹ 293.36 lacs*)	473.73
In Equity instruments - Quoted, Fully paid-up	0.55
	<u>474.28</u>
*Goodwill on consolidation of Associate.	

3 Deferred Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at 31st March, 2012
Deferred tax assets	
Depreciation on Fixed asset	0.03
Disallowance under Section 43 B	1.06
Others	4.48
	<u>5.57</u>
Deferred tax liabilities	
Debenture issue expenses	(3.24)
	<u>2.33</u>

4 Long-Term Loans and Advances

(₹ in Lakhs)

Particulars	As at 31st March, 2012
<i>Unsecured, considered good</i>	
Loan Assets	-
-To related parties	250.00
- Others	1,915.00
	<u>2,165.00</u>
<i>Unsecured, considered good</i>	
Security deposits	2.08
Other Loans and advances	-
- Prepaid expenses	7.95
	<u>2,175.03</u>

5 Current Investments

(₹ in Lakhs)

Particulars	As at 31st March, 2012
In Equity instruments - Unquoted, Fully paid-up	600.00
	<u>600.00</u>

6 Stock for Trade

(₹ in Lakhs)

Particulars	As at 31st March, 2012
Stock for Trade	1,021.27
	<u>1,021.27</u>

GOLDEN GOENKA FINCORP LIMITED (CONSOLIDATED)
(formerly Golden Securities Limited)
Notes to Consolidated Financial Statements - Restated, As Audited

Annexure IV (continued)

7 Trade Receivables

(₹ in Lakhs)

Particulars	As at 31st March, 2012
<i>Unsecured, Considered Good</i>	
Other Debts	
- Considered Good	475.31
	<u>475.31</u>

8 Cash and Bank Balances

(₹ in Lakhs)

Particulars	As at 31st March, 2012
Cash on Hand	20.34
Balances with Banks	
- In Current Accounts	247.45
- In Unclaimed Dividend Account	5.36
	<u>273.15</u>

9 Short-Term Loans and Advances

(₹ in Lakhs)

Particulars	As at 31st March, 2012
<i>Secured, Considered Good</i>	
Loan Assets	
- Others	1,023.00
<i>Unsecured, Considered Good</i>	
Loan Assets	
- Others	2,320.00
	<u>3,343.00</u>
Interest accrued and due on Loan Assets	64.19
Other loans and advances	
-Other deposits	15.89
-Service Tax receivable	2.52
-Prepaid expenses	2.19
-MAT Credit Entitlement	1.39
-Advance tax and Tax Deducted at Source, (Net of Provision for Tax)	29.54
	<u>3,458.72</u>

10 Other Current Assets

(₹ in Lakhs)

Particulars	As at 31st March, 2012
Interest accrued but not due	81.99
	<u>81.99</u>

GOLDEN GOENKA FINCORP LIMITED (CONSOLIDATED)
(formerly Golden Securities Limited)
Notes to Consolidated Financial Statements - Restated, As Audited

Annexure IV (continued)

11 Long-Term Borrowings

(₹ in Lakhs)

Particulars	As at 31st March, 2012
<i>Secured</i>	
Redeemable Non-Convertible Debentures	
500,000, 12.75 % Debentures of ₹ 1,000/- each	5,000.00
	<u>5,000.00</u>
Note:	
(a) During the year 500,000, 12.75% Redeemable Non-Convertible Debentures (NCDs) of the face value of ₹ 1,000/- each aggregating to ₹ 5,000 lacs were issued and allotted on private placement basis.	
(b) The NCDs are redeemable at the end of 5 years (from date of allotment i.e.7th March, 2012) at a premium of 5% of the face value. Interest on these debentures is payable semi-annually on 1st April and 1st October (except in case of first interest payment, being paid on 31st March, 2012). These debentures were rated as CARE BB (-).	
(c) The NCDs are secured by mortgage over the Company's immovable property located in Gujarat, and by hypothecation of stock and trade receivable/debtors both as agreed between the Company and the Trustee for the Debenture Holders.	

12 Other Long-Term Liabilities

(₹ in Lakhs)

Particulars	As at 31st March, 2012
Premium payable on redemption of Redeemable Non-Convertible Debentures	3.42
	<u>3.42</u>

13 Long-Term Provisions

(₹ in Lakhs)

Particulars	As at 31st March, 2012
Provision for Employees Benefits (Non Current Portion) [Refer note 29]	
- Gratuity	3.01
- Leave Encashment	0.22
Others	
- Contingent Provisions against Standard Assets	13.77
	<u>17.00</u>

14 Short-Term Borrowings

(₹ in Lakhs)

Particulars	As at 31st March, 2012
<i>Unsecured</i>	
Loans and advances from related parties	650.00
	<u>650.00</u>

15 Other Current Liabilities

(₹ in Lakhs)

Particulars	As at 31st March, 2012
Unclaimed dividend	5.36
Interest accrued and due on borrowings	1.27
Other payables	
- Payables for Expenses and Services	0.34
- Accrual for Staff Benefits	0.19
- Accrual for Expenses and Services	8.59
- Statutory Liabilities	12.02
	<u>27.77</u>

16 Short-Term Provisions

(₹ in Lakhs)

Particulars	As at 31st March, 2012
Provision for Employees Benefits (Current Portion)	
- Gratuity	0.02
- Leave Encashment	0.03
	<u>0.05</u>

GOLDEN GOENKA FINCORP LIMITED (CONSOLIDATED)
(formerly Golden Securities Limited)
Notes to Consolidated Financial Statements - Restated, As Audited

Annexure IV (continued)

17 Share Capital

(₹ in Lakhs)

Particulars	As at 31st March, 2012
Authorised	
Equity Shares, par value ₹ 10/- per share	7,000.00
70,000,000 , Equity Shares	<u>7,000.00</u>
Issued, Subscribed and Fully Paid-up	
Equity Shares, par value ₹ 10/- per share	1,700.02
17,000,200, Equity Shares #	<u>1,700.02</u>
<p># During the year , the Company issued and allotted 8,340,000 equity shares of ₹ 10/- each, fully paid, to the promoter and 5,660,000 equity shares of ₹ 10/- each to strategic investors not forming part of promoter group on preferential basis at a premium of ₹ 8/- per equity share on 19th May, 2011.</p>	

18 Reserves and Surplus

(₹ in Lakhs)

Particulars	As at 31st March, 2012
Securities Premium Reserve	
Opening balance*	-
Add: Addition during the year [Refer note (a) below]	1,120.00
Less: Utilised for Premium on Redemption of Debentures [Refer note (b) below]	3.42
Closing balance	<u>1,116.58</u>
Special Reserve Fund [Reserve Fund as per Section 45-IC of Reserve Bank of India Act, 1934]	
Opening balance*	17.78
Add: Addition during the year	18.45
Closing balance	<u>36.23</u>
General Reserves	
Opening balance*	3.73
Add: Addition during the year	-
Closing balance	<u>3.73</u>
Surplus	
Opening balance*	3.77
Add: Net Profit after tax transferred from Consolidated Statement of Profit and Loss	120.16
Amount available for appropriation	<u>123.93</u>
Appropriations:	
Interim Dividends	68.00
Corporate Dividend Tax on Interim Dividend	11.03
Special Reserve Fund	18.45
Closing balance	<u>26.45</u>
	<u>1,182.99</u>
<p>* Amount represents figures of Standalone Financial Statements of the Holding Company</p>	

Note:

- (a) During the year , the Company issued and allotted 8,340,000 equity shares of ₹ 10/- each, fully paid, to the promoter and 5,660,000 equity shares of ₹ 10/- each to strategic investors not forming part of promoter group on preferential basis at a premium of ₹ 8/- per equity share on 19th May, 2011.
- (b) Pursuant to Section 78 of the Companies Act, 1956, the Company has utilised the balance in Securities Premium Reserve for providing for the premium payable on the redemption of Non-Convertible Redeemable Debentures ('NCDs'), issued during the current financial year, on a proportionate basis over the tenure of debentures.

GOLDEN GOENKA FINCORP LIMITED (CONSOLIDATED)
(formerly Golden Securities Limited)
Notes to Consolidated Financial Statements - Restated, As Audited

Annexure IV (continued)

19 Revenue From Operations

(₹ in Lakhs)

Particulars	Year ended 31st March, 2012
Sale of Stock for Trade	9,149.50
Income from Loan Assets	360.75
Other Financial Services	63.60
Profit on Sale of Current Investments	7.39
Interest on Investment in Tax-Free Bond	3.63
	9,584.87

20 Other Income

(₹ in Lakhs)

Particulars	Year ended 31st March, 2012
Dividend Income From Long Term Investment	0.02
Dividend Income from Stock for Trade	15.94
Liabilities no longer required written back	0.01
Interest on Income Tax Refund	0.04
Interest Income from Inter-corporate Loan	3.36
Share in Associate	23.73
	43.10

GOLDEN GOENKA FINCORP LIMITED (CONSOLIDATED)
(formerly Golden Securities Limited)
Notes to Consolidated Financial Statements - Restated, As Audited

Annexure IV (continued)

21 Employees Benefits Expense

(₹ in Lakhs)

Particulars	Year ended 31st March, 2012
Salaries , Allowances and Bonus	40.47
Contribution to Provident and Other Funds	3.03
Staff Welfare Expenses	0.91
	<u>44.41</u>

22 Finance Cost

(₹ in Lakhs)

Particulars	Year ended 31st March, 2012
Interest on Borrowings	190.95
	<u>190.95</u>

23 Other Expenses

(₹ in Lakhs)

Particulars	Year ended 31st March, 2012
Capital & Commodity Market Expenses	20.30
Corporate Compliance Fees	31.34
Legal & Professional Fees	6.48
Debenture Issue Expenses	0.13
Auditors' Remuneration	4.70
Advertisement, Publicity & Sales Promotion	2.37
Motor Car Expenses	2.72
Provision for Diminution in Value of the Long Term Investments	2.22
Directors' Sitting Fees	2.28
Printing and Stationery	1.83
Rent	1.05
Rates and Taxes	0.18
Repair and Maintenance	-
-Others	0.56
Communication Expenses	1.34
Travelling and Conveyance	1.95
Electricity Charges	0.40
Miscellaneous Expenses	4.38
	<u>84.23</u>

Significant Accounting Policies - Restated

2011-12

1.1 Basis of Preparation

The consolidated financial statements have been prepared in conformity with Generally Accepted Accounting Principles in India, to comply in all material respects with the notified Accounting Standards ('AS') under the Companies Accounting Standard Rules, 2006, the relevant provisions of the Companies Act, 1956 ('the Act') and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non-Banking Financial (Non-deposit Accepting or Holding) Company ('NBFC'). The consolidated financial statements have been prepared under the historical cost convention, on accrual basis. Golden Goenka Fincorp Limited (the Holding Company, hereinafter referred to as "the Company"), its subsidiaries and associate are collectively referred to as 'the Group'.

Presentation and disclosure in Consolidated Financial Statements

During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Group for preparation and presentation of its financial statements. Except accounting for dividend on investment in subsidiary, the adoption of new Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements.

Operating Cycle

As per the revised Schedule VI, "*An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents*".

For the Group, there is generally no clearly identifiable normal operating cycle and hence the normal operating cycle for the Group is assumed to have a duration of 12 months.

Current and Non-Current Asset

An asset is classified as 'current' when it satisfies any of the following criteria:

- i. it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle; or
- ii. it is held primarily for the purpose of being traded; or
- iii. it is expected to be realised within twelve months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as 'non-current'.

Current and Non-Current Liability

A liability is classified as 'current' when it satisfies any of the following criteria:

- i. it is expected to be settled in the Group's normal operating cycles; or
- ii. it is held primarily for the purpose of being traded; or
- iii. it is due to be settled within twelve months after the reporting date; or
- iv. the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as 'non-current'.

Significant Accounting Policies- Restated

1.2 Use of estimates

The preparation of consolidated financial statements requires the management to make estimates and assumptions which are considered to arrive at the reported amounts of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements and the reported income and expenses during the reporting year. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to the accounting estimates are recognised prospectively in the current and future years.

1.3 Principles of Consolidation

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS-21) "Consolidated Financial Statements" and Accounting Standard 23 (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements" notified by the Central Government under the Companies (Accounting Standards) Rules, 2006. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Holding Company and its subsidiary companies have been combined on line by line basis by adding together the book value of like items of Assets, Liabilities, Income and Expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- b) Uniform accounting policies for like transactions and other events in similar circumstances have been adopted and presented, to the extent possible, in the same manner as the Holding Company's separate financial statements.
- c) The excess of cost of the Holding Company of its investment in the subsidiary over the Holding Company's portion of equity of the subsidiary as at the date of investment is recognised in the consolidated financial statements as Goodwill. It is tested for impairment on a periodic basis and written-off if found impaired.
- d) The excess of Holding Company's portion of equity of the Subsidiary, over cost as at the date of investment, is treated as Capital Reserve.
- e) Investment in associate is accounted using the equity method and disclosed separately in the Consolidated Balance Sheet.

1.4 Fixed Assets, Depreciation/Amortisation and Impairment

a) Fixed Assets

Fixed Assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. Cost comprises of the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets, which take substantial period of time to get ready for their intended use, are also capitalised to the extent they relate to the period till such assets are ready to put to use.

b) Depreciation/Amortisation

Depreciation/ Amortisation is provided on the Written Down Value Method ('WDV') as per the rates and in the manner prescribed in Schedule XIV to the Act. Management's estimates the useful lives of fixed assets to be in accordance with the useful lives prescribed in the aforementioned Schedule.

Fixed Asset costing upto ₹ 5,000/- are depreciated fully over a period of 12 months from the date of purchase.

Significant Accounting Policies- Restated

Depreciation/ Amortisation on assets purchased / sold during the reporting period is recognised on pro-rata basis.

c) Impairment of Fixed Assets

The carrying amount of assets is reviewed at each balance sheet date to determine if there is any indication of impairment, based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

1.5 Investments

Investments that are intended to be held for not more than a year are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and market price determined category wise. All non-current investments including investments in Subsidiary Companies, are carried at cost. However, provision for diminution in value, other than temporary in nature, is made to recognise a decline, on an individual basis.

1.6 Stock for Trade

Stock for trade is carried at lower of cost and market price.

1.7 Loan Assets

Loan Assets include loans advanced by the Company, secured by collateral offered by the customers, if applicable.

Loan assets are carried at net investment amount including installments fallen due and are net of unmatured / unearned finance charges, amounts received, assets not paid for, etc.

1.8 Provisioning / Write-off of assets

The Company makes provision for Standard and Non-Performing Assets as per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time. The Company also makes additional provision towards loan assets, to the extent considered necessary, based on the management's best estimate.

1.9 Revenue Recognition

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

- a) Revenue from sale of stock for trade (shares/securities, commodities and mutual fund) is recognised when a binding obligation has been entered into.
- b) Income from Loan assets is recognised in the Statement of Profit and Loss on accrual basis as per the term and condition of the loan agreement, except in the case of non-performing assets where

Significant Accounting Policies- Restated

it is recognised, upon realisation, as per the Prudential Norms / Directions of the RBI, applicable to NBFC.

- c) Fees from consultancy services are recognised pro-rata over the period of the contract as and when services are rendered. The Group collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue. Other fee based income is accounted for on accrual basis.
- d) Profit/loss from derivative instrument (future and options) are recognised on a marked to market basis.
- e) Dividend income is recognised when the right to receive the dividend is established.
- f) Profit or Loss on sale of investments is recognised when a binding obligation has been entered into.
- g) Interest is recognised using the time proportion basis taking into account the amount outstanding and the interest rate applicable.
- h) All other income is accounted for on accrual basis.

1.10 Prior Period and Extra Ordinary Items

Prior Period and Extra Ordinary items having material impact on the financial affairs of the Group are disclosed separately.

1.11 Retirement and Other Employee Benefits

a) Gratuity

Liability for gratuity, which is a defined benefit scheme, is provided for based on an actuarial valuation carried out by an independent actuary as at the balance sheet date. Actuarial gains/ losses are recognised immediately in the Statement of Profit and Loss in the year it is earned / incurred and are not deferred.

b) Compensated Absences

Compensated absences are a long-term employee benefit and is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. The Company accrues for the expected cost of short - term compensated absences in the year in which the employee renders services.

c) Provident Fund

The provision of Employees' Provident Fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) is not applicable to the Company as the number of employees were less than 20 during the year and at year end.

1.12 Borrowing Costs

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

The ancillary costs incurred in connection with the arrangement of borrowings are amortised over the life of underlying borrowings. Premium payable on redemption of debentures is amortised over the tenure of the debentures. These form part of the borrowing costs.

Significant Accounting Policies- Restated

Borrowing costs also include exchange differences arising from Foreign currency borrowings, to the extent they are regarded as an adjustment to the borrowing costs.

All other costs related to borrowings are recognised as expense in the period in which they are incurred.

1.13 Segment Reporting

Based on the risks and returns associated with business operations and in terms of Accounting Standard-17 (Segment Reporting), the Group is predominantly engaged in 'Trading' and 'Financing and Related Services' as primary reportable segments.

The Accounting policies adopted for segment reporting are in line with the accounting policies used in preparation of the financial statements of the Group, with following additional policies for segment reporting

Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

Segment assets and segment liabilities represent assets and liabilities in respective segments. Fixed assets used in the Group's business have not been identified to any of the reportable segments, as the fixed assets are used interchangeably between segments.

1.14 Leases

Leases, where the lessor effectively retains substantially all the risks and rewards of ownership of the leased asset, are classified as operating leases. Operating lease payments are recognised on a straight-line basis over the lease term.

1.15 Earnings Per Share (EPS)

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

For the purpose of calculating diluted EPS, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.16 Cash and Cash Equivalents

Cash and cash equivalents in the Cash Flow Statement comprises of cash on hand, cash at bank, demand deposits with banks, cheques on hand, remittances in transit and short-term highly liquid investments with an original maturity of three months or less.

Significant Accounting Policies- Restated

1.17 Taxes on Income

Tax expense comprises of current tax [(net of Minimum Alternate Tax (MAT) credit entitlement)] and deferred tax.

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities. The deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each Balance Sheet date, the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by The Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Group reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Group will pay normal income tax during the specified period.

1.18 Provision, Contingent Liabilities and Contingent Assets

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes to financial statements. Contingent Assets are neither recognised nor disclosed in the consolidated financial statements.

Other Notes to Financial Statements - Restated

1. In accordance with Accounting Standard 21 “Consolidated Financial Statements” notified by Central Government under Companies (Accounting Standards) Rules, 2006, the Consolidated Financial Statements of the Group include the financial statements of the Holding Company and all its subsidiaries which are more than 50% owned and controlled. Enterprises over which the Company exercises significant influence are considered for preparation of the Consolidated Financial Statements as per Accounting Standard 23 “Accounting for Investments in Associates in Consolidated Financial Statements” notified by the Central Government under the Companies (Accounting Standards) Rules, 2006. Investments that are acquired and held exclusively with a view to subsequent disposal in the near future are not considered for consolidation.

2. The details of subsidiaries and associates are as follows:–

Name of the Company	Country of Incorporation	% Holding as at 31st March, 2012
Subsidiaries		
Golden Goenka Properties & Construction Private Limited (w.e.f. 9th November 2011)	India	100%
Golden Goenka Financial Advisors Private Limited (w.e.f. 9th November 2011)	India	100%
Golden Goenka Management Consultancy Services Private Limited (w.e.f. 9th November 2011)	India	100%
Associates		
Aristro Capital Markets Private Limited (w.e.f. 21st November, 2011)	India	10.03%
S2 Capital Service Private Limited (w.e.f. 28th December 2011) *	India	24.00%

*Based on information provided by the management and relied upon by the Auditor. This investment has been acquired and held exclusively with a view to subsequent disposal in the near future, hence not considered for consolidation.

3. **Contingent Liabilities And Commitments (to the extent not provided for)**

Particulars	(₹ in Lakhs) As at 31st March, 2012
I Contingent Liabilities	
Bank Guarantee	10.03
II Commitments	Nil

4. **Operating Lease-in the capacity of lessee**

The Group has a cancellable operating lease arrangement for office space for a period of 3 years and is renewable on a periodic basis at the option of both the lessor and lessee. The total rental expenses for the year amounted to ₹ 1.05 Lakhs.

Other Notes to Financial Statements - Restated

5. Disclosure pursuant to Accounting Standard (AS) 15 (Revised) - Employee Benefits

Defined Benefit Plan:

(A) **Gratuity benefit** to employees are not funded. The following table sets out the details of amount recognised in the financial statements in respect of employee benefit schemes:

Reconciliation of the projected benefit obligations

Particulars	(₹ in Lakhs)
	Gratuity
	As at
	31st March,
	2012
Change in the present value of the defined benefit obligation are as follows:	
Opening defined benefit obligation	-
Interest cost	-
Current services cost	0.86
Benefits paid	-
Actuarial (gains)/losses on obligation	2.17
Closing defined benefit obligation	3.03
Change in Plan Assets	
Plan assets at period beginning, at fair value	-
Expected return on plan assets	-
Actuarial gain/ (loss)	-
Contributions	-
Benefits paid	-
Plan assets at period end, at fair value	-
Reconciliation of present value of obligation and fair value of plans assets	
Present value of defined benefit obligation at the end of the period	3.03
Fair value of plan assets at the end of the year	-
(Asset) /Liability recognised in the balance sheet	3.03
Current	0.02
Non Current	3.01

Particulars	Gratuity
	2011-12
Amount recognised in the Statement of Profit and Loss account are as follows:	
Current Service Cost	0.86
Interest Cost on benefit obligation	-
Expected return on plan assets	-
Net Actuarial (gain). Loss recognised in the year	2.17
Past services cost	-
Net Benefit expense	3.03
Principal actuarial assumptions at the balance sheet date:	
Retirement age	60 years

Other Notes to Financial Statements - Restated

Future salary rise	4%
Rate of discounting	8%
Attrition rate	3%
Mortality table	LIC (1994 -96)
Average balance service	27 years

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

(B) Leave benefits to employees are not funded. The following table sets out the details of amount recognised in the financial statements:

Particulars	(₹ in Lakhs)
	Leave encashment As at 31st March, 2012
Change in the present value of the defined benefit obligation are as follows:	
Opening defined benefit obligation	-
Interest cost	-
Current services cost	0.07
Benefits paid	-
Actuarial (gains)/losses on obligation	0.18
Closing defined benefit obligation	0.25
Change in Plan Assets	-
Plan assets at period beginning, at fair value	-
Expected return on plan assets	-
Actuarial gain/ (loss)	-
Contributions	-
Benefits paid	-
Plan assets at period end, at fair value	-
Reconciliation of present value of obligation and fair value of plans assets	
Present value of defined benefit obligation at the end of the period	0.25
Fair value of plan assets at the end of the year	-
(Asset) /Liability recognised in the balance sheet	0.25
Current	0.03
Non Current	0.22

Other Notes to Financial Statements - Restated

Particulars	(₹ in Lakhs)
	Leave encashment 2011-12
Amount recognised in the Statement of Profit and Loss account are as follows:	
Current Service Cost	0.07
Interest Cost on benefit obligation	-
Expected return on plan assets	-
Net Actuarial (gain)/ Loss recognized in the year	0.18
Past services cost	-
Net Benefit expense	0.25
Principal actuarial assumptions at the balance sheet date:	
Retirement age	60 years
Future salary rise	4%
Rate of discounting	8%
Attrition rate	3%
Mortality table	LIC (1994 -96)

GOLDEN GOENKA FINCORP LIMITED
(formerly Golden Securities Limited)
Other Notes to Financial Statements - Restated

Annexure VI (continued)

6 Segment Reporting

- (i) The Group has identified two reportable segment viz. 'Trading' and 'Financing and Related services' segment. Segments have been identified and reported taking into account nature of products and services, the differing risks and returns associated with the segments.
- (ii) The Group has identified business segment as the 'primary segment' for the purpose of disclosure. The Segment revenue, results, assets and liabilities include the respective amounts identifiable to each segment and amounts allocated on a reasonable basis. Group operates in a single Geographical segment. Hence, secondary Geographical segment information disclosure is not required.
- (iii) The accounting policies adopted for segment reporting are in line with the accounting policies used in preparation of the financial statements with following additional policies for segment reporting.

(₹ in Lakhs)

Particulars	2011-12		
	Trading	Financing and Related services	Total
Segment Revenue			
External Sales	9,165.43	459.13	9,624.56
Add: Unallocable Income			3.41
Total			9,627.97
Segment Results			
Add: Unallocable Income	(1.80)	265.82	264.02
Less : Unallocable administrative expenses			3.41
Profit before tax			121.06
			146.37

(₹ in Lakhs)

Particulars	As at 31st March, 2012		
	Trading	Financing and Related services	Total
Segment Assets			
Add: Unallocable Corporate / other Assets	1,496.58	6,736.41	8,232.99
Add: Advance Income-tax (including tax deducted at source) (net)			315.00
Add: MAT Credit Entitlement			29.54
Add: Deferred Tax Asset			1.39
Total			2.33
Segment Liabilities			
Add: Unallocable Corporate / other Liabilities	-	5,668.46	5,668.46
Total			29.78
Cost incurred to acquire fixed assets (excluding capital advances)			
	-	-	15.58
			15.58
Depreciation/amortisation	-	-	-
Add: Unallocated depreciation/amortisation			1.55
			1.55
Non cash expenses other than depreciation and amortisation (included in measuring segment results)	166.54	15.74	182.29

- (iv) The reportable Segments are further described below :
 Trading' includes dealing in Shares, Securities and commodities. 'Financing and related services' segment includes all loans and advances to individuals, firms & corporates, consultancy & advisory services relating to finance.

Other Notes to Financial Statements - Restated

7. Earnings per Equity Share

The computation of earnings per share is set out below:-

Particulars	2011-12
Profit After Tax attributable to Equity Shareholders (₹ in Lakhs)	118.01
Weighted average number of Equity Shares (Basic) (in Lakhs)	151.64
Weighted average number of Potential Equity Shares (in Lakhs)	-
Weighted average number of Equity Shares (Diluted) (in Lakhs)	151.64
Nominal Value of Equity per share (₹)	10
Basic earnings per share (₹)	0.78
Diluted earnings per share (₹)	0.78

8. Related Party Disclosures

A. Related Parties:

- i. Holding Company : Risewell Credit Private Limited
(w.e.f. 19th May, 2011)
- ii. Associate : Aristro Capital Markets Private Limited
S2 Capital Services Private Limited
(w.e.f. 28th December, 2011)
- iii. Investing Company : Risewell Credit Private Limited
(Upto 18th May, 2011)

B. Key Management Personnel:

- iv. Managing Director : Mr. Girdhari Lal Goenka
(w.e.f. 23rd November, 2011)
: Mr. Vivek Goenka
(Upto 22nd November, 2011)

C. Relative of Key Management Personnel:

- v. Wife of Girdhari Lal Goenka , Managing Director : Mrs. Raj Goenka
(w.e.f. 23rd November, 2011)

The following is the summary of transactions with related parties:

(₹ in Lakhs)

Name of related party and relationship	Nature of transactions and outstanding balances	2011-12
Holding:		
Risewell Credit Private Limited	Loan taken	650.00
	Interest on Loan (TDS ₹ 0.14Lakhs)	1.42
	Balance Payable-Loan	651.27
Associate:		
Aristro Capital Markets Private Limited * As a share broker	Investment made	450.00
	Mark to Market Margin received	3.14
	Option Premium Paid	0.55
	Direct Expenses on Future & Options	0.14
	Security transaction Tax	8.87
	Purchase of Shares & Securities*	3,888.94
	Sales of Shares & Securities*	3,191.18
	Direct Expenses on Shares	8.83

Other Notes to Financial Statements - Restated

	Share Speculation Profit	5.29
	Sale of Investment	9.49
	Balance Receivable-Trade	466.71
S2 Capital Services Private Limited	Purchase of Equity Shares	600.00
	Investment in Equity instruments	600.00
Investing Company:		
Risewell Credit Private Limited	Share Application Money Received	1,301.20
	Share Application Money refunded	-
	Issue of equity shares	1,501.20
	Balance: Share application money pending allotment	-
Key Management Personnel:		
Mr. Girdhari Lal Goenka	Managerial remuneration	7.68
	Director Sitting fees	0.35
Mr. Vivek Goenka	Managerial remuneration	2.32
Relative of Key Management Personnel		
Mrs. Raj Goenka	Rent	0.12

9. During the year, the Company vide resolution dated 16th September, 2011, at Annual General Meeting accorded approval to the Board to offer, issue and allot equity shares of ₹ 10/- each, for cash for a sum up to ₹ 13,100 lakhs or such sum as may be prescribed by the Board in this regard in the ratio to be determined by the Board and mentioned in the draft letter of offer to be issued by the Company in respect of rights issue. The Company is in the process of executing the proposed rights issue as of the reporting date. The Company in the Extra-Ordinary General Meeting held on 23th May, 2012, informed the shareholders that the par value per equity share of ₹ 10/- each as mentioned in the resolution dated 16th September, 2011 stands at ₹ 5/- each [Also refer note 10].
10. Pursuant to the approval of the Shareholders vide resolution passed through postal ballot dated 24th March, 2012, the equity shares of face value of ₹ 10/- each were sub-divided into two equity shares of face value of ₹ 5/- each on record date of 4th May, 2012. Accordingly, authorised Equity Share Capital of the Company comprising of 700 lakhs Equity Shares of ₹ 10/- each stands revised to 1,400 lakhs Equity Shares of ₹ 5/- each.
11. The Shareholders vide resolution dated 23rd May, 2012, passed in Extra Ordinary General Meeting accorded approval to the Board to offer, issue and allot up to 175 lakhs, 0% Optionally Convertible Debentures (“OCDs”) of face value of ₹ 40/- each, aggregating to ₹ 7000.00 lakhs in one or more tranches, to the Promoters / Promoter Group and Non-Promoters on a preferential basis with an option to convert each OCD held into two equity shares of ₹ 5/- each [Also refer note 10] fully paid-up at any time within 18 months from the date of allotment of OCDs.
12. Haribhakti & Co. have been appointed as Joint Statutory Auditors pursuant to the approval of the Shareholders vide resolution passed through postal ballot dated 24th March, 2012.
13. Current year being the first occasion that Consolidated Financial Statements are presented, hence comparative figures for the previous period have not been presented, in accordance with Accounting Standard 21 (AS-21) “Consolidated Financial Statements”. Opening balances wherever disclosed represents figures of Standalone Financial Statements of Holding Company.
14. As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Act is applicable to the financial statements for the financial year commencing on or after 1st April, 2011. Accordingly, the consolidated financial statements for the year ended 31st March, 2012 are prepared in accordance with the Revised Schedule VI.

Other Notes to Financial Statements - Restated

15. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February, 2011 and 21st February, 2011 respectively has granted a general exemption from compliance with Section 212 of the Act subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption.
- Information on Subsidiary Companies Pursuant to Direction under Section 212(8) of the Companies Act, 1956 is given below:

(₹ in Lakhs)

Sr. No	Particulars	Golden Goenka Financial Advisors Private Limited #	Golden Goenka Management Consultancy Services Private Limited #	Golden Goenka Properties & Constructions Private Limited #
1	Financial year ended on	31st March, 2012	31st March, 2012	31st March, 2012
2	Currency	₹	₹	₹
3	Shares of the Subsidiary Company held on the above date and extent of holding			
	a) Number of equity shares (in Lacs)	0.10	0.10	0.10
	b) Extent of Holding	100%	100%	100%
4	Share Capital	1.00	1.00	1.00
5	Reserves & Surplus	(0.31)	(0.31)	2.07
6	Total Liabilities	0.74	0.74	253.78
7	Total Assets	0.74	0.74	253.78
8	Investments	-	-	-
9	Turnover	-	-	3.36
10	Profit/(Loss) before Taxation	(0.31)	(0.31)	3.05
11	Provision for Taxation	-	-	0.99
12	Profit/(Loss) after Taxation	(0.31)	(0.31)	2.07
13	Proposed Dividend	-	-	-

w.e.f. 9th November, 2011

Statement of Adjustments and Regrouping

(A) Restatement/ Adjustments

Below mentioned is the summary of results of restatement made in the audited accounts for the respective years and its impact on the profits of the Company:

(Amount in ₹)	
Particulars	Year Ended 31.03.2012
Adjustments for :	
<u>Prior period item</u>	
Listing fees for 2007-08	10,500
Professional Fees	2,03,325
Increase / (decrease) in Profit	2,13,825

(Amount in ₹)	
Opening surplus:	
Particulars	01.04.2011
Surplus as on April 1, 2011	5,90,815
Adjustments for :	
<u>Prior period item</u>	
Listing fees for 2007-08	(10,500)
Professional Fees	(2,03,325)
Restated Surplus as on April 1, 2011	3,76,990

Prior period item

In the financial statements for the year ended March 31, 2012, certain expenses pertaining to earlier years, had been disclosed as prior period items. Prior period items are income or expenses, which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. For the purpose of Statement of Profit and Loss, as restated, such prior period items have been appropriately adjusted in the years ended March 31, 2011 and 2008 and the opening surplus as on 1st April, 2011

(B) Regroupings

No regrouping, was required as March 31, 2012 being the first occasion that Consolidated Financial Statement were prepared.

(C) Changes in Accounting Policies/ Correction of Accounting Policies

No adjustments for the changes in accounting policies was required as March 31, 2012 being the first occasion that Consolidated Financial Statement were prepared.

(D) Auditor's Qualifications

There is no qualification in the auditor's report on the Audited Consolidated financial statements for each of the financial years ended March 31, 2012 that requires adjustments to the Consolidated Financial Information.

(E) Taxes

Provision for Taxation (Income Tax and Deferred Tax) for the financial year ended March 31, 2012 have not been recomputed on the above adjusted profits as the same were immaterial.

Statement of Dividend Declared - Restated

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2009	Year Ended 31.03.2008
Equity Share Capital at the Balance Sheet date (₹ in lakhs)	1,700.02	300.02	299.99	299.99	299.99
No. of shares (Nos.)	1,70,00,200	30,00,200	30,00,200	30,00,200	30,00,200
Rate of Dividend (%)	4.00	NIL	NIL	NIL	NIL
Dividend Per share (₹)	0.40	NIL	NIL	NIL	NIL
<p>Note:</p> <p>During the year ended 31st March, 2012 the Company has paid an interim dividend @ 4% aggregating to ₹ 6,800,080.</p> <p>The above figure disclosed are as per the restated financial statment of Golden Goenka Fincorp Limited and excludes dividend declared , if any, by its subsidiaries.</p>					

Particulars	Year Ended 31.03.2012
Number of shares at the end of the year	1,70,00,200
Weighted average number of equity share of ₹ 10/- each	1,51,64,134
Dilutive effect on weighted average number of shares	-
Weighted average number of equity shares of ₹ 10/- (Diluted)	1,51,64,134
Net profit after tax available for Equity Share (₹ in lakhs)	120.16
Net worth at the end of the year (₹ in lakhs) #	2,883.01
Average Networth During the year (₹ in lakhs)*	2,883.01
Basic Earning Per Share (EPS) (₹)	0.79
Dilutive Earning Per Share (EPS) (₹)	0.79
Return on Net Worth (%) :	
Considering Networth at the end of the year	4.17
Considering Average Networth during the year	4.17
Net Asset Value Per Share (₹)	16.96
Borrowing (₹ in lakhs)	5,650.00
Debt Equity	1.96
Notes:	
Earning Per Share (Basic)	= <u>Net Profit attributable to equity Shareholders</u> Weighted Average Number of Equity Share Outstanding during the year
Earning Per Share (Diluted)	= <u>Net Profit attributable to equity Shareholders</u> Weighted Average Number of Diluted Equity Share Outstanding during the year
Return on Net Worth (%) (Based on Net worth at the end of the year)	= <u>Net Profit After Tax</u> Net Worth at end of the year
Return on Net Worth (%) (Based on Average Networth during the year)	= <u>Net Profit After Tax</u> Average Net Worth During the year
Net Asset Value Per Share	= <u>Net worth at the end of the year</u> Number of Equity Shares outstanding at the end of the year
Debt Equity	= <u>Borrowing</u> Net worth
# Net Worth = Share Capital + Reserves	
*Average Net Worth is same as Net Worth during the year as there was no consolidation last year.	
Note: The above figure disclosed are as per the restated consolidated financial statement of Golden Goenka Fincorp Limited.	

Capitalisation Statement as at March 31, 2012

(₹ in lakhs)

Particulars	Pre issue as at 31.03.2012 (Audited)	Adjusted for Rights Issue (Immediately after the Issue)
Debt		
Long Term	5,000.00	5,000.00
Short Term	650.00	650.00
	5,650.00	5,650.00
Shareholders' Funds		
Share Capital	1,700.02	*
Reserves and Surplus		
Special Reserve under section 45-IC of Reserve Bank of India Act, 1934	36.24	36.24
General Reserve	3.73	3.73
Securities Premium Account	1,116.58	*
Surplus in Profit and Loss Account	26.44	26.44
	1,182.99	-
Total Shareholders' Funds	2,883.01	-
Long Term Debt / Equity	1.73	-
Total Debt/Equity	1.96	-

* These data will be inserted once the issue price is determined.

Note:

The above figure disclosed are as per the restated consolidated financial statement of Golden Goenka Fincorp Limited.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this Draft Letter of Offer. You should also read the section titled "Risk Factors" of this Draft Letter of Offer, which includes a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to (i) GGFL on a consolidated basis, and, unless otherwise stated, is based on restated consolidated financial statements;(ii) GGFL on a standalone basis, and, unless otherwise stated, is based on restated standalone financial statements; in each case which have been prepared in accordance with Indian GAAP, the accounting standards and other applicable provisions of the Companies Act, the SEBI ICDR Regulations and the RBI guidelines. The following discussion is also based on internally prepared statistical information and information publicly available. Unless stated otherwise herein, all fiscal year ends occur on March 31; therefore, all references to a particular fiscal year are to the twelve months ended March 31 of that year. Any reference herein or elsewhere in this Draft Letter of Offer to profits or Losses "as restated" are to profits or Losses which have been subjected to adjustments and on account of restatements in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, and any references to items of income or expenditure or extraordinary items or taxes on income are to such items as audited, but without making adjustments and on account of the corresponding restatements in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, if any. Also, any reference herein or elsewhere in this Draft Letter of Offer to a balance as on a reporting date as contained in the Restated Summary Statement of Assets and Liabilities as on that reporting date is to a balance which have been subjected to restatements in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations.

Business Overview of our Company

Our Company was incorporated as Golden Securities Private Limited on October 7, 1993 with the Registrar of Companies West Bengal Kolkata. Pursuant to Shareholders Resolution dated November 30, 1994 our Company was converted into Public Limited Company and the name was changed to "Golden Securities Limited". Fresh Certificate of Incorporation consequent to such change of name was issued by the Registrar of Companies, West Bengal Kolkata vide certificate dated December 13, 1994. Subsequently the name of our Company was changed to Golden Goenka Fincorp Limited and a fresh Certificate of Incorporation reflecting the new name was issued by the Registrar of Companies, West Bengal Kolkata on November 21, 2011. We are a non deposit taking non-banking financial company registered with RBI to carry on the NBFIs activities under Section 45IA of the Reserve Bank of India Act, 1934 bearing Registration no. 05.01596 dated April 20, 1998. Subsequently, we have received a fresh certificate dated May 21, 2012 pursuant to change of name of our Company.

Our Company is primarily engaged in the business of providing short term to medium term loans viz. inter corporate loans, business loans and investments in quoted and unquoted securities. We have various types of financial products on offer suiting the requirement of different clients. Vanilla products like Inter Corporate Deposits, Credit against Securities/properties, IPO Funding etc. are preferred by short term borrowers while specialized products like Lease Finance, Real Estate Project Finance, Acquisition funding etc. generally form part of the long term funding requirements.

Our Company's subsidiary companies are in the field of financial consultancy, management advisory services and real estate development

Significant Developments subsequent to the last financial year.

In the opinion of the Board of Directors there have been no events or circumstances since the date of the last Audited Financial Statements as disclosed in this Draft Letter of Offer which materially or adversely affect or is likely to affect the trading or profitability of our Company, or the value of its assets, or its ability to pay liabilities within next twelve months except as stated in the section titled "Risk Factors" on page no. ix and "Our Business " on page no. 50 of the draft LOF.

Factors That May Affect Our Company's Financial Results

- The Issuer Company's business is subject to various risks and uncertainties, including those discussed in the section titled "Risk Factors" beginning on page no. ix of this DLOF.

Some of the important factors that may affect the results of operations, financial condition and cash flows are discussed in this section.

- General economic and business conditions;
- Company's ability to successfully implement its strategy and its growth and expansion plans;
- Interest rates and inflation
- Change in Laws and Regulations governing NBFC and Real Estate Industry.
- Increasing competition in the industries viz Lending and Real Sector;
- Credit quality of Investments and loan disbursements
- Recruitment and retention of employees

Critical Accounting Policies

Critical accounting policies are those accounting policies that reflect significant judgments and which may result in materially different results under different assumptions and conditions. The most significant of these critical accounting policies for our Company are set out below.

Fixed Assets, Depreciation/Amortisation and Impairment

a) Fixed Assets

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. Cost comprises of the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets, which takes substantial period of time to get ready for their intended use, are also capitalised to the extent they relate to the period till such assets are ready to put to use.

b) Depreciation/Amortisation

Depreciation/ Amortisation is provided on the Written Down Value Method ('WDV') as per the rates and in the manner prescribed in Schedule XIV to the Act. Management estimates the useful lives of Fixed Assets to be in accordance with the useful lives prescribed in the aforementioned Schedule.

Fixed Asset costing upto ₹ 5,000/- are depreciated fully over a period of 12 months from the date of purchase.

Depreciation/ Amortisation on assets purchased / sold during the reporting period is recognised on pro-rata basis.

c) Impairment of Fixed Assets

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment, based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

Investments

Investments that are intended to be held for not more than a year are classified as current investments. All other investments are classified as Non-Current investments. Current investments are carried at lower of cost and market price determined category-wise. All Non-Current investments, including investments in Subsidiary Companies are, carried at cost. However, provision for diminution in value, other than temporary in nature, is made to recognize a decline, on an individual basis.

Stock for Trade

Stock for trade is carried at lower of cost and market price.

Loan Assets

Loan Assets include loans advanced by our Company, secured by collateral offered by the customers, if applicable.

Loan assets are carried at net amount including instalments fallen due and are net of unmatured / unearned finance charges, amounts received, assets not paid for, etc.

Provisioning / Write-off of assets

Our Company makes provision for Standard and Non-Performing Assets as per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time. Our Company also makes additional provision towards loan assets, to the extent considered necessary, based on the management's best estimate.

Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to our Company and the revenue can be reliably measured:

- a) Revenue from sale of stock for trade (shares/securities, commodities and mutual fund) is recognised when a binding obligation has been entered into.
- b) Interest Income from Loan assets is recognised in the Statement of Profit and Loss on accrual basis as per the term and condition of the loan agreement, except in the case of non-performing assets where it is recognised, upon realisation, as per the Prudential Norms / Directions of the Reserve Bank of India, applicable to NBFCs.
- c) Fees from consultancy services are recognised pro-rata over the period of the contract as and when services are rendered. Our Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to our Company. Hence, it is excluded from revenue. Other fee based income is accounted for on accrual basis.
- d) Profit/loss from derivative instrument (future and options) are recognised on a marked to market basis.
- e) Dividend income is recognised when the right to receive the dividend is established.
- f) Profit or Loss on sale of investments is recognised when a binding obligation has been entered into.
- g) Interest is recognised using the time proportion basis taking into account the amount outstanding and the interest rate applicable.
- h) All other income is accounted for on accrual basis.

Retirement and other Employee Benefits**a) Gratuity**

Liability for gratuity, which is a defined benefit scheme, is provided for based on an actuarial valuation carried out by an independent actuary as at the balance sheet date. Actuarial gains/losses are recognised immediately in the Statement of Profit and Loss in the year it is earned / incurred and are not deferred.

b) Compensated absences

Compensated absences are a long-term employee benefit and is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. Our Company accrues for the expected cost of short - term compensated absences in the year in which the employee renders services.

c) Provident Fund

The provision of Employees' Provident Fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) is not applicable to our Company as the number of employees were less than 20 during the year and at year end.

Borrowing Costs

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

The ancillary costs incurred in connection with the arrangement of borrowings are amortised over the life of underlying borrowings. Premium payable on redemption of bonds is amortised over the tenure of the bonds. These form part of the borrowing costs.

Borrowing costs also include exchange differences arising from Foreign currency borrowings, to the extent they are regarded as an adjustment to the borrowing costs.

All other costs related to borrowings are recognised as expense in the period in which they are incurred.

Leases

Leases, where the lessor effectively retains substantially all the risks and rewards of ownership of the leased asset, are classified as operating leases. Operating lease payments are recognised on a straight-line basis over the lease term.

Taxes on Income

Tax expense comprises of current tax [(net of Minimum Alternate Tax (MAT) credit entitlement)] and deferred tax.

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities. The deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where our Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each Balance Sheet date, our Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that our Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by The Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. Our Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that our Company will pay normal income tax during the specified period.

Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when our Company has a present obligation as a result of past event and it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes to financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

Results Of Operations Of Our Company

The table below provides a breakdown of total income and expenditure for the financial year ended 31st March 2008, 2009, 2010, 2011 and 2012 derived from the Restated Financial Statements (Standalone), and the percentage of total income during such periods.

INCOME:	2011-12	% of TI	2010-11	% of TI	2009-10	% of TI	2008-09	% of TI	2007-08	% of TI
Sale of Stock for Trade	9,149.50	88.80 %	430.96	61.37 %	1,102.85	97.58 %	248.99	94.48 %	422.09	101.62 %
Income		3.50%		1.27%		0.99%		1.16%		1.46%

from Loan assets	360.75		8.95		11.14		3.07		6.06	
Other Financial Services	63.60	0.62%	-	0.00%		0.00%		0.00%		0.00%
Profit on sale of Current Investments	7.39	0.07%	3.27	0.47%		0.00%		0.00%		0.00%
Interest on Investment in Tax-Free Bond	3.63	0.04%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Revenue from Operations	9,584.87	93.03%	443.18	63.11%	1,113.99	98.57%	252.06	95.65%	428.15	103.07%
Other Income	16.01	0.16%	0.08	0.01%	0.69	0.06%	3.05	1.16%	0.67	0.16%
Changes in Stock-for-Trade	702.07	6.81%	259.01	36.88%	15.51	1.37%	8.42	3.20%	(13.44)	-3.24%
Total Income	10,302.95	100.00%	702.27	100.00%	1,130.19	100.00%	263.53	100.00%	415.38	100.00%
EXPENDITURE:										
Purchases of Shares, Mutual fund & Commodities	9,849.00	95.59%	680.02	96.83%	1,111.10	98.31%	286.68	108.78%	378.11	91.03%
Employees Benefits Expenses	44.41	0.43%	5.08	0.72%	4.28	0.38%	3.45	1.31%	3.35	0.81%
Finance Cost	190.95	1.85%	-	0.00%	-	0.00%	-	0.00%	0.00	0.00%
Depreciation and Amortisation Expenses	1.54	0.01%	0.69	0.10%	0.03	0.00%	0.04	0.02%	0.07	0.02%
Other Expenses	83.89	0.81%	18.48	2.63%	5.13	0.45%	6.64	2.52%	16.52	3.98%
Total	10,169.79	98.71%	704.27	100.28%	1,120.54	99.15%	296.81	112.63%	398.05	95.83%
Profit Before Bad Debts, Provisions, Tax and Extraordinary Items	133.16	1.29%	(2.00)	0.28%	9.65	0.85%	(33.28)	12.63%	17.33	4.17%
Bad Debts	-	0.00%	6.13	0.87%	-	0.00%	-	0.00%	-	0.00%
Contingent Provisions against Standard Assets	13.52	0.13%	0.25	0.04%	-	0.00%	-	0.00%	-	
Provision for Non-Performing Assets	-	0.00%	(52.94)	-7.54%	4.15	0.37%	(0.83)	0.31%	(20.89)	-5.03%
Profit Before Tax and Extraordinary Items	119.64	1.16%	44.56	6.35%	5.50	0.49%	(32.45)	12.31%	38.22	9.20%
Current Tax	28.95	0.28%	-	0.00%	1.41	0.12%	0.03	0.01%	5.90	1.42%

MAT Credit Entitlement	(1.39)	0.01%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Income Tax for earlier years	-	0.00%	-	0.00%	1.74	0.15%	5.54	2.10%	-	0.00%
Deferred Tax Charge / (Credit)	(2.33)	0.02%	(0.01)	0.00%	-	0.00%	-	0.00%	2.88	0.69%
Profit Before Extra-ordinary Items	94.41	0.92%	44.57	6.35%	2.35	0.21%	(38.02)	-	29.44	7.09%
								14.43%		

Discussion on Results of Operations

Revenues

The revenue of our Company consists of Revenue from Operations, Other Income and increase/decrease in Stock-for-Trade.

Revenue from Operations

The income from operations primarily consists of: a. Sale of Stock for Trade, b. Income from Loan assets, c. Income from other financial services, d. Profit on sale of Current Investments, e. Interest on Investment in Tax-Free Bond,

Other Income

Other income consists primarily of dividend income on shares and on investments in Units of Mutual Funds and other miscellaneous Income.

Expenditure

The expenditure primarily consists of operating expenses, administrative and other expenses, interest and taxation aspects.

Operating Expenses

The major operating expenses primarily include purchase of shares, Mutual fund & Commodities.

Administrative and Other Expenses

Administrative and Other Expenses include salaries, bonuses, directors' remuneration, staff welfare expenses, Auditors' remuneration, legal and professional charges. These expenses also include, the costs associated with service charges for advertisements, bank charges & commission, demat charges, listing fees, custody fees, filling fees, rent, printing and stationery, postage and stamp, travelling and conveyance, legal and professional fees, marketing expenses, audit fees and other maintenance charges etc.

Finance Cost

This includes finance costs for the borrowings of our Company.

Depreciation

Our Company provides for depreciation on its tangible and intangible assets.

Taxation

Our Company is subject to income tax liability in India pursuant to the Income Tax Act, 1961. Also, pursuant to this Act, corporations are in some circumstances subject to a minimum tax liability based on book profit. Our Company made provision for current tax as well as for deferred tax liability (the difference between taxable profit and book profit) based on the effect of timing

differences. The Government has also introduced a fringe benefit tax on various collective employee benefits which is to be taxed at the employer level.

Comparison of financial performance for the fiscal year ended 31st March, 2012 with the fiscal year ended 31st March, 2011.

Total Income:

Our total income increased from ₹ 702.27 lakhs in fiscal 2011 to ₹ 10302.95 lakhs in fiscal 2012, an increase of ₹ 9600.68 lakhs or 1367%.

Sale of Stock for Trade

Our Sale of Stock for Trade increased from ₹ 430.96 lakhs in fiscal 2011 to ₹ 9149.50 lakhs in fiscal 2012, an increase of ₹ 8718.54 lakhs or 2023%. This increase was primarily due to increased sale of stock for trade.

Income from Loan assets

Our Income from Loan assets increased from ₹ 8.95 lakhs in fiscal 2011 to ₹ 360.75 lakhs in fiscal 2012, an increase of ₹ 351.80 lakhs or 3931%. This increase was primarily because of increase in loan assets from ₹ 100.19 lakhs in 2011 to ₹ 5508 lakhs in 2012.

Other Financial Services

Our Income from Other Financial Services increased from ₹ Nil in fiscal 2011 to ₹ 63.60 lakhs in fiscal 2012, an increase of ₹ 63.60 lakhs. This increase was primarily because our Company has started fee based services like Loan syndication and Project Counselling during the year ended 31.03.2012.

Profit on sale of Current Investments

Our Profit on sale of current investments increased from ₹ 3.27 lakhs in fiscal 2011 to ₹ 7.39 lakhs in fiscal 2012, an increase of ₹ 4.12 lakhs or 126%. This increase was primarily due to favourable market conditions.

Interest on Investment in Tax-Free Bond

Our Income on Investment in Tax Free Bonds increased from ₹ Nil in fiscal 2011 to ₹ 3.63 lakhs in fiscal 2012, an increase of ₹ 3.63 lakhs. This increase was primarily due to investment of ₹ 63.44 lakhs in tax free bonds during the fiscal year.

Total Expenditure:

Our total Expenditure increased from ₹ 704.27 lakhs in fiscal 2011 to ₹ 10169.79 lakhs in fiscal 2012, an increase of ₹ 9465.52 lakhs or 1344%.

Purchases of Shares, Mutual fund & Commodities

Our Purchases of Shares, Mutual fund & Commodities increased from ₹ 680.02 lakhs in fiscal 2011 to ₹ 9849 lakhs in fiscal 2012, an increase of ₹ 9168.98 lakhs or 1348%. This increase was primarily due to increased Purchases of Shares, Mutual fund & Commodities during the year ended 31.03.2012.

Employees Benefits Expenses

Our Employees Benefits Expenses increased from ₹ 5.08 in fiscal 2011 to ₹ 44.41 lakhs in fiscal 2012, an increase of ₹ 39.33 lakhs or 774%. This increase was primarily due to increase in the number of employees required to look after the increased operations of our company. Our Company has also paid managerial remuneration amounting to ₹ 10 Lakhs to Managing Director as compared to ₹ 0.90 Lakhs in the year ended 31.03.2011.

Finance Cost

Our Finance Cost increased from ₹ Nil in fiscal 2011 to ₹ 190.95 lakhs in fiscal 2012, an increase of ₹ 190.95 lakhs. This increase was primarily due to interest on Non Convertible Debentures and unsecured Loan.

Depreciation and Amortisation Expenses

Our Depreciation and Amortisation Expenses increased from ₹ 0.69 lakhs in fiscal 2011 to ₹ 1.54 lakhs in fiscal 2012, an increase of ₹ 0.85 lakhs or 123%. This increase was primarily due to increase in asset base of our Company.

Other Expenses

Our Other Expenses increased from ₹ 18.48 lakhs in fiscal 2011 to ₹ 83.89 lakhs in fiscal 2012, an increase of ₹ 65.41 lakhs or 354%. This increase was primarily due to increased operations of our company.

Bad Debts

Our Bad Debts decreased from ₹ 6.13 lakhs in fiscal 2011 to ₹ Nil in fiscal 2012, a decrease of ₹ 6.13 lakhs. This decrease was primarily due to better risk management.

Contingent Provisions against Standard Assets

Our Contingent Provisions against Standard Assets increased from ₹ 0.25 lakhs in fiscal 2011 to ₹ 13.52 lakhs in fiscal 2012, an increase of ₹ 13.27 lakhs or 5308%. This increase was primarily due to increase in loan asset of our Company.

Provision for Non-Performing Assets

Our Provision for Non-Performing Assets in the fiscal 2011 was ₹ -52.94 lakhs while it was ₹ Nil in fiscal 2012. This was due to realization of Non Performing Assets.

Current Tax

Our Current Tax increased from ₹ Nil in fiscal 2011 to ₹ 28.95 lakhs in fiscal 2012, an increase of ₹ 28.95 lakhs. This increase was primarily due to increase in profits of our Company.

Profit Before Extraordinary Items:

Our Profit Before Extraordinary Items increased from ₹ 44.57 lakhs in fiscal 2011 to ₹ 94.41 lakhs in fiscal 2012, an increase of ₹ 49.84 lakhs or 112%.

Comparison of financial performance for the fiscal year ended 31st March, 2011 with the fiscal year ended 31st March, 2010.

Total Income:

Our total income decreased from ₹ 1130.19 lakhs in fiscal 2010 to ₹ 702.27 lakhs in fiscal 2011, a decrease of ₹ 427.92 lakhs or 38%.

Sale of Stock for Trade

Our Sale of Stock for Trade decreased from ₹ 1102.85 lakhs in fiscal 2010 to ₹ 430.96 lakhs in fiscal 2011, a decrease of ₹ 671.89 lakhs or 61%. This decrease was primarily due to lower sale of stock for trade.

Income from Loan assets

Our Income from Loan assets decreased from ₹ 11.14 lakhs in fiscal 2010 to ₹ 8.95 lakhs in fiscal 2011, a decrease of ₹ 2.19 lakhs or 20%. This decrease was primarily due to decrease in loan portfolio. During the year ended 31.03.2010 our long term & short term loan portfolio was ₹ 105 lakhs which was reduced to ₹ 100.19 lakhs during the year ended 31.03.2011.

Profit on sale of Current Investments

Our Profit on sale of current investments increased from ₹ Nil in fiscal 2010 to ₹ 3.27 lakhs in fiscal 2011, an increase of ₹ 3.27 lakhs. This increase was primarily due to sale of investments at profit.

Total Expenditure:

Our total Expenditure decreased from ₹ 1120.54 lakhs in fiscal 2010 to ₹ 704.27 lakhs in fiscal 2011, a decrease of ₹ 416.27 lakhs or 37%.

Purchases of Shares, Mutual fund & Commodities

Our Purchases of Shares, Mutual fund & Commodities decreased from ₹ 1111.10 lakhs in fiscal 2010 to ₹ 680.02 lakhs in fiscal 2011, a decrease of ₹ 431.08 lakhs or 39%. This decrease was primarily due to decrease in Purchases of Shares, Mutual fund & Commodities.

Employees Benefits Expenses

Our Employees Benefits Expenses increased from ₹ 4.28 lakhs in fiscal 2010 to ₹ 5.08 lakhs in fiscal 2011, an increase of ₹ 0.80 lakhs or 19%. This increase was primarily due to payment of managerial remuneration amounting to ₹ 90,000/- to Managing Director of our Company as compared to ₹ NIL in the year 2010.

Depreciation and Amortisation Expenses

Our Depreciation and Amortisation Expenses increased from ₹ 0.03 lakhs in fiscal 2010 to ₹ 0.69 lakhs in fiscal 2011, an increase of ₹ 0.66 lakhs or 2200%. This increase was primarily due to addition of fixed assets. Our Company has also disposed off Assets on Lease amounting to ₹ 94.61 Lakhs during the year ended 31.03.2011.

Other Expenses

Our Other Expenses increased from ₹ 5.13 lakhs in fiscal 2010 to ₹ 18.48 lakhs in fiscal 2011, an increase of ₹ 13.35 lakhs or 260%. This increase was primarily due to increase in corporate compliance fees and professional fees.

Bad Debts

Our Bad Debts increased from ₹ Nil in fiscal 2010 to ₹. 6.13 in fiscal 2011, an increase of ₹ 6.13 lakhs. This increase was primarily due to non realization of Non performing debts.

Contingent Provisions against Standard Assets

Our Contingent Provisions against Standard Assets increased from ₹ Nil lakhs in fiscal 2010 to ₹ 0.25 lakhs in fiscal 2011, an increase of ₹ 0.25 lakhs. This increase was primarily due to comply the provisioning norms of RBI on loan assets.

Provision for Non-Performing Assets

Our Provision for Non-Performing Assets in the fiscal 2010 was ₹ 4.15 lakhs while it was ₹ -52.94 in fiscal 2011. This was primarily due to recovery of Non performing assets.

Current Tax

Our Current Tax decreased from ₹ 1.41 lakhs in fiscal 2010 to ₹ Nil in fiscal 2011, an decrease of ₹ 1.41 lakhs. This decrease was primarily due to lower taxable income.

Profit before Extraordinary Items:

Our Profit before Extraordinary Items increased from ₹ 2.35 lakhs in fiscal 2010 to ₹ 44.57 lakhs in fiscal 2011, an increase of ₹ 42.22 lakhs.

Comparison of financial performance for the fiscal year ended 31st March, 2010 with the fiscal year ended 31st March, 2009.

Total Income:

Our total income increased from ₹ 263.53 lakhs in fiscal 2009 to ₹ 1130.19 lakhs in fiscal 2010, an increase of ₹ 866.66 lakhs or 329%.

Sale of Stock for Trade

Our Sale of Stock for Trade increased from ₹ 248.99 lakhs in fiscal 2009 to ₹ 1102.85 lakhs in fiscal 2010, a increase of ₹ 853.86 lakhs or 343%. This increase is due to increased sale of stock for trade

Income from Loan assets

Our Income from Loan assets increased from ₹ 3.07 lakhs in fiscal 2009 to ₹ 11.14 lakhs in fiscal 2010, an increase of ₹ 8.07 lakhs or 263%. This increase was primarily due to increase in loan assets of our Company from ₹ 116.18lakhs to ₹ 138.18 lakhs.

Total Expenditure:

Our total Expenditure increased from ₹ 296.81 lakhs in fiscal 2009 to ₹ 1120.54 lakhs in fiscal 2010, an increase of ₹ 823.73 lakhs or 278%.

Purchases of Shares, Mutual fund & Commodities

Our Purchases of Shares, Mutual fund & Commodities increased from ₹ 286.68 lakhs in fiscal 2009 to ₹ 1111.10 lakhs in fiscal 2010, an increase of ₹ 824.42 lakhs or 288%. This increase was primarily due to increase in purchases of shares, mutual fund & commodities of ₹ 3.13 lakhs in the year 2009 which was included in other expenses.

Provision for Non-Performing Assets

Our Provision for Non-Performing Assets in the fiscal year 2010 was ₹ 4.15 lakhs while it was ₹ - 0.83 lakhs in the fiscal 2009. This was primarily due to making the provision for non performing assets.

Current Tax

Our Current Tax increased from ₹ 0.03 lakhs in fiscal 2009 to ₹ 1.41 lakhs in fiscal 2010, an increase of ₹ 1.38 lakhs or 4600%. This increase was primarily due to higher taxable income in fiscal 2010.

Profit before Extraordinary Items:

Our Profit before Extraordinary Items increased from ₹ -38.02 lakhs in fiscal 2009 to ₹ 2.35 lakhs in fiscal 2010, an increase of ₹ 40.37 lakhs.

Comparison of financial performance for the fiscal year ended 31st March, 2009 with the fiscal year ended 31st March, 2008.

Our total income decreased from ₹ 415.38 lakhs in fiscal 2008 to ₹ 263.53 lakhs in fiscal 2009, a decrease of ₹ 151.85 lakhs or 37%.

Sale of Stock for Trade

Our Sale of Stock for Trade decreased from ₹ 422.09 lakhs in fiscal 2008 to ₹ 248.99 lakhs in fiscal 2009, a decrease of ₹ 173.10 lakhs or 41%. This decrease was primarily due to decrease in sale of stock for trade.

Income from Loan assets

Our Income from Loan assets decreased from ₹ 6.06 lakhs in fiscal 2008 to ₹ 3.07 lakhs in fiscal 2009, a decrease of ₹ 2.99 lakhs or 49%. This decrease was primarily on account of decrease in average loan outstanding period as compared to 2008 in spite of increase in loan portfolio as on 31.03.2009.

Total Expenditure:

Our total Expenditure decreased from ₹ 398.05 lakhs in fiscal 2008 to ₹ 296.81 lakhs in fiscal 2009, a decrease of ₹ 101.24 lakhs or 25%.

Purchases of Shares, Mutual fund & Commodities

Our Purchases of Shares, Mutual fund & Commodities decreased from ₹ 378.11 lakhs in fiscal 2008 to ₹ 286.68 lakhs in fiscal 2009, a decrease of ₹ 91.43 lakhs or 24%. This decrease was primarily due to decrease in purchases of shares, Mutual fund & commodities in fiscal 2009.

Employees Benefits Expenses

Our Employees Benefits Expenses increased from ₹ 3.35 lakhs in fiscal 2008 to ₹ 3.45 lakhs in fiscal 2009, an increase of ₹ 0.10 lakhs or 3%. This increase was primarily due to revision in pay scale.

Depreciation and Amortisation Expenses

Our Depreciation and Amortisation Expenses decreased from ₹ 0.07 lakhs in fiscal 2008 to ₹ 0.04 lakhs in fiscal 2009, a decrease of ₹ 0.03 lakhs or 43%. This decrease was primarily due to decrease in carrying cost of the fixed assets.

Other Expenses

Our Other Expenses decreased from ₹ 16.52 lakhs in fiscal 2008 to ₹ 6.64 lakhs in fiscal 2009, a decrease of ₹ 9.88 lakhs or 60%. This decrease was primarily due to decrease in operations of our Company.

Provision for Non-Performing Assets

Our Provision for Non-Performing Assets was ₹ -20.89 lakhs in the fiscal 2008 viz a viz ₹ -0.83 lakhs in fiscal 2009 due to decrease in Non-Performing assets.

Current Tax

Our Current Tax decreased from ₹ 5.90 lakhs in fiscal 2008 to ₹ 0.03 lakhs in fiscal 2009, a decrease of ₹ 5.87 lakhs or 99%. This decrease was primarily due to lower income.

Profit before Extraordinary Items:

Our Profit before Extraordinary Items decreased from ₹ 29.44 lakhs in fiscal 2008 to ₹ -38.02 lakhs in fiscal 2009, a decrease of ₹ 67.46 lakhs.

There are three subsidiaries of our Company, namely:-

- a. Golden Goenka Properties & Construction Private Limited which was incorporated on September 26, 2011,
- b. Golden Goenka Management Consultancy Services Private Limited which was incorporated on September 26, 2011 and
- c. Golden Goenka Financial Advisors Private Limited which was incorporated on September 27, 2011

The table below provides a breakdown of total income and expenditure for the financial year ended 31st March 2012 derived from the Restated Financial Statements (Consolidated), and the percentage of total income during this year.

INCOME:	2011-12	% of TI
Sale of Stock for Trade	9,149.50	88.57%
Income from Loan assets	360.75	3.49%
Other Financial Services	63.60	0.62%
Profit on sale of Current Investments	7.39	0.07%
Interest on Investment in Tax-Free Bond	3.63	0.04%
Revenue from Operations	9,584.87	92.79%
Other Income	43.10	0.42%
Changes in Stock-for-Trade	702.07	6.80%
Total Income	10,330.04	100.00%
EXPENDITURE:		
Purchases of Shares, Mutual fund & Commodities	9,849.00	95.34%
Employees Benefits Expenses	44.41	0.43%
Finance Cost	190.95	1.85%
Depreciation and Amortisation Expenses	1.54	0.01%
Other Expenses	84.23	0.82%
Total	10,170.13	98.45%
Profit Before Bad Debts, Provisions, Tax and Extraordinary Items	159.91	1.55%
Bad Debts	-	0.00%
Contingent Provisions against Standard Assets	13.52	0.13%
Provision for Non-Performing Assets	-	0.00%
Profit Before Tax and Extraordinary Items	146.39	1.42%
Current Tax	29.95	0.29%
MAT Credit Entitlement	(1.39)	-0.01%
Income Tax for earlier years	-	0.00%
Deferred Tax Charge / (Credit)	(2.33)	-0.02%
Profit Before Extra-ordinary Items	120.16	1.16%

Financial Condition, Liquidity and Capital Resources

Liquidity

The primary liquidity requirements have been to extend loans, finance the own working capital needs and capital expenditure. Our Company requires working capital to meet the requirement for funds in connection with the payments in the ordinary course of the business. The need for having appropriate levels of trading exposure fluctuates on a regular basis depending on the trading needs. To fund these costs, our Company currently relies principally on the cash flows from operations. As at March 31, 2012, as per the restated Financial Statements, our Company had a Net-worth of ₹ 2857.26 Lakhs.

Cash Flows

The table below summarizes our Company's cash flow on the standalone basis for the periods indicated:

(₹ In Lakhs)

Particulars	Fiscal 2010	Fiscal 2011	Fiscal 2012
Net Cash Flow from/ (used in) Operating Activities (A)	(41.40)	(260.63)	(6606.90)

Net Cash Flow from/ (used in) Investing Activities (B)	Nil	67.93	(1056.94)
Net Cash Flow from/ (used in) Financing Activities (C)	Nil	200.03	7896.33
Net Cash Flow (A+B+C)	(41.40)	7.33	232.49

Cash Flows from Operating Activities

Our net cash used in operating activities in Fiscal 2012 was ₹ 6606.90 lakhs which primarily consisted of operating profit before working capital changes of ₹ 292.41 lakhs, net increase in working capital of ₹ 6842.12 lakhs and direct taxes paid of ₹ 57.19 lakhs.

Our net cash used in operating activities in Fiscal 2011 was ₹ 260.63 lakhs which primarily consisted of operating profit before working capital changes of ₹ 5.53 lakhs, net increase in working capital of ₹ 259.31 lakhs and direct taxes paid of ₹ 1.32 lakhs.

Our net cash used in operating activities in Fiscal 2010 was ₹ 41.40 lakhs which primarily consisted of operating profit before working capital changes of ₹ 10.48 lakhs, net increase in working capital of ₹ 40.89 lakhs and direct taxes paid of ₹ 0.51 lakhs.

Cash Flows from Investment Activities

Our net cash used in investing activities in Fiscal 2012 was ₹ 1056.94 lakhs which primarily consisted of the purchase of fixed assets of ₹ 14.97 lakhs, Purchase of Investments of ₹ 1130.74 lakhs, proceeds from the sale of Investments of ₹ 85.12 lakhs, dividend income of ₹ 0.02 lakhs and interest received on Bond amounting to ₹ 3.63 lakhs.

Our net cash generated from investing activities in Fiscal 2011 was ₹ 67.93 lakhs which primarily consisted of the purchase of fixed assets of ₹ 5.60 lakhs, Purchase of Investments of ₹ 2.77 lakhs, proceeds from the sale of Investments of ₹ 13.27 lakhs, dividend income of ₹ 0.08 lakhs and proceeds of sale of fixed assets of ₹ 62.95 lakhs.

Cash Flows from Financing Activities

Our net cash from financing activities for Fiscal 2012 was ₹ 7896.33 lakhs which primarily consisted of proceeds from issue of share capital at a premium of ₹ 8.00 per equity share of face value of ₹ 10/- for ₹ 2320 lakhs, Proceeds from issue of Secured Redeemable Non-Convertible Debentures of ₹ 5000 lakhs, Proceeds from Unsecured Long-Term Borrowings of ₹ 650 lakhs, payment of interim dividend on equity shares of ₹ 62.64 lakhs and payment of corporate dividend tax of ₹ 11.03 lakhs.

Our net cash from financing activities for Fiscal 2011 was ₹ 200.03 lakhs which primarily consisted of proceeds from share application money (net) of ₹ 200 lakhs and calls in arrear received of ₹ 0.03 lakhs.

Indebtedness

For details in relation to our indebtedness, please see the section titled "Financial Indebtedness" on page no. 131.

Our Contingent Liabilities

For details in relation to our contingent liabilities and the contingent liabilities of our Company, please refer to page no. F-30.

Quantitative And Qualitative Disclosure About Market Risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rate. Our Company is exposed to various types of market risks, in the normal course of the business.

Information required as per Clause IX. E. 5 of Schedule VIII of the SEBI (ICDR) Regulations, 2009:

A) Unusual or Infrequent Events or Transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc.

Our Company has been acquired by new promoters namely Mr. G.L. Goenka and Risewell Credit Private Limited in the financial year 2010-11. Apart from above, there have been no events or

material transactions to our Company's knowledge which may be described as "unusual" or "infrequent" events of transactions.

B) Significant Economic Changes that Materially Affected or are likely to Affect Income From Continuing Operations

Other than that as mentioned under the paragraph "Discussion on Results of Operation of our Company" in the section "Management Discussion and Analysis of Financial Condition and Results of Operations" on page no. 122, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

C) Known Trends or Uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in this Draft Letter of Offer, particularly in the sections "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page nos. ix and 117 respectively, of this Draft Letter of Offer, to our Company's knowledge, there are no trends or uncertainties that have or had or are expected to have a material adverse impact on the income from continuing operations.

D) Future Relationship between Costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Other than as described in the sections "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page nos, ix and 117 respectively, of this Draft Letter of Offer, to our Company's knowledge, there are no known factors which will have a material adverse impact on the operations and finances.

E) The extent to which material increases in net sales or revenue are due to increased sale volumes, introduction of new products or services or increased sales prices

Changes in revenues during the last three years are explained under the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page no. 117 of this section.

F) Total turnover of each Industry Segment in which our Company operates.

Our Company is engaged primarily in the business of providing inter corporate deposits, loans and advances to Individuals & Bodies Corporate and Investment in Shares and Securities.

G) New Products or business segments

Other than as described in this Draft Letter of Offer, particularly in "Our Business", our Company is not planning as of date for introducing any new products or business segments.

H) Seasonality of Business

The business is not seasonal. However, there could be a variation in the quarterly income or profit after tax because of various factors, described in the section titled "Risk Factors" on page ix of this Draft Letter of Offer

I) Significant Dependence on a Single or Few Customers

The operations of our Company are not significantly dependent on a single or a few suppliers or customers.

J) Competitive Conditions

Our Company expects competition to intensify for existing and potential new customers. For further details, see "Discussion on Results of Operation of our Company" on page no. 122 of this Draft Letter of Offer, "Risk Factors" on page no. ix of this Draft Letter of Offer and "Our Business" on page no. 50 of this Draft Letter of Offer.

FINANCIAL INDEBTEDNESS

As on March 31, 2012, our Company has secured borrowings of ₹ 5,000 lakhs and unsecured borrowings of ₹ 650 lakhs. A summary of the outstanding secured and unsecured borrowing is as under:

Secured Borrowings :

Non - Convertible Debentures

In order to meet the working capital requirements our Company has issued Rated Secured Taxable Redeemable Non - Convertible Debentures ("NCD") of face value of ₹1000 each aggregating to ₹ 2500 lakhs with an option to retain 100% oversubscription aggregating to ₹5000 lakhs on a private placement basis in the financial year 2011-12 to several investors.

Name of the NCD Holder	Nature of Facility	Amount Sanctioned (₹ in lakhs)	Amount Outstanding as at 31/03/12 (₹ in lakhs)	Interest per annum	Tenure	Credit Rating	Security
Various Investors	Rated Secured Taxable Redeemable Non Convertible Debentures	5,000	5,000	12.75	5 years	'CARE BB (-) from Credit Analysis and Research Limited	Mortgage over our Company's immovable Property located in Gujarat and by hypothecation of Stock and trade receivable /debtors both as agreed between our Company and the Trustee for Debenture Holders.
Total		5,000	5,000				

Note :

- a) The NCDs are redeemable at the end of 5 years from the date of allotment i.e. 07.03.12 at a premium of 5% of the face value. Interest on these NCDs is payable semi - annually on 1st April and 1st October (except in case of first interest payment, being paid on March 31, 2012).

Unsecured Borrowings :

The details of unsecured borrowings of our Company are as follows:

Sr. No.	Name of the Lender	Sanctioned Amount (₹ In lakhs)	Date of Sanction	Rate of Interest per annum	Repayment Details	Tenor	Amount Outstanding as on 31.03.12 (₹ in lakhs)
From Promoter :							
1	Risewell Credit Private Limited	5,000	15.03.2012	11%	Repayment of principal amount on expiry of 120 Days from the date of disbursement	120 days	650
Total		5,000					650

Our Company has issued and allotted 1,75,00,000 Zero percent Optionally Convertible Debentures ("OCDs") of face value of ₹ 40/- each aggregating to ₹ 70,00,00,000/- to the promoter/promoter group and non promoters on preferential basis on July 4, 2012.

For details of the OCD issue please refer to the section titled "Capital Structure" at page no. 18 of the Draft Letter of Offer.

SECTION VII: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

OUTSTANDING LITIGATIONS :

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal or administrative proceedings including those for economic offences, tax liabilities, show cause notices or legal notices against us, our Directors, our Promoters, our Subsidiaries and Group Companies or ventures with which our Promoters were associated in the past (in case our Promoters' name continue to be associated with such proceeding) and there are no defaults including nonpayment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company, defaults in creation of full security as per terms of issue/other liabilities, no amounts owed to small scale undertakings exceeding Rs 1 Lac which is outstanding for more than 30 days, no proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (1) of Part 1 of Schedule XIII of the Companies Act) other than our unclaimed liabilities and no disciplinary action has been taken by SEBI or any Stock Exchanges against us, our Promoters, our Subsidiaries, our Directors or our Group Companies or ventures with which our Promoters were associated in the past (in case our Promoters' name continue to be associated with such proceeding), other than as qualified in this section

Neither our Company nor our Promoters, our Subsidiaries, Group Companies have been declared as willful defaulters by the RBI, or any other Governmental authority and there are no violations of securities laws committed by them in the past or pending against them or any person or entity connected with them except as mentioned below. Further, except as disclosed in this section, there are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against any company whose outcome could have a material adverse effect on the position of our Company, our Promoters, Group Companies or any person or entity connected with them. None of the Group Companies had faced/ is facing any litigation/defaults/ over dues or labour problems/ closure etc.

For details of the contingent liabilities of our Company, see the chapter "Financial Statements" beginning on page no. F-30 of this Draft Letter of Offer.

I. Cases Filed against our Company:

1. Anil Kumar Poddar (the "Complainant") has filed a complaint bearing no. C/5684/10 ("Complaint") before the Chief Metropolitan Magistrate, Bankshall Court dated 16 February 2010 against our Company and the erstwhile management comprising of Nitu Kaur, Madhusudan Prasad Srivastava, Pramod Kumar Mehra, Anup Kumar Mehrotra, Ashok Kumar Bansal, Binod Kumar Mehra and the Company Secretary, Biswanath Mukherjee (collectively the "Opposite Parties") under sections 196, 301, 372A, 163 and 629A of the Companies Act 1956. The Complainant being a shareholder in our Company had asked for inspection of certain books of record which was allegedly denied. The Complainant has inter alia, prayed for an order to take cognizance of the offence allegedly committed by the Opposite Parties and thereby issue process against the Opposite Parties and also for directions upon the Opposite Parties to stand trial. The matter is still pending. The amount involved is nil.
2. M/s Gouri Shankar Bajaj ('Complainant') has filed a consumer complaint bearing Consumer Complaint No. 2082 of 2012, CDF no. 781 of 1996 before the District Forum, Consumer Protection, Calcutta, against Ravi Kumar Agarwal ("Opposite Party 1"), our Company and M/s Maheshwari Datamatics Pvt Ltd. under section 12 of the Consumer Protection Act. The matter pertains to non-payment of dues by Opposite Party 1 for 200 fully paid shares of our Company, which was purchased by the Complainant being a sub-broker on behalf of Opposite Party 1. In the said matter, the Complainant has sought direction for return of the said shares to the Complainant and direction on our Company to issue duplicate share certificates along with dividends, bonus shares, and right shares accruing to the said 200 shares, to the Complainant and has also sought direction for prohibiting our Company from effecting any transfer of those said 200 shares to any third party. The amount involved in this matter is nil.

3. **Regulatory Proceedings against our Company**

- i. The Company had received - show cause notices from the Registrar of Companies, West Bengal ("ROC") bearing reference nos. ROC / BS / SCRUTINY / 60377 / 509 dated 4 June 2008 relating to violation of Section 211(1) read with Schedule VI of the Act, violation of Section 211 (3A) read with Accounting Standard 22 and violation of Section 234 of the Act. The Company had received a further show cause notice from the ROC bearing reference no. ROC / BS / SCRUTINY / 60377 / 1068 dated 12 August 2008 relating to violation of Section 211(1) of the Act, all in respect of the balance sheet for the financial year ending 31 March 2007. The Company had accordingly responded to all the aforesaid show cause notices vide two letters both dated 27 August 2008, wherein the Company has sought a month's time for filing compounding applications. In respect of such show cause notices and the replies filed thereto, our Company had commenced compounding proceedings for composition of offences vide C.P. Nos. 1090 -1093 (621A) / KB / 2008 before the Company Law Board, Kolkata Bench under Section 621A of the Act.

The Company Law Board, Kolkata Bench vide order No. CLB / KB / 18(192) / 2008 dated 27 February 2009 in C.P. Nos. 1090 -1093 (621A) / KB / 2008 being petition under Section 621A of the Act provided for composition of offences committed by our Company, its erstwhile Directors being Anup Kr. Mehrotra, Ashok Kr. Bansal, Binod Kr. Mehra, Madhusudan Prasad Srivastava, Pramod Kr. Mehra and Nitu Kaur and Company Secretary, Biswanath Mukherjee.

- ii. Our Company has received one show cause notice bearing reference no. ROC / TS / 2011-12 / 60377 / 3632 dated 19 October 2011 from the ROC seeking various clarifications related to the Balance Sheet of our Company as at 31 March 2010 under Section 234 of the Act. According to the said show cause notice, our Company was supposed to reply within 15 (fifteen) days from the date of the notice i.e. by 3 November 2011. Our Company had requested the ROC to give additional time to reply to the said show cause notice vide its letter 10 November 2011. ROC had issued another letter bearing reference no. ROC/DB/BS/60377/S-234(3A)/4749 dated 1 December 2011 asking our Company and its officers to appear before the ROC on 9 December 2011 along with full information as mentioned in the said letter dated 19 October 2011. However, our Company submitted its reply to the said show cause notice vide its letter dated 5 December 2011. Our Company has received one further letter from the ROC bearing reference no. ROC/TS/2011-12/60377/8003 dated 23 February 2012 seeking clarification in the matter under review which our Company replied vide its letter bearing reference no. GGFL/032012/ROC/01 dated 2 March 2012. Since submission of the reply to the show cause notice our Company has not received any further communication from the ROC.
- iii. Our Company has received one Show Cause Notice from the ROC bearing Reference No. ROC / PRO /DEFAULT - 220(1) / 2331 dated 15 February 2012 being a default notice for prosecution on the ground of non-filing of Balance Sheet and Profit & Loss Account as required under Section 220 of the Act for the financial year ending on 31 March 2011 within 30 days from the date of placing the said documents before the Annual General Meeting and in case no Annual General Meeting was held, within 30 days of the due date of the Annual General Meeting. Our Company has responded vide letter bearing reference no. GGFL / 022012 / ROC / 01 dated 20 February 2012, wherein our Company has stated that our Company has duly filed its Balance Sheet and Profit & Loss Account as required under Section 220 of the Act for the financial year ending on 31 March 2011 in e-form 23AC and 23ACA on 8 October 2011 vide SRN No. P71974786 within 30 days of the Annual General Meeting of our Company held on 16 September 2011. Since submission of the reply to the show cause notice our Company has not received any further communication from the ROC.
- iv. Our Company has received one Show Cause Notice from the ROC bearing Reference No. ROC. / TS /2011-12 / 60377 / 8003 dated 23 February 2012 pertaining to scrutiny of balance sheet of our Company as on 31 March 2010, wherein ROC has sought information / explanations in relation to the following:
 - i) Deposit accepted by our Company since inception and the failure, if any to repay the same on maturity.
 - ii) Details of money raised by our Company through IPO / FPO / ADR / GDR and utilisation thereof.
 - iii) Whether there is any disqualification of our Directors u/S 274(1)(g) of the Act during the year and details thereof?

- iv) Whether Auditors have made any qualifying / adverse remarks in its report relating to the Balance Sheet under scrutiny and details of rectificatory measures taken by our Company?

Our Company has responded vide letter bearing reference no. GGFL / 032012 / ROC / 01 dated 2 March 2012, wherein our Company has stated that our Company has not accepted any public deposits, our Company has not raised any money by way of IPO / FPO / ADR / GDR during the year ended 31 March 2010 and none of the Directors were disqualified under Section 274(1)(g) of the Act. The letter further provided that there was one qualification made by the Auditors regarding "Impairment of Assets" and our Company has taken rectificatory measures against the same.

Since submission of the reply to the aforesaid notice the Company has not received any further communication from the ROC.

- v. Our Company has received one notice from the ROC bearing reference No. ROC / WL / 60377 / 3414 dated 3 September 2012 relating to scrutiny of the balance sheet of our Company for the year ended 31 March 2010, wherein ROC has alleged that a true and fair view of the state of affairs of our Company was not presented resulting in a violation of Section 211 of the Companies Act. The said allegation was made on the basis of certain disclosures made under the Notes to Accounts of the said balance sheet. ROC had further cautioned our Company from making such violations in the future.

II. Cases Filed By our Company:

1. Our Company has filed a criminal complaint ("Complaint") being C/1721/1996 in the Court of Senior Division Judicial Magistrate, Alipore, South 24 Parganas against Sanderson Industries Limited, Gouri Mohan Kapur, Ravi Kumar Bahl (collectively the "Accused") under section 138 and 141 of the Negotiable Instruments Act, 1881 (N.I. Act, 1881). The said matter relates to dishonour of a cheque dated 1 November 1996 of an amount of ₹ 2,67,708/-. The matter is currently pending. The amount involved in the matter is ₹ 2,67,708/-.

It is to be noted that all the amount receivable from this case has been assigned to one M/s Minolta Finance Ltd. ('Assignee') vide a Deed of Assignment dated 24 March 2011 by our Company. Our Company is involved in this particular litigation in a representative capacity at this present moment. All the amount received from this litigation would be paid to the Assignee.

2. Our Company has filed a criminal complaint bearing number C-14/2002 ("Complaint") before Chief Judicial Magistrate, Alipore against M/s RITZ Communications Network Pvt Ltd, Ravi Burman, Ritu Burman, Swati Dutta, Amir Hossien, M/s P.J. Consultancy Pvt Ltd, A Pandey (collectively the "Accused") under Sections 120B, 406, 418, 420 and 34 of the Indian Penal Code, 1860 for cheating and fraudulently inducing the Company to pay a sum of ₹ 9,44,125/- for purchase of 5,39,500 shares of Vatsa Corporations Ltd. at ₹ 1.75 per share. Despite payment of the said sum of money to the Accused, the shares have not been delivered to our Company till date. The matter is currently pending. The amount involved in the matter is ₹ 9,44,125/-.
3. Our Company has filed a criminal complaint bearing no. C/2249/1996 before the 8th Ld. Judicial Magistrate, (Police Court) Alipore, South 24 Parganas against Prakash Industries Limited, N.K. Agarwal, V.P. Agarwal, S.K. Jain and K.K. Mehra (collectively the "Accused") under section 138 and 141 of the N.I. Act, 1881 for dishonor of a cheque dated 15 September 1996 for an amount of ₹ 3,91,585/-. The matter is currently pending. The amount involved in the matter is ₹ 3,91,585/-.

N.K. Agarwal had filed a criminal revisional application bearing no. C.R.R No. 2727 of 2010 before the Honourable High Court at Calcutta seeking quashing of the aforesaid criminal proceedings against him. The Honourable High Court at Calcutta by an order dated 12 May 2011 was pleased to quash the said criminal proceedings with respect to Mr. N K Agarwal.

It is to be noted that all the amount receivable from this case has been assigned to one M/s Minolta Finance Ltd. ('Assignee') vide a Deed of Assignment dated 24 March 2011 by our Company. Our Company is involved in this particular litigation in a representative capacity at this present moment. The full amount has been received from Prakash Industries Limited on

account of this litigation in terms of Settlement Agreement dated 21 July 2011 which has been fully paid to the Assignee.

A withdrawal petition has been filed by the Company for withdrawing the petition being Case No. C/2249/1996 before the Learned 8th Judicial Magistrate at Alipore Court and the date fixed for the next hearing of such withdrawal petition is 30 November 2012.

4. Our Company has filed a criminal complaint bearing no. C/3710/1996 before the 5th Ld. Judicial Magistrate, (Police Court) Alipore, South 24 Parganas against Prakash Industries Limited and V.P. Agarwal (collectively the "Accused") under section 138 and 141 of the N.I. Act, 1881 for dishonor of two cheques dated 15 September 1998 and 15 December 1998 for ₹ 3,91,585/- each. The matter is currently pending. The amount involved in the matter is ₹ 7,83,170/.

It is to be noted that all the amount receivable from this case has been assigned to one M/s Minolta Finance Ltd. ('Assignee') vide a Deed of Assignment dated 24 March 2011 by our Company. Our Company is involved in this particular litigation in a representative capacity at this present moment. The full amount has been received from Prakash Industries Limited on account of this litigation in terms of Settlement Agreement dated 21 July 2011 which has been fully paid to the Assignee.

5. Our Company has issued 5,00,000 12.75% rated, secured, taxable, redeemable Non-Convertible Debentures of face value of ₹ 1000/- each, aggregating to ₹ 5000 lakhs on a private placement basis. The said Debentures are inter alia secured by creation of charge on the immovable properties of our Company i.e. First charge by way of mortgage of the land situated at Mouje/Village Maharajpura, Kadi Taluka, District Mehsana in the State of Gujarat. In relation thereto, our Company had filed Form 10 for creation of charge on the said immovable property on 3 May 2012 vide SRN No. B38315735 with the ROC within the such time period as stipulated under Section 128 of the Act. However, the form was marked as "pending for user clarifications" and an e-mail was received by our Company from the Ministry of Corporate Affairs on 11 May 2012 pointing out certain deficiencies in the Form 10 filed by our Company pursuant to which a duly filed Form 67 attaching the documents required by the MCA was filed on 25 May 2012. Thereafter, on 31 May 2012, our Company received another email from the Ministry of Corporate Affairs, seeking clarification on filing of Form 10 for issue of a single series of debentures. Our Company had duly filed Form 67 giving justification/explanation about filing Form 10 on 6 June 2012. However, the Form 10 filed by our Company was rejected and not taken on record with a remark that Section 128 of the Act mandates filing of Form 10 if the charge on the series of debentures is pari passu in nature and in the instant case, the charge created is not pari passu. Further, our Company could not deliver the debentures certificates within the stipulated time i.e. 7 June 2012 due to non-completion of formalities such as creation and registration of charge, creation and registration of equitable mortgage, etc. Since there was now a delay of 46 days in filing particulars of creation of charge, our Company has approached the Company Law Board for condonation of delay by filing a petition for extension of time for filing particulars of creation of charge with the ROC on 29 June 2012 and under Section 141 of the Act vide petition for extension of time for delivery of debenture certificates on 29 June 2012. The said matters are still pending and the amount involved is unascertainable.

III. Litigation against our Directors

A. Mr. Dinesh Burman

1. Super Complex (P) Ltd. (the "Plaintiff") has filed an ejectment suit bearing no. 208 of 2005E before the Learned Judge, 5th Bench of Small Causes Court at Kolkata against Kusum Burman, Dipak Burman, Dinesh Burman, Manju Burman, Neelam Burman and Abha Burman (collectively the "Opposite Parties") in respect of one residential flat situated on the 2nd floor in the main block of premises No. 1, British Indian Street, Police Station: Hare Street, Kolkata 700 069. The Plaintiff has prayed inter alia, for decree for khas and vacant possession of the aforesaid property and decree for mesne profits at the rate of ₹ 500 per diem calculating from the date of termination of tenancy till realization of the khas and vacant possession of the suit premises. An order was passed on 8 February 2010 by the Learned Judge, 5th Bench of Small Causes Court at Kolkata for inspection of the disputed premises by advocate commissioner and the Plaintiff was directed to pay ₹ 1000 for the same. The matter is still pending and the next date of hearing is 3 December 2012. The suit is valued at ₹ 800/-.

IV. Regulatory Proceedings against our Directors / Company Secretary

A. Current Directors

1. Mr Girdhari Lal Goenka, Chairman and Managing Director of our Company has received six show cause notices from the ROC bearing reference No(s). ROC / SCN / 211(1) / 60377 / 1 / 3534, ROC / SCN / 211(1) / 60377 / 2 / 3537, ROC / SCN / 217(3) / 60377 / 3 / 3540, ROC / SCN / 217(3) / 60377 / 4 / 3543, ROC / SCN / 211(3A) / 60377 / 5 / 3546 and ROC / SCN / 211(1) / 60377 / 6 / 3549 all dated 30 August 2012.

Mr Biswanath Mukherjee, our Company Secretary has received four show cause notices from the ROC bearing ROC / SCN / 211(1) / 60377 / 1 / 3535, ROC / SCN / 211(1) / 60377 / 2 / 3538, ROC / SCN / 211 (3A) / 60377 / 5 / 3547 and ROC / SCN / 211(1) / 60377 / 6 / 3550 all dated 30 August 2012.

Mr Vivek Goenka, erstwhile Managing Director of our Company has received six show cause notices from the ROC bearing reference No(s). ROC / SCN / 211(1) / 60377 / 1 / 3533, ROC / SCN / 211(1) / 60377 / 2 / 3536, ROC / SCN / 217(3) / 60377 / 3 / 3539, ROC / SCN / 217(3) / 60377 / 4 / 3542, ROC / SCN / 211(3A) / 60377 / 5 / 3545 and ROC / SCN / 211(1) / 60377 / 6 / 3548 all dated 30 August 2012.

All the aforesaid show cause notices pertain to inter alia, violations of Section 211 and 217 of the Companies Act, 1956 with regard to the balance sheet of our Company for the year ended 31 March 2010.

Under ROC / SCN / 211(1) / 60377 / 1 / 3533, ROC / SCN / 211(1) / 60377 / 1 / 3534 and ROC / SCN / 211(1) / 60377 / 1 / 3535, ROC has alleged violation of provision of Part - I of Schedule - VI to the Companies Act, because no disclosure was made as to the nature of investment of ₹ 10,00,000/- provided in the balance sheet of our Company for the year ended 31 March 2010.

Under ROC / SCN / 211(1) / 60377 / 2 / 3536, ROC / SCN / 211(1) / 60377 / 2 / 3537 and ROC / SCN / 211(1) / 60377 / 2 / 3538, ROC has alleged violation of Section 211 (1) read with Part I of Schedule VI of the Companies Act, because the Balance sheet of our Company for the year ended 31 March 2010 presented a figure of ₹ 10,00,000/- in respect of an investment of ₹ 1,00,000 /- made in unquoted shares of M/s Satellite Mercantiles Pvt. Ltd.

Under ROC / SCN / 217(3) / 60377 / 3 / 3539, ROC / SCN / 217(3) / 60377 / 3 / 3540, ROC / SCN / 217(3) / 60377 / 4 / 3542 and ROC / SCN / 217(3) / 60377 / 4 / 3543, ROC had alleged violation of Section 217 (3) of the Companies Act because the Board of Directors did not furnish adequate explanations in the Directors' report regarding the said reservation / qualification / adverse remark by the Auditor in the Balance sheet of our Company for the year ended 31 March 2010.

Under ROC / SCN / 211(3A) / 60377 / 5 / 3545, ROC / SCN / 211(3A) / 60377 / 5 / 3546 and ROC / SCN / 211 (3A) / 60377 / 5 / 3547, ROC had alleged violation of provision of Section 211 (3A) of the Companies Act read with Accounting Standard 13 because in respect of dividend income from shares as disclosed in the balance sheet of our Company for the year ended 31 March 2010, no disclosure was made regarding whether such dividend arose from long term investment or current investment.

Under ROC / SCN / 211(1) / 60377 / 6 / 3548, ROC / SCN / 211(1) / 60377 / 6 / 3549 and ROC / SCN / 211(1) / 60377 / 6 / 3550, ROC had alleged violation of provision of Section 211 (1) read with Schedule VI of the Companies Act, because in respect of dividend income from shares, no disclosure was made in the Balance sheet of our Company for the year ended 31 March 2010, regarding whether such dividend arose from trade investment or other investment.

Mr Vivek Goenka and Mr Girdhari Lal Goenka had vide letters dated 6 September 2012 requested ROC to drop their names from the said show cause notices since they were not directors of our Company on 31 March 2010 or on the date of adoption of accounts of our Company for the year ended 31 March 2010. Our Company had also replied to ROC on behalf of Mr Vivek Goenka and Mr Girdhari Lal Goenka with reference to the aforesaid show cause

notices, requesting ROC to drop the proceedings on the said Directors and for the same reasons, mentioned hereinabove.

ROC vide letters bearing reference no(s) ROC / L / 60377 / 3512 and ROC / L / 60377 / 3513 both dated 5 September 2012 addressed to Mr Vivek Goenka and Mr Girdhari Lal Goenka, respectively provided that their names had been inadvertently included in the aforesaid show cause notices.

The Company Secretary of our Company is yet to respond to the show cause notices served upon him.

B. Erstwhile Directors

1. Mr Ashok Kumar Bansal, erstwhile Director of our Company has received six show cause notices from the ROC bearing reference No(s). ROC / SCN / 211(1) / 60377 / 1 / 3485, ROC / SCN / 211(1) / 60377 / 2 / 3490, ROC / SCN / 217(3) / 60377 / 3 / 3494, ROC / SCN / 217(3) / 60377 / 4 / 3498, ROC / SCN / 211(3A) / 60377 / 5 and ROC / SCN / 211(1) / 60377 / 6 / 3508 all dated 5 September 2012.

Mr Binod Kumar Mehra, erstwhile Director of our Company has received six show cause notices from the ROC bearing reference No(s). ROC / SCN / 211(1) / 60377 / 1 / 3484, ROC / SCN / 211(1) / 60377 / 2 / 3489, ROC / SCN / 211(3A) / 60377 / 5 / 3502 and ROC / SCN / 211(1) / 60377 / 6 / 3507 all dated 5 September 2012 and ROC / SCN / 217(3) / 60377 / 3 / 3541 and ROC / SCN / 217(3) / 60377 / 4 / 3544 dated 30 August 2012.

Mr Pramod Kumar Mehra, erstwhile Director of our Company has received six show cause notices from the ROC bearing reference No(s). ROC / SCN / 211(1) / 60377 / 1 / 3486, ROC / SCN / 211(1) / 60377 / 2 / 3491, ROC / SCN / 217(3) / 60377 / 3 / 3495, ROC / SCN / 217(3) / 60377 / 4 / 3499, ROC / SCN / 211(3A) / 60377 / 5 / 3504 and ROC / SCN / 211(1) / 60377 / 6 / 3509 all dated 5 September 2012.

Ms Nitu Kaur, erstwhile Director of our Company has received six show cause notices from the ROC bearing reference No(s). ROC / SCN / 211(1) / 60377 / 1 / 3487, ROC / SCN / 211(1) / 60377 / 2 / 3492, ROC / SCN / 217(3) / 60377 / 3 / 3496, ROC / SCN / 217(3) / 60377 / 4 / 3500, ROC / SCN / 211(3A) / 60377 / 5 / 3505 and ROC / SCN / 211(1) / 60377 / 6 / 3510 all dated 5 September 2012.

Mr Madhusudan Prasad Srivatswa, erstwhile Director of our Company has received six show cause notices from the ROC bearing reference No(s). ROC / SCN / 211(1) / 60377 / 1 / 3488, ROC / SCN / 211(1) / 60377 / 2 / 3493, ROC / SCN / 217(3) / 60377 / 3 / 3497, ROC / SCN / 217(3) / 60377 / 4 / 3501, ROC / SCN / 211(3A) / 60377 / 5 / 3506 and ROC / SCN / 211(1) / 60377 / 6 / 3511 all dated 5 September 2012.

All the aforesaid show cause notices pertain to inter alia, violations of Section 211 and 217 of the Companies Act, 1956 with regard to the balance sheet of our Company for the year ended 31 March 2010.

Under ROC / SCN / 211(1) / 60377 / 1 / 3484, ROC / SCN / 211(1) / 60377 / 1 / 3485, ROC / SCN / 211(1) / 60377 / 1 / 3486, ROC / SCN / 211(1) / 60377 / 1 / 3487, ROC / SCN / 211(1) / 60377 / 1 / 3488, ROC has alleged violation of provision of Part - I of Schedule - VI to the Companies Act, because no disclosure was made as to the nature of investment of ₹ 10,00,000/- provided in the balance sheet of our Company for the year ended 31 March 2010.

Under ROC / SCN / 211(1) / 60377 / 2 / 3490, ROC / SCN / 211(1) / 60377 / 2 / 3489, ROC / SCN / 211(1) / 60377 / 2 / 3491, ROC / SCN / 211(1) / 60377 / 2 / 3492 and ROC / SCN / 211(1) / 60377 / 2 / 3493, ROC has alleged violation of Section 211 (1) read with Part I of Schedule VI of the Companies Act, because the Balance sheet of our Company for the year ended 31 March 2010 presented a figure of ₹ 10,00,000/- in respect of an investment of ₹ 1,00,000 /- made in unquoted shares of M/s Satellite Mercantiles Pvt. Ltd.

Under ROC / SCN / 217(3) / 60377 / 3 / 3494, ROC / SCN / 217(3) / 60377 / 4 / 3498, ROC / SCN / 217(3) / 60377 / 3 / 3541, ROC / SCN / 217(3) / 60377 / 4 / 3544, ROC / SCN / 217(3) / 60377 / 3 / 3495, ROC / SCN / 217(3) / 60377 / 4 / 3499, ROC / SCN / 217(3) / 60377 / 3 / 3496, ROC / SCN / 217(3) / 60377 / 4 / 3500, ROC / SCN / 217(3) / 60377 / 3 /

3497 and ROC / SCN / 217(3) / 60377 / 4 / 3501, ROC had alleged violation of Section 217 (3) of the Companies Act because the Board of Directors did not furnish adequate explanations in the Directors' report regarding the said reservation / qualification / adverse remark by the Auditor in the Balance sheet of our Company for the year ended 31 March 2010.

Under ROC / SCN / 211(3A) / 60377 / 5, ROC / SCN / 211(3A) / 60377 / 5 / 3502, ROC / SCN / 211(3A) / 60377 / 5 / 3504, ROC / SCN / 211(3A) / 60377 / 5 / 3505 and ROC / SCN / 211(3A) / 60377 / 5 / 3506 , ROC had alleged violation of provision of Section 211 (3A) of the Companies Act read with Accounting Standard 13 because in respect of dividend income from shares as disclosed in the balance sheet of our Company for the year ended 31 March 2010, no disclosure was made regarding whether such dividend arose from long term investment or current investment.

Under ROC / SCN / 211(1) / 60377 / 6 / 3508, ROC / SCN / 211(1) / 60377 / 6 / 3509, ROC / SCN / 211(1) / 60377 / 6 / 3510, ROC / SCN / 211(1) / 60377 / 6 / 3511 and ROC / SCN / 211(1) / 60377 / 6 / 3507 , ROC had alleged violation of provision of Section 211 (1) read with Schedule VI of the Companies Act, because in respect of dividend income from shares, no disclosure was made in the Balance sheet of our Company for the year ended 31 March 2010, regarding whether such dividend arose from trade investment or other investment.

Mr Ashok Kumar Bansal, Mr Binod Kumar Mehra, Mr Pramod Kumar Mehra, Ms Nitu Kaur and Mr Madhusudan Prasad Srivatswa are yet to respond to the aforesaid show cause notices. However, our Company has not been made a party to the aforesaid show cause notices.

V. Litigation filed by our Directors

A. Mr. Arun Goenka

1. Mr. Arun Goenka, being the proprietor of M/s H. Pathak & Co was the monthly tenant of one room situated on the 5th floor of premises no. 8, Lyons Range, Kolkata 700 001 owned by one Balbinode Bajoria. On or about 1994, the Mr. Arun Goenka allowed a small table space in the said tenanted room to be used by one M/s Precious Fruits & Packed Foods (P) Ltd ("PFPL") on 'leave and license' basis for the purpose of business meetings, correspondences and telephonic messages. Mr. Arun Goenka became aware on or about the first week of January, 2000 that PFPL had been wound up by the Honourable High Court at Calcutta by an order dated 13 December 1999 passed in Company Petition No. 434 of 1997 filed by one of its creditors, M/s J.M Enterprises. Thereafter, the Official Liquidator attached to the Honourable High Court at Calcutta took possession of the aforesaid premises w.e.f 14 February 2000 because the said room was used as registered office by PFPL. The said Official Liquidator has locked the said premises and all furniture and belongings of Mr. Arun Goenka are also locked inside the premises. Mr. Arun Goenka filed CA 117 of 2004 before the Honourable High Court at Calcutta praying for direction upon the Official Liquidator (as Defendant No. 1) to deliver the possession of the said tenanted room to Mr. Arun Goenka. The Honourable High Court at Calcutta vide order dated 8 June 2004, had also given liberty to Mr. Arun Goenka, to obtain order of possession from the City Civil Court at Calcutta and that the Official Liquidator shall handover the possession of the said premises to Mr. Arun Goenka upon production of the order. Mr. Arun Goenka thereafter filed Title Suit No 1626 of 2004 before the Learned 7th Judge, City Civil Court at Calcutta which is pending as on date. The amount involved in the said dispute is not ascertainable.

VI. Litigation filed by our Promoter and /or Group Companies

A. Beegeey Realters Private Limited (BRPL)

BRPL (the "Plaintiff") has filed an Ejectment Suit bearing No. 226 / 2007 against M/s Sadhana Aushadhalaya ("Defendant") before the Small Causes Court at Kolkata, for a decree of Khas possession of the shop room at the Ground floor of premises No. 44, Lenin Sarani , Kolkata-700013, valued at ₹ 768/-.

The Defendant filed an application under Section 7 (1) of The West Bengal Premises Tenancy Act, 1997, praying for an order permitting him to deposit the monthly rent at the rate of ₹ 65/- per mensem to the credit of the Plaintiff from the month of July 2008.

Further the Defendant also filed an application under Section 7(2) of the West Bengal Premises Tenancy Act, 1997 before the Small Causes Court at Kolkata, wherein the Defendant has inter alia prayed for determination of existence of tenant landlord relationship between the Plaintiff and the Defendant. The Plaintiff has filed a Written Objection to said Application.

The Defendant has also filed an application under Section 5 of the Limitation Act, 1882 before the Small Causes Court at Kolkata inter alia, praying for condonation of delay in filing the above applications under the West Bengal Premises Tenancy Act, 1997.

All the aforesaid matters are pending as on date. The suit is valued at ₹ 768/-.

B. Risewell Credit Private Limited (RCPL)

1. RCPL has filed a criminal complaint bearing no. C/21508/2011 ("Complaint") in the Learned 6th Metropolitan Magistrate Kolkata against M/S Shree Ma Pharmaceem Limited, Abhay Chhabildas Muchhala, Saguna Chhabildas Muchhala, Chhabildas Harilal Muchhala, Sudhakar Jha (collectively the "Accused") under section 138 and 141 of the N.I. Act, 1881 for dishonour of 7 cheques all dated 20 July 2011 amounting to ₹ 1,01,60,000/-. The matter was filed before the Court of Learned Chief Metropolitan Magistrate, Kolkata which was transferred to the court of Learned 6th Metropolitan Magistrate for issuance of summons for further process. The matter is currently pending. The amount involved in the matter is ₹ 1,01,60,000/-.

C. N.C. Shaw & Co. Beverages Private Limited (NBPL)

1. NBPL has filed an application under Section 75(i)(g) of the Employees State Insurance Act, 1948 (the "ESI Act") before the Learned Employees Insurance Court, West Bengal bearing T.C. No. 139 of 2009 against the Employees State Insurance Corporation ("ESIC") seeking inter alia, permanent injunction of the order passed by Assistant Director, Employees State Insurance Corporation bearing no. C/Ins.III/41-3750-08/1296 dated 30 June 2009 under Section 45A of the ESI Act, for recovery of the amount of contribution of ₹ 3,66,795/- for the period of April 2004 to March 2007. Further, NBPL has also sought for the setting aside of the aforesaid order. Interim stay on recovery of the amount of contribution of ₹ 3,66,795/- till 20 November 2009, subject to deposit of ₹ 73,500/- by NBPL with ESIC, has been granted by the Learned Employees Insurance Court, West Bengal with respect to the aforesaid order. The said amount of ₹ 73,500/- was deposited. However, final adjudication of the said matter is pending. The amount involved is ₹ 3,66,795/-.
2. NBPL has filed an application under Section 75(i)(g) of ESI Act being T C No. 138 of 2009 before the Employees Insurance Court, West Bengal against ESIC and M/s Gangotry Enterprises as Proforma Opposite Party seeking inter alia, permanent injunction of the order passed by Assistant Director of ESIC bearing no. C/Ins.III/41-3750-08/1293 dated 30 June 2009 under Section 45A of the ESI Act, for recovery of the amount of contribution of ₹ 2,05,044/- for the period of 2004-2007. Further, NBPL has also sought for the setting aside of the aforesaid order. Interim stay on recovery of the amount of contribution of ₹ 2,05,044/- till 12 November 2009, subject to deposit of ₹ 41,000/- by NBPL with ESIC, has been granted by the Learned Employees Insurance Court, West Bengal with respect to the aforesaid order. The said amount of ₹ 41,000/- was deposited. However, final adjudication of the said matter is pending. The amount involved is ₹ 2,05,044/-.

VII. Litigation filed against our Promoter and /or Group Companies

A. Karni Awash Private Limited (KAPL)

1. Bal Kishan Choudhury ("Plaintiff") has filed a title suit being 782 of 2012 against KAPL before the Ld. 12th Judge City Civil Court, Kolkata in relation to a godown in the Ground Floor at Premises no. 119, Cotton Street, Kolkata -700007. In the said suit the Plaintiff has inter alia, prayed for declaration as a tenant and for temporary injunction against KAPL from interference in the Plaintiff's peaceful enjoyment and possession of the said property. Moreover the Plaintiff has also filed an application in relation to the said suit, under Order 39 Rule 1 and Rule 2 of Civil Procedure Code, 1908 for temporary injunction against KAPL. The suit is valued at ₹ 100/-. The matter is pending.

B. Girdhar Fiscal Services Private Limited (GFSPL)

1. GFSPL received a notice of demand of ₹ 2,13,386/- for the Assessment Year 2009-10 under section 156 of the IT Act, pursuant to an assessment order dated 27 December 2011 under section 143(3) of the IT Act, wherein the Assessing Officer had added a sum of ₹ 1,43,389/-

on account of commission income based on reply received from third party. Further the impugned order disallowed a sum of ₹ 3,94,897/- under section 14A of the IT Act and also an addition of ₹ 18,226/- was made on account of difference in margins. However, the Company has paid an amount of ₹ 1,00,000 in relation to the aforementioned demand. Subsequently, GSFPL has filed an appeal before the Commissioner of Income Tax (Appeals) - I against the said assessment order. The matter is still pending and the amount involved is ₹ 2,13,386/-.

C. N.C. Shaw & Co. Beverages Private Limited (NBPL)

1. NBPL has received a demand notice of ₹ 12,28,646/- dated 16 November 2011 from the Collector of Excise, Kolkata (South) dated 16 November 2011 on account of fees of excess handling wastage at the highest rate of government duty at the rate of ₹ 186 per LPL in terms of rule 42(2)(a) of West Bengal Excise (Foreign Liquor) Rules, 1998 for the excess wastage as noted during annual handling wastage. NBPL has received two further notices dated 1 December 2011 and 28 March 2012 pertaining to rule 42 of West Bengal Excise (Foreign Liquor) Rules, 1998. NBPL has filed a review application on 21 November 2011 in respect of the demand notice dated 16 November 2011 before the Collector of Excise, Kolkata (South), which was rejected. Subsequently, NBPL has preferred an appeal being no. RN- 646 of 2012 against the rejection of the review application before the West Bengal Taxation Tribunal. A judgment was passed thereto on 18 April 2012, stay has been granted on the demand of ₹ 12,28,646/- till disposal of the said appeal, which is currently pending.
2. NBPL has received a demand notice for ₹ 60,14,670/- dated 14 June 2011 issued under Section 45, Section 49 and Section 50 of the West Bengal Sales Tax Act, 1994 by the Senior Joint Commissioner, Commercial Tax, Corporate Division for the financial year 2008-2009. NBPL has preferred an appeal being no. 8466 of 2008-09 against the aforesaid demand notice before the Additional Commissioner, Sales Tax which is pending. The amount involved is ₹ 60,14,670/-.
3. NBPL has received a demand notice for ₹ 1,77,568/- dated 21 June 2011 issued under Section 46(2), Section 48, Section 53A, Section 50 & Section 51 of the West Bengal Value Added Tax Act, 2003 by the Senior Joint Commissioner, Sales Tax, Corporate Division for the financial year 2008-2009. NBPL has preferred an appeal being no. 8467 of 2008-09 against the aforesaid demand notice before the Additional Commissioner, Sales Tax which is pending. The amount involved is ₹ 1,77,568/-.
4. NBPL has received a demand notice for ₹ 1,02,976/- dated 15 June 2011 under Section 9 of the Central Sales Tax Act, 1956 read with section 45 or section 46 and 49 or Section 50 of the West Bengal Sales Tax Act, 1994 issued by the Senior Joint Commissioner, Sales Tax, Corporate Division for the Financial Year 2008-2009. NBPL has preferred an appeal being no. 8468 of 2008-09 against the aforesaid demand notice before the Additional Commissioner, Sales Tax which is pending. The amount involved is ₹ 1,02,976/-.

MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET DATE

In the opinion of the Board, other than as disclosed in this Draft Letter of Offer, there has not arisen, since the date of the last financial statements set out herein, any circumstance that materially or adversely affects our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities over the next twelve months. See also, "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page no. 117 of this Draft Letter of Offer.

GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business. Except as mentioned below, no further approvals are required for carrying on our present business. In view of the approvals listed below, our Company can undertake this Issue and our current business activities and no further material approvals from any governmental or regulatory authority or any other entity are required to undertake this Issue or continue our business activities. Unless otherwise stated, our Company has obtained all material approvals and the same valid as of the date of this Draft Letter of Offer.

Our Company is engaged, inter alia in the primary business of providing inter corporate loans, personal loans and investments in quoted and unquoted securities. We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and to undertake the Issue save and except as provided in the chapter "Risk Factors" on Page no. ix.

In addition, except as mentioned in this chapter, as on the date of this Draft Letter of Offer, there are no pending regulatory and government approvals and no pending material renewals of licenses or approvals in relation to the activities undertaken by us or in relation to the Issue:

I. Approvals for the Issue

1. Board Resolution dated 4 August 2011 approving the Issue
2. In-principle approval from the BSE dated [●].
3. In-principle approval from the CSE dated [●].

II. Incorporation Details

1. Certificate of Incorporation bearing Registration No. 21-060377 of 1993 dated 7 October 1993 issued by the Registrar of Companies, West Bengal at Kolkata to our Company under the name "Golden Securities Private Limited".
2. Fresh Certificate of Incorporation bearing Registration No. 060377, dated 13 December 1994 issued by the Registrar of Companies, West Bengal at Kolkata pursuant to the change of name of our Company to "Golden Securities Limited".
3. Fresh Certificate of Incorporation dated 16 November 2011 issued pursuant to the change of name of our Company to "Golden Goenka Fincorp Limited", by the Registrar of Companies, West Bengal at Kolkata.
4. Fresh Certificate of Incorporation dated 21 November 2011 issued pursuant to the change of name of our Company to "Golden Goenka Fincorp Limited", by the Registrar of Companies, West Bengal at Kolkata.

III. Registration as Non-Banking Financial Company

Our Company has received Certificate of Registration bearing no. 05.01596 under Section 45IA of the RBI Act, 1934 from the Reserve Bank of India dated 20th April, 1998 to commence or carry on the business of Non- Banking Financial Institution without accepting public deposits. Our Company has received a further No Objection Certificate from the Reserve Bank of India vide letter bearing reference no. DNBS. RO. KOL 1480 / 02.02.003 / 2011-12 dated 8 November 2011 regarding the change of name of Golden Securities Limited pursuant to an application dated 27 October 2011. Subsequently, our Company has received a fresh "Certificate of Registration" dated 21 May 2012 in the name of "Golden Goenka Fincorp Limited" bearing No. B.05.01596. Our Company has become a NBFC-ND-SI during the quarter ended June 30, 2012 and hence our Company is required to submit certain regulatory/ supervisory returns to RBI in terms of the provisions of the RBI Act, 1934 and various Directions issued by it from time to time. Our Company is yet to submit the various returns/statements as required by a NBFC-ND-SI to RBI and has only filed belately the Monthly Return on Important Financial Parameters of NBFCs-ND-SI and Monthly Statement of short term dynamic liquidity in format ALM - NBS-ALM1 for the months of July '12 and August '12.

IV. General Approvals

1. Our Company had signed a tripartite agreement with National Securities Depository Limited and Central Securities Depository Limited on 3 October 2000 and 30 September 2000 respectively and has been accordingly allotted an ISIN Number being INE152C01017. Our Company has intimated the change of its name to National Securities Depository

Limited and Central Securities Depository Limited vide letter dated 10 January 2012 which has been acknowledged and accepted under cover of letter bearing reference no. CDSL / OPS / NC / HD / 1703 dated 19 January 2012 and bearing reference no. NSDL / II /CIR / 955 / 2012 dated 18 January 2012, respectively. Subsequently, post share split, the Company has received letters from National Securities Depository Limited and Central Securities Depository Limited bearing no. NSDL/II/AN/JNG/6162/2012 dated May 05, 2012 and CDSL/OPS/NMP/1703 dated April 16, 2012, allotting ISIN Number being INE152C01025 to the listed shares of our Company.

2. Permanent Account Number (PAN) of our Company being AAACG9769R issued by the Income Tax Department under cover of letter bearing reference no. PLC11885101 / 34 / 7 / 09 / 01 / 2012 / OVX dated 9 January 2012.
3. Tax Deduction Account Number of our Company being CALG01693G consequent to name change of the Company as issued by the Income Tax Department under cover of letter bearing reference no. 013350200153241171/TAN/CR/NOR dated 15 February 2012.
4. Our Company has received Service Tax Registration being AAACG9769RSD001 from Central Board of Excise and Customs and pursuant to intimating our name change to the Central Board of Excise and Customs vide application GGFL / 012012 // ST / 01 dated 24 January 2012, a fresh certificate of registration in the name of our Company has been issued by Central Board of Excise and Customs under cover of letter bearing reference no. NIL dated 7 February 2012
5. Our Company has received Certificate of Professional Tax under the West Bengal State Tax on Professions, Trades, Callings and Employments Rules, 1979 bearing Enrolment No. ECS-3681947 dated 17 January 1995 for registration as an employer. Pursuant to name change, our Company has received a duplicate "Certificate of Registration" dated 25 May 2012 from the Office of the Joint Commissioner of Professional Tax bearing No. RCS 1203177 and "Certificate of Enrolment" dated 25 May 2012 from the said office bearing registration no. ECS - 3681939.
6. Our Company is the holder of Certificate of Registration bearing no. Cal/Ali/PII/30518 dated 28 February 1996 under West Bengal Shops and Establishment Act, 1963. The same has been updated pursuant to the change of name of our Company and stands renewed till 27 February 2014.
7. Our Company was the registered holder of Certificate of Enlistment (Trade License) bearing No. 711910000086 issued by Kolkata Municipal Corporation. The same has been granted under cover of letter bearing reference no. Nil dated 13 September 2011. Our Company has intimated change of its name to Kolkata Municipal Corporation vide letter GGFL / 012012 / KMC / 01 dated 23 January 2012 which has been acknowledged and accepted by Kolkata Municipal Corporation vide letter bearing reference no. Nil dated 27 January 2012. The fresh certificate of enlistment has been received by our Company which is dated 20 June 2012. Further, the Company has received Certificate of Enlistment (Trade License) bearing No. L/311281 dated 25 August 2012 issued by Kolkata Municipal Corporation w.r.t. our Company's branch office situated at 1 Abdul Hamid Street, 1st Floor, Room No 109, Kolkata 700 069.

V. Pending Approvals

1. Our Company has applied before the Trade Mark Registry for registration of its name and logo under class 36 for financial services and others, vide application no. 2286065 filed on 20 February 2012. The same is pending registration as on date.
2. Our Company has applied for Certificate of Registration under West Bengal Shops and Establishment Act, 1963 w.r.t. our Company's branch office situated at 1 Abdul Hamid Street, 1st Floor, Room No 109, Kolkata 700 069 vide application bearing acknowledgement no. Kol/ Hare/ P-II/ 2056/ 12 dated 28 August 2012.

VI. Approvals not obtained

1. Our Company has not obtained any license for its money lending business under West Bengal Money Lenders Act, 1940.
2. Our Company is yet to obtain the Fire License as required West Bengal Fire Services Act, 1950 and as required under Certificate of Enlistment (Trade License) bearing No. L/311281 dated 25 August 2012 issued by Kolkata Municipal Corporation w.r.t. our Company's branch office situated at 1 Abdul Hamid Street, 1st Floor, Room No 109, Kolkata 700 069.
3. Our Company is not registered under the Payment of Gratuity Act, 1972 since our Company has not obtained any insurance with respect to our Company's liability for payment towards the gratuity from the Life Insurance Corporation of India established under the Life Insurance Corporation of India Act, 1956 or any other prescribed insurer.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares to the Equity Shareholders of our Company as on the Record Date is being made in accordance with the resolution passed by our Board of Directors under Section 81(1) of the Companies Act, at its meeting held on August 4, 2011. The Board in its meeting held on [●] determined the Issue Price as ₹[●] per Equity Share and the Rights Entitlement as [●] Equity Share for every [●] fully paid up Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

Our Company received in-principle approvals from the BSE and the CSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

We have obtained all necessary governmental, regulatory consents and approvals and have received all necessary contractual consents required for this Issue. For further details regarding the requirement for such approval and other ancillary matters in this regard, see section titled "Key Industry Regulations and Policies" and "Government and other Approvals" on page nos 57 and 142 respectively.

Prohibition by SEBI/RBI/Any other Authority

We confirm that neither our Company, our Promoters, Promoter Group entities, our Directors or, group companies or persons in control of the corporate Promoters, have been debarred from accessing the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities.

Our promoters, our Directors, Promoter Group entities or persons in control of our Company or the Corporate Promoters Company were not or are not a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI.

Except as stated below, none of the Directors of our Company are associated with the capital markets in any manner:

Shree Mohan Kothari and Girdhari Lal Goenka, Directors of our Company, are associated with Aristro Capital Markets Limited, details of which are as follows:

SEBI Registration No.	NSECM (INB231395931; BSECM(INB011395937; NSE FO (INF231395931; BSE FO (INF011395937); IN-DP-CDSL-645-2011
Category of Registration	Nil
Details of any enquiry/investigation conducted by SEBI at any time	Nil
Penalty imposed by SEBI, if any	Nil
Outstanding fees payable to SEBI, if any	Nil

Girdhari Lal Goenka, Director of our Company, is associated with Girdhar Fiscal Services Private Limited, details of which are as follows:

SEBI Registration No.	INS231756235/23-10777; INS011756231/01-10777
Category of Registration	Nil
Details of any enquiry/investigation conducted by SEBI at any time	Nil
Penalty imposed by SEBI, if any	Nil
Outstanding fees payable to SEBI, if any	Nil

SEBI has not initiated action against the above entities or any other entities with which the Directors are associated.

Willful Defaulters

Further neither our Company, the Promoters, the Promoter Group entities, the group companies nor the relatives (as per Companies Act, 1956) of the Promoters have been declared willful defaulters by the RBI or any other authority and no violations of securities laws have been

committed by them in the past and no proceedings in relation to such violations are currently pending against them.

Disclaimer Clause of RBI

Our Company is having a valid certificate of registration dated 20th April, 1998 issued by the RBI 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 our Company or for the correctness of any of the statements or representations made or opinions expressed by our Company and for repayment of deposits/ discharge of liabilities by our Company.

Eligibility for the Issue

Our Company is an existing listed company registered under the Companies Act whose Equity Shares are listed on the BSE and the CSE. It is eligible to offer the Issue in terms of Chapter IV of the SEBI ICDR Regulations. Our Company is in compliance with the requirements specified in Part A of Schedule VIII of the SEBI ICDR Regulations to the extent applicable, in terms of the disclosures made in this Draft Letter of Offer. Further, our Company confirms that it is in compliance with the following:

- a) our Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing this Draft Letter of Offer with SEBI;
- b) the reports, statements and information referred to in sub-clause (a) above are available on the website of any recognized stock exchange with nationwide trading terminals or on a common e-filing platform specified by SEBI;
- c) our Company has investor grievance-handling mechanism which includes meeting of the Shareholders' Grievance Committee at frequent intervals, appropriate delegation of power by the Board of Directors as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

Compliance with Part A of Schedule VIII of the SEBI ICDR Regulations

Please note that our Company has undergone a change of control consequent to an acquisition of its majority stake by the present promoters in August 7, 2010 in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and is making a rights issue of its securities for the first time subsequent to such change of control. Therefore in accordance with clause (3)(a) of Part E of Schedule VIII of SEBI ICDR Regulation, the disclosures in the DLOF have been made in accordance with Part A of Schedule VIII of the SEBI ICDR Regulations, except for disclosures as specified in clause (4) of Part E of Schedule VIII of the SEBI ICDR Regulations.

Our Company is in compliance with the provisions specified in Part A of Schedule VIII of the SEBI ICDR Regulations.

Disclaimer Clause of SEBI

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

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES

ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, SREI CAPITAL MARKETS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 25, 2012 WHICH READS AS FOLLOWS:

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - a) THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- (3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- (4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE**
- (5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHT ISSUE**
- (6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHT ISSUE**
- (7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE**

BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE - - NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHT ISSUE

- (8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- (9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE**
- (10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE**
- (11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- (12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:**
 - a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND**
 - b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**
- (13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**
- (14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC.**
- (15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**
- (16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE) AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR - NOT APPLICABLE**

THE FILING OF THE DRAFT LETTER OF OFFER 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 ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.

Disclaimer clauses from our Company and the Lead Manager

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

Caution

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

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this document. You must not rely on any unauthorized information or representations. The Draft Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in the Draft Letter of Offer is current only as of its date. Investors who invest in the Issue will be deemed to have represented to our Company and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

Disclaimer with respect to jurisdiction

The Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Kolkata, India only.

Selling Restrictions

The distribution of the Draft Letter of Offer and the issue of our Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue of Rights Equity Shares to its Eligible Equity Shareholders and will dispatch the Letter of Offer and Composite Application Form ("CAF") to the shareholders who have an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer will be filed with SEBI for observations and SEBI may give its observations. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

Designated Stock Exchange

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

Disclaimer clause of the BSE

As required, a copy of this Draft Letter of Offer shall be submitted to the BSE. The disclaimer clause as intimated by the BSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing the same with the Stock Exchange.

Disclaimer clause of the CSE

As required, a copy of this Draft Letter of Offer shall be submitted to the CSE. The disclaimer clause as intimated by the CSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing the same with the Stock Exchange.

Filing

A copy of this Draft Letter of Offer has been filed with Securities and Exchange Board of India, L&T Chambers, 3rd Floor, 16 Camac Street, Kolkata 700 017 and also with the Stock Exchange(s) for their observations.

After SEBI gives its observations, the final Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Listing

The existing Equity Shares are listed on BSE and CSE. Our Company has made application to BSE and CSE for permission to deal in and for an official quotation in respect of the Rights Shares being offered in terms of the Draft Letter of Offer. Our Company has received in-principle approvals from BSE and CSE by letters dated [●] and [●] respectively. Our Company will apply to BSE and CSE for listing of the Rights Shares to be issued pursuant to this Issue.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned above, we shall forthwith repay, without interest, all monies received from Applicants in pursuance of the Letter of Offer. If such money is not paid within 8 days after we become liable to repay it, then our Company and every Director of our Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay the money with interest as prescribed under the Section 73 of the Companies Act.

Dematerialised dealing

Our Company has entered into agreements with NSDL and CDSL dated October 3, 2000 and September 30, 2000 respectively for its existing Equity Shares. The ISIN number of our Company is INE152C01025.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- a. makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or***
- b. otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name***

shall be punishable with imprisonment for a term which may extend to five years.”

Consents

Consents of the (a) the Directors, (b) the Company Secretary (c) the Compliance Officer to the Right Issue, (d) the Statutory Auditors, (e) Bankers to our Company, (f) Lead Manager to the Right Issue, (g) Registrar to the Right Issue (h) Legal Advisor to the Right Issue (i) Monitoring Agency to the Issue, to include their names in this Draft Letter of Offer and to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of the Draft Letter of Offer.

In accordance with the Companies Act and the SEBI ICDR Regulations, M/s Vasudeo & Associates, Chartered Accountants and Haribhakti & Co, Chartered Accountants, our Statutory Auditors have provided their written consent for inclusion of their name, report on financial statements and report relating to the possible general and special tax benefits, as applicable, accruing to Our Company and its shareholders, in this Draft Letter of Offer in the form and context in which they appear in this Draft Letter of Offer. Further, such consent and report has not been withdrawn up to the date of the Draft Letter of Offer.

Expert Opinion

Other than as disclosed in the chapter "Financial Statements" beginning on page no. 116, and the "Statement of Tax Benefits" beginning on page no. 36, no expert opinion has been obtained by our Company in relation to the Issue.

Expenses of the Issue

The Issue related expenses include inter alia fees payable to Lead Manager, Registrar to the Issue, advertisement and marketing expenses, printing and distribution expenses, legal and depository fees. All expenses in relation to the Issue will be borne by our Company. The details of the estimated issue expenses are set forth below:

The total estimated expenses are ₹ [•] lakhs, which is [•] % of the Issue size.

Activity	Expenses (₹ in Lakhs)	Percentage of Issue Expenses	Percentage of the Total Issue Size
Fees of the Lead Manager, Registrar to the Issue, Legal Advisors to the Issue, Auditor etc	[•]	[•]	[•]
Advertising and Marketing expenses	[•]	[•]	[•]
Printing and Distribution expenses	[•]	[•]	[•]
Other Expenses (Listing Fees, Filing Fees, Fees to Depositories, Fees to SCSB etc)	[•]	[•]	[•]
Contingencies	[•]	[•]	[•]
Total estimated issue expenses	[•]	[•]	[•]

* Amount will be finalized at the time of filing the Letter of Offer and determination of Issue Price and other details.

Fees Payable to the Lead Manager to the Issue

The fees payable to the Lead Manager to the Issue are set out in the Memorandum of Understanding (MOU) entered into by our Company with the Lead Manager, a copy of which is available for inspection at the Registered Office of our Company from 10.00 am to 4.00 pm on Working Days from the date of the Letter of Offer until the Issue Closing Date.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the agreement dated November 22, 2011 entered into, between our Company and the Registrar to the Issue.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post/post.

Previous Issues of Equity Shares otherwise than for Cash

Our Company has not made any issue of shares for consideration other than cash. For details please refer to the section titled "Capital Structure" beginning on page no. 18 of this DLOF.

Previous Issues by our Company

Our Company has not undertaken any public or rights issue during the last five years.

Underwriting Commission and Brokerage on Previous Issues

As our Company has not made any previous rights or public issues in the five years preceding the date of the Draft Letter of Offer, our Company has not paid any commission or brokerage on previous issues with respect to these five years.

Particulars in regard to Golden Goenka Fincorp Limited and other Listed group companies /subsidiaries /associates that made any Capital Issue during the last three years

There have been no capital issues during last three years either by our Company or any other listed group companies /subsidiaries /associates.

For more details, please refer to the sections titled "Group Companies" and "Brief History and Certain Other Corporate Matters" beginning at page nos. 97 and 67 respectively of this Draft Letter of Offer.

Performance Vis-À-Vis Objects – Our Company

Our Company has not come out with any public or rights issue during the period of ten years immediately preceding the date of filing the Draft Letter of Offer with SEBI.

Performance vis-à-vis Objects – Last One Issue of Group Companies/Subsidiaries/Associate Companies

There are no listed group companies/subsidiaries / associate companies.

Listed Ventures of Promoters

The promoters do not have any listed venture and hence not applicable.

Outstanding Debentures or Bond Issues or Preference Shares

Other than as disclosed in the Draft Letter of Offer, our Company has no outstanding debentures or bonds or redeemable preference shares or other instruments as of the date of this Draft Letter of Offer.

On July 4, 2012, our Company has issued and allotted 1,75,00,000 Zero percent Optionally Convertible Debentures ("OCDs") of face value of ` 40/- each aggregating to ` 70,00,00,000/- to the promoter/promoter group and non promoters on preferential basis. Each OCD may be converted at the option of the OCD holder into 2 equity share of face value of ` 5/-at any time within a period of 18 months from the date of allotment of OCDs i.e. July 4, 2012 in accordance with SEBI ICDR Regulations. As on date for this Draft Letter of Offer there are 1,52,50,000 OCDs of face value of ` 40 each outstanding aggregating to ` 3050 lakhs.

Stock Market Data of the Equity Shares

The Equity Shares are listed on the BSE and CSE. The Equity Shares have been listed on BSE and CSE vide their letter(s) dated June 19, 1995 and June 15, 1995 respectively. Our Company's stock market data has been given below :

The details of monthly high and low prices for the six months preceding the date of filing the Draft Letter of Offer with SEBI on the BSE are as follows :

Month	High			Low			Average Price (₹)*	Total volume of shares traded in the month		Total No. of Trading Days
	Price (₹)	Date	Volume	Price (₹)	Date	Volume		In Number	(₹ in Lakhs)	
March 2012	46.20	03.03.12	28	35.25	29.03.12	5177	40.73	384904	162.62	22
April 2012	41.40	09.04.12	506	36.2	12.04.12	2610	38.77	221606	85.42	20
May 2012	39.2	02.05.12	5800	20.5	04.05.12	84927	23.40	1459446	353.85	22
June 2012	33.35	19.06.12	257585	25.85	01.06.12	113784	30.19	2609742	795.98	21
July 2012	37.5	03.07.12	300480	22.35	31.07.12	1102423	31.97	7573934	2501.45	22
August 2012	17.9	01.08.12	242697	14.5	17.08.12	52433	15.37	1354691	220.03	21

* The average price has been computed based on the average of the daily closing price of the equity shares.

Source: www.bseindia.com

The high, low and average closing prices recorded on the BSE for the preceding three years and the number of shares traded on the days of the high and low prices are stated below:

Financial Year (Ending 31 st March)	High				Low				Total Volume of Shares Traded	Average Price (₹)*
	Date	Rate in ₹	No. of Shares Traded	Net Turnover (₹ in Lakhs)	Date	Rate in ₹	No. of Shares Traded	Net Turnover (₹ in Lakhs)		
2011-12	23.01.12	53.2	107708	5769833	04.04.11	15.15	100	1515	5170062	30.97
2010-11	28.02.11	20.85	1623	32470	16.04.10	5.66	900	5384	2816138	14.79
2009-10	11.02.10	8.43	6100	51205	31.12.09	3.62	500	1810	192430	5.16

* The average price has been computed based on the average of the daily closing price of the equity shares.

Source: www.bseindia.com

The closing market price of the equity shares of our Company on the first business day after the Board approved this Issue (i.e. 5th August 2011) was ₹ 32.00/- per equity share on the BSE.

Note: Since there has been no trading in the Equity Shares of our Company during last three (3) years on the CSE, no details has been provided. (*Source: www.cseindia.com*)

Other Disclosures

Except as disclosed in the section titled "Capital Structure" on page no. 18, none of our Directors, Promoters and/or the members of our Promoter Group have purchased or sold any securities of our Company, during a period of six months preceding the date of filing this Draft Letter of Offer with SEBI.

There have been no financing arrangements whereby our Promoter Group, our Group Companies, Directors and their relatives have financed the purchase by any other person of the Equity Shares other than in the normal course of our business during the period of six months immediately preceding the filing of this Draft Letter of Offer.

SEBI has not initiated any action against any entity associated with the securities market, with which our Directors are associated.

Mechanism for redressal of Investor grievance

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreements. Our registrar and share transfer agent is handling the share transfer and dematerialization for our Company. Redressal norm for response time for all correspondence including shareholders complaints is normally within 7 days.

The Shareholders' Grievance Committee currently comprises Mr. S.M. Kothari, Mr. Dinesh Burman, Mr. Rhythm Arora and Mr. Girdhari Lal Goenka and its broad terms of reference include:

- To do all work relating to transfer, transmission, consolidation, split and issue of duplicate shares of our Company;
- To look into the shareholder complaints, if any, and to redress the same expeditiously.
- To inform the shareholders regarding provisions of various act and the redressal agency for their grievance.

In accordance with SEBI Circular No. CIR/OIAE/2/2011 dated June 3, 2011, all investor complaints pertaining to our Companies are electronically sent through SEBI Complaints Redress System (SCORES) at <http://scores.gov.in/Admin>. Our Company views the complaints pending against our

Company and submits Action Taken Reports (ATRs) alongwith supporting documents electronically in SCORES. In case of complaints processed by the Registrar to Issue and Share Transfer Agent (RTI/STA) on behalf of our Company, our Company indicates in the prescribed format whether they require the facility to forward complaints to the RTI/STA, so that the ATRs can be uploaded by them.

Status of Complaints

- a. Total number of complaints received during Fiscal 2010 : Nil
- b. Total number of complaints received during Fiscal 2011 : Nil
- c. Total number of complaints received during Fiscal 2012 : Nil
- d. Investor Complaints for the period from April 1, 2012 to June 30, 2012: Nil
- e. Investor Complaints for the period from July 1, 2012 to September 7, 2012: Nil
- f. Time normally taken for disposal of various types of investor complaints: Not more than one month.

Investor Grievance arising out of the Issue:

Our Company's investor grievances arising out of the Issue will be handled by Niche technologies Private Limited, who is the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

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

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

The average time taken by the Registrar for attending to routine grievances will be 15 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the Investor grievances in a time bound manner.

Registrar to the Issue

Niche Technologies Private Limited

D-511, Bagree Market
71, B.R.B Basu Road
Kolkata - 700001

Tel : +91 33 2235 7270/7271/5236 2234 2318/3576

Fax : +91 33 2215 6823

Email : nichetechpl@nichetechpl.com

Investor Grievance email : ggfl_ri@nichetechpl.com

Website : www.nichetechpl.com

Contact Person : Mr. S. Abbas / Mr. Aniruddha Dutta

SEBI Registration No. : INR000003290

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

Mr. Sudhir Kumar Banthiya
Golden Goenka Fincorp Limited

1st British India Street,

Room No. 109, 1st Floor
Kolkata – 700069
Tel : +91 33 4004 2424
Fax: +91 33 4407 0020
E-mail: rights@goldengoenka.com

Mechanism evolved for Redressal of Investor Grievances for listed Group Companies

Our Company has no listed Group Companies

Change in Auditors

The auditors of our Company are appointed (and reappointed) in accordance with provisions of the Companies Act and their remuneration, rights and duties are regulated by section 224 to 233 of the Companies Act.

The auditors of our Company during the preceding three years are:

Sl. No.	Financial Year	Name of the Statutory Auditors
1	2009-10	M/s. Vasudeo & Associates, Chartered Accountants
2	2010-11	M/s. Vasudeo & Associates, Chartered Accountants
3	2011-12	M/s. Vasudeo & Associates, Chartered Accountants jointly with Haribhakti & Co, Chartered Accountants

Pursuant to the approval of the shareholders of our Company through postal ballot on March 24, 2012, M/s. Haribhakti & Co., Chartered Accountants, having registration No. 103523W allotted by The Institute of Chartered Accountants of India (ICAI) were appointed as Joint Auditors of our Company along with M/s. Vasudeo & Associates, Chartered Accountants.

The current statutory auditor of our Company, Haribhakti & Co., Chartered Accountants having registration No.103523W and M/s. Vasudeo & Associates, Chartered Accountants having registration No. 319299E, allotted by The Institute of Chartered Accountants of India (ICAI) were appointed as the statutory auditors of our Company pursuant to the resolution passed at the 19th AGM of our Company held on August 22, 2012.

Capitalisation of Reserves or Profits

Our Company has not capitalized the reserves or profits during the last five years.

Revaluation of assets, if any

There has been no revaluation of our Company's fixed assets in the last five years. For further details, please refer to page no. F-2.

SECTION VIII : ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares proposed to be issued on rights basis, are subject to the terms and conditions of this Draft Letter of Offer, the Abridged Letter of Offer, the enclosed CAF, the Memorandum and Articles of Association of our Company, the provisions of the Companies Act, Foreign Exchange Management Act, 1999, as amended ("FEMA"), applicable guidelines and regulations issued by SEBI, RBI, Government of India and/or other statutory authorities and bodies from time to time, the Listing Agreements entered into by us, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to the Renouncee(s) as well.

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non Institutional Investors, must mandatorily invest through the ASBA process

Authority for the Issue

The offer is being made pursuant to resolution of the Board of Directors of our Company passed on August 4, 2011 under Section 81(1) of the Act.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the Electronic Form and on the Register of Members of our Company in respect of the Equity Shares held in physical form at the close of business hours on [●] (the "Record Date"), fixed in consultation with the Designated Stock Exchange.

Rights Entitlement Ratio

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder of our Company as on the Record Date, i.e, [●] you are entitled for subscription in the ratio of Equity Shares for every Equity Share as set out in Part A of the enclosed CAFs.

The distribution of this Draft Letter of Offer, the Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Our Company is making the issue of Equity Shares on a rights basis to the Equity Shareholders and the Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

General Terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialized mode is one. In case an Equity Shareholder holds Equity Shares in physical form, our Company would issue to the allottees one certificate for the Equity Shares allotted to each folio ("**Consolidated Certificate**"). However, our Company would issue split certificates on written requests from Eligible Equity Shareholders within one week from the date of receipt of request. Our Company shall not charge a fee for splitting any of the share certificates.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions

contained in the Articles of Association.

Nomination

In terms of Section 109A of the Companies Act, nomination facility is available in respect of the Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale/transfer of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Fresh nominations can be made only in the prescribed form available on request at the registered office of our Company or such other person at such addresses as may be notified by our Company. The Investor can make the nomination by filling in the relevant portion of the CAF.

In terms of 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 transfer of the Equity Shares, as the deceased holder could have made

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

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant ("DP") of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective Depository Participants.

Notices

All notices to the Equity Shareholder(s) required to be given by our Company shall be published in one English national daily newspaper, one Hindi national daily newspaper and one regional language daily newspaper in West Bengal with wide circulation and/or, will be sent by ordinary post/registered post/ speed post to the registered holders of the Equity Share from time to time.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls below 90%, after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of applications, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Company will pay interest for the delayed period as prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

Additional Subscription by the Promoter

Mr. Girdhari Lal Goenka and Risewell Credit Private Limited (Our Promoters) and Rajgaj Traders Pvt Ltd. and Girdhar Fiscal Services Pvt Ltd. (Part of the Promoter Group) have undertaken vide their letters dated September 10, 2012 to fully subscribe to their Rights Entitlement in the Issue. They reserve their right to subscribe to its entitlement of Equity Shares in the Rights Issue, either by themselves or through a combination of entities belonging to the Promoter Group, including by subscribing for renunciations, if any, made by other entities in the Promoter Group or any other shareholder, subject to compliance with the Takeover Regulations. The above Promoters and Promoter Group of our Company have provided an undertaking dated September 10, 2012 to our Company to apply for additional Equity Shares, to the extent of the unsubscribed portion of the Issue. As a result of such additional subscription, our Promoters along with the Promoter Group entities may acquire Equity Shares over and above their respective Rights Entitlements, which may result in an increase of the shareholding of the Promoters and the Promoter Group entities above the current shareholding along with the Rights Entitlement. The subscription to such additional Rights Equity Shares to be made by our Promoters and Promoter Group shall be exempt from the obligation to make an open offer subject to compliance with Regulation 10(4)(b) of the Takeover Regulations and other applicable provisions of law. Further, such acquisition by them of additional Rights Equity Shares shall not result in a change of control of the management of our Company.

Presently our Company is complying with clause 40A of the Listing Agreement read with Rule 19A of the Securities Contracts (Regulation) Rules, 1957 in connection with the requirement of maintaining the minimum public shareholding, i.e. at least 25% of the total paid up equity capital, for continuous listing.

The Promoter and/or members of the Promoter Group intend to subscribe for any undersubscribed portion as per the provisions of applicable law. Allotment to the Promoter and/or members of the Promoter Group of any undersubscribed portion, over and above their Rights Entitlement, shall be completed in compliance with clause 40A of the Listing Agreements and other applicable laws prevailing at that time relating to continuous listing requirements and the minimum public shareholding of 25% of the total paid up equity capital required to be maintained for continuous listing shall be maintained.

For further details of under subscription and allotment to the Promoter and Promoter Group, please refer to "Basis of Allotment" at page no. 168 of this Draft Letter of Offer.

Arrangements for disposal of odd lots

Since the market lot for our Company's Equity Shares is one (1), there is no question of disposal of odd lots.

PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THIS ISSUE

Face Value

Each Equity Share will have the face value of ₹ 5/-.

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹ [●] each for cash at a premium of ₹ [●] per Equity Share. The Issue Price has been arrived in consultation between our Company and the Lead Manager.

Rights Entitlement Ratio

The Equity Shares are being offered on rights basis to the Equity Shareholders in the ratio of [●] Equity Shares for every [●] Equity Share held on the Record Date.

Terms of Payment

Full amount of ₹ [●] per Equity Share is payable on application.

Fractional Entitlements

For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Equity Shareholders is less than [●] Equity Shares or not in the multiple of [●], the fractional entitlement of such Equity Shareholders shall be ignored for computation of the Rights Entitlement. Equity Shareholders whose fractional Rights Entitlements are being ignored would be given preferential consideration for the Allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their rights entitlement, if any.

For example, if an Equity Shareholder holds between [●] and [●] Equity Shares, he will be entitled to [●] Equity Shares on a rights basis. He will also be given a preferential consideration for the Allotment of one additional Equity Share if he has applied for the same.

Those Equity Shareholders holding less than [●] Equity Shares will therefore be entitled to zero Equity Shares under this Issue and shall be dispatched a CAF with zero entitlement. Such Equity Shareholders are entitled to apply for additional Equity Shares. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

For example, if an Equity Shareholder holds between one and [●] Equity Shares, he will be entitled to zero Equity Shares on a rights basis. He will be given a preference for Allotment of [●] additional Equity Share if he has applied for the same.

Ranking

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

Listing and trading of Equity Shares proposed to be issued

Our Company's existing Equity Shares are currently traded on the Stock Exchanges under the ISIN INE152C01025. The fully paid up Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges under the existing ISIN for fully paid up Equity Shares of our Company.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule.

The Equity Shares allotted pursuant to this Issue will be listed as soon as practicable but in no case later than seven working days from the finalisation of the basis of allotment. Our Company has made an application for "in-principle" approval for listing of the Equity Shares respectively to the BSE and the CSE through letters dated [●] and [●] and has received such approval from the BSE pursuant to the letter no. [●], dated [●] and from the CSE pursuant to letter no. [●], dated, [●].

Rights of the Equity Shareholders

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

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

Mode of Payment of Dividend

We shall pay dividend to our Equity Shareholders as per the provisions of the Companies Act, and the provisions of our Company's Articles of Association.

PROCEDURE FOR APPLICATION

The CAF for Equity Shares would be printed and shall be dispatched to all Equity Shareholders along with the Abridged Letter of Offer through registered post or speed post at least three days before the Issue Opening Date. In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor may request the Registrars to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the specimen registered with our Company, the application is liable to be rejected. Please note that neither us, the Lead Manager, nor the Registrar shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/ duplicate CAF are misplaced in the transit.

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non Institutional Investors, must mandatorily invest through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009), namely such Investors who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee;
- apply through a bank account maintained with one of the SCSBs; and
- have not split the CAF.

Non Retail Investors having bank account with SCSBs that are providing ASBA in cities/ centers where Non Retail Investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such Non Retail Investors are liable for rejection. All Non Retail Investors are encouraged to make use of ASBA facility wherever such facility is available.

Retail Individual Investors may optionally apply through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009).

The CAF consists of four parts:

- Part A : Form for accepting the Rights Equity Shares offered and for applying for additional Equity Shares
- Part B : Form for renunciation
- Part C : Form for application by Renouncees
- Part D :Form for request for split application forms

Please note that neither our Company nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit.

Options available to the Eligible Equity Shareholders

The CAFs will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to. If the Eligible Equity Shareholder applies for an investment in the Issue, then he can:

- A) Apply for his Rights Entitlement in full;
- B) Apply for his Rights Entitlement in part (without renouncing the other part);
- C) Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- D) Renounce his entire Rights Entitlement; or
- E) Apply for his Rights Entitlement in part and renounce the other part.

Renouncees should note that they shall not be able to apply for any additional Equity Shares.

Options A and B : Acceptance of the Rights Entitlement

The Eligible Equity Shareholders may accept their Rights Entitlement and apply for the Rights Equity Shares offered, either (i) in full or (ii) in part, without renouncing the other part, by completing part A of the CAF. For details in relation to submission of the CAF and mode of payment please refer to the sub-section titled "Submission of Application and Modes of Payment for the Issue" under this section titled "Terms of the Issue" on page no. 164 of this Draft Letter of Offer.

Option C : Acceptance of the Rights Entitlement and Application for Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all

the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to applicable sectoral caps, and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under "Basis of Allotment" on page no. 168 of this Draft Letter of Offer.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. The renounees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Options D and E : Renunciation of the Rights Entitlement

This Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not allot and/or register Rights Equity Shares in favour of:

- More than three persons, including joint holders;
- Partnership firms or their nominees;
- Minors;
- Hindu Undivided Families (HUFs); or
- Trusts or societies (unless registered under the Societies Registration Act, 1860 or the Indian Trusts Act, 1882 or any other law applicable to trusts and societies and is authorised under its constitution or bye-laws to hold equity shares of a company).

No offer in the United States

Additionally, existing Equity Shareholders may not renounce in favor of persons or entities in the United States or to, or for the account or benefit of a "U.S. Person" (as defined in Regulation S) or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

Application by Overseas Corporate Bodies

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of our Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renounee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s). The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/ 2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renounee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

'Part A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation ('Part B' of the CAF) duly filled in shall be conclusive evidence for our Company of the Renounees applying for Rights Equity Shares in 'Part C' of the CAF to receive allotment of such Rights Equity Shares. The Renounees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. 'Part A' of the CAF must not be used by the Renounee(s) as this will render the application invalid. Renounee(s) will have no further right to renounce any Rights Equity Shares in favour of any other person.

Renunciation by and/or in favor of Non Residents

Any renunciation (i) from a resident Indian Shareholder to a non-resident (other than OCB), or (ii)

from a non-resident Shareholder (other than OCB) to a resident Indian, or (iii) from a non-resident Shareholder (other than OCB) to a non-resident (other than OCB) is subject to the renouncer / renouncee obtaining the necessary approvals, under FEMA, and such approvals should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

Additionally, existing Equity Shareholders may not renounce in favor of persons or entities in the United States or to, or for the account or benefit of a "U.S. Person" (as defined in Regulation S) or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

Procedure for renunciation

To renounce all the Rights Equity Shares offered to an Eligible Equity shareholder in favour of one Renouncee

If you wish to renounce the offer indicated in 'Part A', in whole, please complete 'Part B' of the CAF. In case of joint holding, all joint holders must sign 'Part B' of the CAF. The person in whose favour renunciation has been made should complete and sign 'Part C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign part C of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of Split Application Forms ("**SAFs**") in the space provided for this purpose in 'Part D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs, i.e. [●]. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

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

Renouncee(s)

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign 'Part C' of the CAF and submit the entire CAF to the Bankers to the Issue on or before the Issue Closing Date along with the application money in full. A Renouncee cannot further renounce.

Change and/or introduction of additional holders

If you wish to apply for Rights Equity Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above, shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors of our Company shall be entitled in its absolute discretion to reject the request for allotment from the Renouncee(s) without assigning any reason thereof.

Instructions for Options

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, using the enclosed CAF:

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

<p>renounce the balance to one or more Renounee(s)</p> <p>Or</p> <p>Renounce your Rights Entitlement of all Rights Equity Shares offered to you to more than one Renounee</p>	<p><i>sign</i>) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once.</p> <p>On receipt of the SAF take action as indicated below.</p> <p>For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A.</p> <p>For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Rights Equity Shares renounced and hand it over to the Renounee.</p> <p>Each of the Renounee should fill in and sign Part C for the Rights Equity Shares accepted by them</p>
<p>4. Renounce your Rights Entitlement in full to one person (Joint Renounees are considered as one)</p>	<p>Fill in and sign Part B (<i>all joint holders must sign</i>) indicating the number of Rights Equity Shares renounced and hand it over to the Renounee. The Renounee must fill in and sign Part C (<i>All joint renounees must sign</i>)</p>
<p>5. Introduce a joint holder or change the sequence of joint holders</p>	<p>This will be treated as a renunciation. Fill in and sign Part B and the Renounee must fill in and sign Part C.</p>

Applicants must provide information in the CAF as to their savings bank / current account number and the name of the bank with whom such account is held, to enable the Registrar to print the said details in the refund orders after the names of the payee(s) in case of Equity Shares held in the physical form. Failure to comply with this may lead to rejection of the application. Bank account details furnished by the Depositories will be printed on the refund warrant in case of Equity Shares held in electronic form.

Please note that:

- 'Part A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholders to whom this Draft Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for Split Application Forms / SAF should be made for a minimum of one Rights Equity Share or, in either case, in multiples thereof or one SAF for the balance Rights Equity Shares, if any.
- A request by the Applicant for the SAF should reach our Company on or before [●].
- Only the Eligible Equity Shareholders to whom this Draft Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the applicant(s) by post at the Applicant's risk.
- While applying for or renouncing their Rights Entitlement, joint holders must sign in the same order and as per the specimen signatures registered with our Company.
- In the case of a renunciation, the submission of the CAF to the Bankers to the Issue at the collecting branches specified on the reverse of the CAF together with Part B of the CAF duly

completed shall be conclusive evidence of the right of the person applying for the Equity Shares to receive allotment of such Equity Shares.

- Eligible Equity Shareholders may not renounce in favour of persons or entities in the United States, who are not “qualified institutional buyers” (as defined the US Securities Act), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.

Applicants must write their CAF Number at the back of the cheque/demand draft

Non-resident Equity Shareholders

Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the Applicant who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within 8 days from the Issue Opening Date. Please note that those who are making the application in the duplicate CAF should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements, he / she shall face the risk of rejection of both the CAFs.

Application on Plain Paper

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with demand draft, after deducting bank and postal charges payable at Kolkata which should be drawn in favour of the “[●]” and the Eligible Equity Shareholders should send the same by registered post directly to the Registrar to the Issue. The envelope should be superscribed “[●] – Rights Issue” and should be postmarked in India. Applications on plain paper will not be accepted from any U.S. address.

The application on plain paper, duly signed by the Applicants including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Company, being Golden Goenka Fincorp Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled;
- Number of additional Rights Equity Shares applied for, if any;
- Certificate numbers and distinctive numbers, if held in physical form.
- Total number of Rights Equity Shares applied for;
- the total amount paid at the rate of ₹ [●] per Rights Equity Shares;
- Particulars of demand draft / cheque / pay order;
- In case of Equity Shares allotted in physical form, Savings/Current Account Number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order;

In case of equity shares allotted in demat mode, the bank account details will be obtained from the information available with the depositories

- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN number of the Applicant and for each Applicant in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;

- Signature of Eligible Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company.
- In case of Non Resident Shareholders, NRE/ FCNR/ NRO A/c No. Name and Address of the Bank and Branch;
- If payment is made by a draft purchased from NRE/ FCNR/ NRO A/c No., as the case may be, an Account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/ FCNR/ NRO Account.
- A representation that the Eligible Equity Shareholder is not a "U.S. Person" (as defined in Regulation S under the Securities Act);
- Additionally, Non Resident applicants shall include the representation in writing that:

"I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States"). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that none of our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States.

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, (ii) am/are not a "U.S. Person" (as defined in Regulation S); and (iii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that our Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that Eligible Equity Shareholders who are making an application otherwise than on a CAF (i.e., on plain paper as stated above on page no. 163 of this Draft Letter of Offer) shall not be entitled to renounce their rights and should not utilize the CAF for any purpose, including renunciation, even if it is received subsequently. If the Eligible Equity Shareholder does not comply with any of these requirements, he/she shall face the risk of rejection of both the applications and the application money received shall be refunded. However, our Company and/or any Director of our Company will not be liable to pay any interest whatsoever on the Application Money so refunded.

The Eligible Equity Shareholders are requested to strictly adhere to these instructions. Failure to do so could result in the application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to such Eligible Equity Shareholders.

Submission of Application and Modes of Payment for the Issue (other than ASBA Applicants)

Mode of payment for Resident Equity Shareholders/ Applicants

- Investors residing at places where the bank collection centres have been opened by our Company with the Bankers to the Issue (specified on the reverse of the CAF) for collecting CAFs should ensure that all cheques / drafts for full application amount accompanying the CAF are drawn in favour of [●] and crossed 'A/c Payee only';
- Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting CAFs, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges favouring the Bankers to the Issue, crossed 'A/c Payee only' and marked — [●] payable at Kolkata directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- Investors who are applying on plain paper, are requested to send their applications on plain paper together with a demand draft of full amount after deducting bank and postal charges, for the Rights Equity Shares favouring "[●]" and crossed 'A/c Payee only' payable at Kolkata directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue closing date. Our company or the Registrar to the Issue will be not be responsible for postal delays or loss of applications in transit, if any.

Non Resident Equity Shareholders/Applicants***Application with repatriation benefits***

Non-Residents Equity Shareholders / Applicants, applying on a repatriation basis, are required to submit the completed CAF / application on plain paper, as the case may be, along with the payment made through any of the following ways

- i. By Indian Rupee drafts purchased from abroad and payable at Kolkata or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- ii. By cheque/draft on a Non-Resident External Account (NRE) or FCNR(B) Account maintained in India and payable at Kolkata; or
- iii. By Rupee draft purchased by debit to NRE/FCNR(B) Account maintained in India and payable at Kolkata ; or FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- iv. Non-resident investors applying with repatriation benefits should draw cheques/drafts in favour of '[●]' and must be 'crossed account payee only' for the full application amount, net of bank and postal charges.

A separate cheque or bank draft must accompany each application form. Applicants may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR(B) account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of NRIs who remit their application money from funds held in FCNR(B)/NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the applicant's Bankers.

Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of application in transit, if any

Payments through Non Resident Ordinary Account (NRO account) will not be permitted.

Application without repatriation benefits

- i. For non-residents Eligible Equity Shareholders / Applicants applying on a non-repatriation basis, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained at **Kolkata** or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at **Kolkata**. In such cases, the allotment of Rights Equity Shares will be on non-repatriation basis.
- ii. For Non Resident Equity Shareholders/Applicants, applying through CAF, the CAF is to be sent at the bank collection centre specified in the CAF along with cheques/demand drafts drawn for the full amount after deducting bank and postal charges in favor of "[●]" and crossed 'A/c Payee only' for the amount payable.
- iii. For Non Resident Eligible Equity Shareholders/Applicants, applying on a plain paper, the applications are to be directly sent to the Registrar to the Issue by registered post along with demand drafts after deducting bank and postal charges drawn in favor of "[●]" payable at Kolkata so as to reach them on or before the Issue Closing Date.
- iv. For Non Resident Eligible Equity Shareholders/ Applicants applying through CAF but not residing at places where the collection centre is located, shall send the CAF to the Registrar to the Issue by registered post along with drafts of an amount after deducting bank and postal charges in favour of "[●]" payable at Kolkata for the amount payable so as to reach them on or before the Issue Closing Date.
- v. If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of application in transit, if any, on this account and applications received through mail after closure of the Issue are liable to be rejected. Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager or the Registrar except stated otherwise. The Applicants are requested to strictly adhere to these instructions.

Renounees who are NRIs/FIIs/Non-Resident should submit their respective applications either by hand delivery or by registered post with acknowledgement due to the Registrar to the Issue only along with the cheque/demand draft payable at **Kolkata** so that the same are received on or before the closure of the Issue.

Procedure for Application by Mutual Funds

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made.

Applications made by asset management companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

As per the current norms prescribed by SEBI, 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 Rights Equity Shares of any company provided that the limit of 10% shall not be applicable for investments in index fund or sector or industry specific funds. No mutual under all its schemes should own more than 10% of any company's paid up share capital carrying voting rights.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

The Issue of Rights Equity Shares under this Issue to a single FII should not exceed 10% of the post-issue paid up capital of our Company. In respect of an FII investing in the Rights Equity Shares on behalf of its sub-accounts the investment on behalf of such FII (including each sub-account) shall not exceed 5% of the total paid up capital of our Company.

In accordance with foreign investment limits applicable to our Company, the total FII investment cannot exceed 24% of the total paid-up capital of our Company. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to the permitted sectoral cap applicable to our Company.

Applications will not be accepted from FIIs located in restricted jurisdictions.

Investments by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3) (i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. NRI Applicants should note that applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided are liable to be rejected.

The aggregate paid-up value of shares purchased by all NRIs cannot exceed 10 per cent of the paid-up capital of our Company. The aggregate ceiling of 10 per cent can be raised to 24 per cent by passing a resolution of our Board of Directors followed by a special resolution to that effect by our General Body and subject to prior approval from the Reserve Bank.

Investment by QFIs

In terms of circulars dated January 13, 2012, SEBI and RBI have permitted investment by QFIs in Indian equity issues, including in rights issues. A QFI can invest in the Issue through its depository participant with whom it has opened a demat account. No single QFI can hold more than 5% of our paid up equity capital at any point of time. Further, aggregate shareholding of all QFIs shall not exceed 10% of our paid up equity capital at any point of time.

Applications will not be accepted from QFIs in restricted jurisdictions.

Acceptance of the Issue

You may accept the offer to participate and apply for the Equity Shares offered, either in full or in part, by filling Part A of the enclosed CAFs and submit the same along with the application money payable to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard. Investors at centres not covered by the branches of Bankers to the Issue can send their CAFs together with the cheque drawn at par on a local bank at Kolkata/demand draft payable at Kolkata to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected.

Note:

- 1 In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.
- 2 In case Rights Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
- 3 The CAFs duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of business hours on or before the Issue Closing Date. Separate cheque or bank draft must accompany each CAF.
- 4 In case of a CAF received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

Last date of Application

The last date for submission of the duly filled in CAF is [●]. The Issue will be kept open for a minimum of 15 days and our Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the offer contained in this Draft Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Rights Equity Shares hereby offered, as provided under the section entitled "Basis of Allotment" at page no. 168 of this Draft Letter of Offer.

APPLICANTS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.**Basis of Allotment**

Subject to the provisions contained in this Draft Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board/committee of Directors will proceed to allot the Rights Equity Shares in the following order of priority:

- (a) Full allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) Allotment pertaining to fractional entitlements in case of any shareholding other than in multiples of [●].
- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue and have also applied for additional Rights Equity Shares. The allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such Rights Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not as preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full allotment under (a), (b) and (c) above. The allotment of such Rights Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not as preferential allotment.
- (e) After taking into account allotment to be made under (a), (b) (c) and (d) above, if there is any undersubscribed portion, the same shall be deemed to be 'unsubscribed' and allotment of the unsubscribed Rights Equity Shares will be made to any other person including our Promoter and Promoter Group as the Board/Committee of Directors may in its absolute discretion deem fit.

In the event of under subscription, our Promoters and Promoter Group, intend to apply for additional Rights Equity Shares in accordance with the undertaking and disclosures as mentioned herein below.

Our Promoters and Promoter Group, have undertaken, vide their letters dated September 10, 2012, to fully subscribe for their Rights Entitlement. They reserve the right to subscribe for Rights Equity Shares pursuant to any renunciation made by any member of our Company. They also intend to apply for Rights Equity Shares to the extent of any undersubscribed portion of the Issue. Such subscription for Rights Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. The subscription to such additional Rights Equity Shares to be made by our Promoter and Promoter Group shall be exempt from the obligation to make an open offer subject to

compliance with Regulation 10(4)(b) of the Takeover Regulations and other applicable provisions of law. Further, such acquisition by them of additional Rights Equity Shares shall not result in a change of control of the management of our Company.

Presently our Company is complying with clause 40A of the Listing Agreement read with Rule 19A of the Securities Contracts (Regulation) Rules, 1957 in connection with the requirement of maintaining the minimum public shareholding, i.e. at least 25% of the total paid up equity capital, for continuous listing.

The Promoter and/or members of the Promoter Group intend to subscribe for any undersubscribed portion as per the provisions of applicable law. Allotment to the Promoter and/or members of the Promoter Group of any undersubscribed portion, over and above their Rights Entitlement, shall be completed in compliance with clause 40A of the Listing Agreements and other applicable laws prevailing at that time relating to continuous listing requirements and the minimum public shareholding of 25% of the total paid up equity capital required to be maintained for continuous listing shall be maintained.

Underwriting

This Issue is not being underwritten

Allotment Advices / Refund Orders

Our Company will issue and dispatch allotment advice/ share certificates/demat credit and/ or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within 15 days from the Issue Closing Date. If such money is not repaid within 8 days from the day our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date or the date of refusal by the Stock Exchanges, whichever is earlier), our Company shall pay that money with interest at 15% p.a. for the delayed period on and from expiry of 8 days as stipulated under Section 73 of the Companies Act.

Applicants residing at the centres where clearing houses are managed by RBI will get refund through NECS only except where the Applicants are otherwise disclosed as applicable/ eligible to get refunds through NEFT, direct credit and RTGS provided the MICR details are recorded with the Depositories or our Company

In case of those Applicants who have opted to receive their Right Entitlement in dematerialized form by using electronic credit under the depository system, an advice regarding the credit of the Rights Equity Shares shall be given separately. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date. In case of those Applicants who have opted to receive their Rights Entitlement in physical form, our Company will issue the corresponding share certificates under section 113 of the Companies Act or other applicable provisions if any. Any Refund Orders exceeding ₹ 1,500 will be dispatched by registered post/ speed post to the sole/ first Applicant's registered address. Refund Orders up to the value of ₹ 1,500 would be sent by post. Such cheques or pay orders will be payable at par at all places where the applications were originally accepted and will be marked "Account Payee only" and would be drawn in the name of the sole/ first Applicant. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refunds

By signing the CAFs / plain paper applications, the Applicants shall be deemed to have given their consent to their respective depositories to part with bank account details as also to the Registrars to store and process such details for the purpose of this Issue.

The payment of refund, if any, would be done through any of the following modes:

1. NECS – Payment of refund would be done through NECS for applicants having an account at one of the centres specified by the RBI, where such facility has been made available.

This would be subject to availability of complete Bank Account Details including MICR code wherever applicable from the depository. The payment of refund through NECS is mandatory

for applicants having a bank account at any of the centres where NECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through NECS including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

2. NEFT – Payment of refund shall be undertaken through NEFT wherever the Applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. **Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Applicants through this method.**
3. Direct Credit – Applicants having bank accounts with the refund bankers shall be eligible to receive refunds through direct credit. Charges, if any, levied by the refund banker(s) for the same would be borne by our Company.
4. RTGS – Applicants having a bank account at any of the abovementioned centres specified by RBI and whose refund amount exceeds ₹0.20 million, have the option to receive refund through RTGS. Such eligible Applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant.
5. For all other Applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through Speed Post/ Registered Post for value over ₹ 1,500 and for value up to ₹ 1,500 will be dispatched by post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Applicant and payable at par.
6. Credit of refunds to Applicants in any other electronic manner permissible under applicable banking laws which are in force and as permitted by SEBI from time to time.

For shareholders opting for allotment in physical mode, bank account details as mentioned in the CAF shall be considered for electronic credit or printing of refund orders, as the case may be. Refund orders will be made by cheques, pay orders or demand drafts drawn on the Refund Bank(s) and payable at par at places where the applications were received and will be marked account payee and will be drawn in the name of Sole/First Applicant. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Applicant or respective beneficiary accounts will be credited within 15 days from the Issue Closing Date. In case our Company issues allotment advice, the relative share certificates will be dispatched within one month from the date of allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Rights Equity Shares in Dematerialized Form

Applicants to the Rights Equity Shares of our Company issued through this Issue shall be allotted

the Rights Equity Shares in dematerialized (electronic) form at the option of the Applicant. Our Company signed a tripartite agreement dated October 3, 2000 with NSDL and the Registrar to the Issue, which enables the Applicants to hold and trade in Equity shares in a dematerialized form, instead of holding the Equity shares in the form of physical certificates. Our Company has also signed a tripartite agreement dated September 30, 2000 with CDSL and the Registrar to the Issue, which enables the Applicants to hold and trade in Equity shares in a dematerialized form, instead of holding the Equity shares in the form of physical certificates.

In this Issue, the allottees who have opted for Rights Equity Shares in dematerialized form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF with a depository participant. Applicant will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the applicant's depository account. Applications, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate applications for Rights Equity Shares in physical and/or dematerialized form should be made. If such applications are made, the application for physical Rights Equity Shares will be treated as multiple applications and is liable to be rejected. In case of partial allotment, allotment will be done in demat option for the Rights Equity Shares sought in demat and balance, if any, will be allotted in physical form.

APPLICANTS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

Procedure for availing the facility for allotment of Rights Equity Shares in this Issue in the electronic form is as under:

- i. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with our Company). In case of Applicants having various folios in our Company with different joint holders, the Applicants will have to open separate accounts for such holdings. *Those Eligible Equity Shareholders who have already opened such beneficiary account (s) need not adhere to this step.*
- ii. For Eligible Equity Shareholders already holding Equity Shares of our Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of Rights Equity Shares arising out of this Issue may be made in dematerialized form even if the original Rights Equity Shares of our Company are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Eligible Equity Shareholders and the names are in the same order as in the records of our Company.
- iii. Responsibility for correctness of information (including Applicant's age and other details) filled in the CAF vis-à-vis such information with the Applicant's depository participant, would rest with the Applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant's depository participant.
- iv. If incomplete / incorrect beneficiary account details are given in the CAF the Applicant will get Rights Equity Shares in physical form.
- v. The Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account.
- vi. Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the

application is liable to be rejected.

- vii. Rights Equity Share allotted to an Applicant in the electronic account form will be credited directly to the Applicant's respective beneficiary account(s) with depository participant.
- viii. Applicants should ensure that the names of the Applicants and the order in which they appear in the CAF should be the same as registered with the Applicant's depository participant.
- ix. Non-transferable allotment advice/refund orders will be directly sent to the Applicant by the Registrar to this Issue.
- x. It may be noted that Rights Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL.
- xi. Dividend or other benefits with respect to the Rights Equity Shares held in dematerialized form would be paid to those Eligible Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

General instructions for non-ASBA Applicants

- a) Please read the instructions printed on the CAF carefully.
- b) Application should be made on the printed CAF, provided by our Company except as mentioned under the head application on plain paper and should be completed in all respects. For details see "Application on Plain Paper" beginning on page no. 163 of this Draft Letter of Offer. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Draft Letter of Offer and/or the Abridged Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Applicants, details of occupation, address, father's / husband's name must be filled in block letters.

The CAF together with cheque/demand draft should be sent to the Bankers to the Issue/Collecting Bank or to the Registrar to the Issue and not to our Company or Lead Manager to the Issue. Applicants residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by Demand Draft payable at Kolkata of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by **REGISTERED POST**. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected.

- c) Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN number of the Applicant and for each Applicant in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue, subject to the submission of sufficient documentary evidence to support the veracity of their claim for such exemption. CAF without a PAN number will be considered incomplete and are liable to be rejected.
- d) Applicants are advised that it is mandatory to provide information as to their savings/current account number and the name of our Company with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees for Equity Shares held in the physical form. Application not containing such details is liable to be rejected. For Eligible Equity Shareholders holding Equity Shares in dematerialized form, such bank details will be drawn from the demographic details of the Eligible Equity Shareholder in the records of the Depository.
- e) All payments should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment

is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

- f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company.
- g) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.
- h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint Applicants who are Renounees, the number of Applicants should not exceed three. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- i) Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, Applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws. The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only.
- j) All communication in connection with application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole Applicant, folio numbers and CAF number. Please note that any intimation for change of address of Eligible Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agents of our Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
- k) Payment by cash: The Registrar will not accept any payments against any applications, if made in cash. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- l) SAFs cannot be re-split.
- m) Only the person or persons to whom Rights Equity Shares have been offered and not Renounee(s) shall be entitled to obtain SAFs.
- n) Applicants must write their CAF number at the back of the cheque /demand draft.
- o) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at

and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.

- p) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or postdated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash.
- q) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- r) An applicant which is a mutual fund can make a separate application in respect of each scheme of the mutual fund registered with SEBI and such applications in respect of more than one scheme of the mutual fund shall not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made. The application made by the asset management company or custodian of a mutual fund shall clearly indicate the name of the concerned scheme for which the application is made.
- s) The distribution of this Draft Letter of Offer and issue of Rights Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard this Draft Letter of Offer and not to attempt to subscribe for Rights Equity Shares.

Do's for non-ASBA Investors:

- a) Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- b) Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;
- c) In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that your Indian address is available to our Company and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialized form;
- e) Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;
- f) Ensure that you receive an acknowledgement from the collection centers of the collection bank for your submission of the CAF in physical form;
- g) Ensure that you mention your PAN allotted under the I.T. Act with the Application Form, except for application forms on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;
- i) Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

- a) Do not apply if you are in the United States of America or are not eligible to participate in the Issue the securities laws applicable to your jurisdiction;
- b) Do not apply on duplicate CAF after you have submitted a CAF to a collection center of the

collection bank;

- c) Do not pay the amount payable on application in cash, by money order or by postal order;
- d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- e) Do not submit application forms accompanied with Stock invest.

Grounds for Technical Rejections

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Age of first Applicant not given while completing Part C of the CAFs;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- Submit the GIR number instead of the PAN;
- In case of application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing Eligible Equity Shareholder does not match with the one given on the CAF and for renouncee(s) if the signature does not match with the records available with their depositories;
- If the Applicant desires to have Rights Equity Shares in electronic form, but the CAF does not have the Applicant's depository account details;
- Application forms are not submitted by the Applicants within the time prescribed as per the CAF and this Draft Letter of Offer;
- Applications not duly signed by the sole/joint Applicants;
- Applications by OCBs unless accompanied by specific approval from RBI permitting the OCBs to participate in the Issue;
- Applications accompanied by Stockinvest;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- For applications by Applicants that are located outside of the United States and that are not U.S. persons, such applications that do not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations;
- For applications by Applicants that are U.S. persons or which have evidence of being executed in/ dispatched from the U.S., such applications by Applicants that have not provided to our Company a duly executed Applicant Representation Letter that our Company has accepted;
- Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided;

- Applications where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- Multiple Applications including cases where an Investor submits CAFs along with an application on plain paper;
- Applications which are not made through the ASBA process by Non Retail Investors who are eligible ASBA Investors (i.e. complying with the eligibility conditions of SEBI circular dated December 30, 2009);
- Applications by investors who are not eligible ASBA Investors made through the ASBA process;
- Duplicate Applications, including cases where an Applicant submits CAFs along with a plain paper application;
- Applications by renouces who are persons not competent to contract under the Indian Contract Act, 1872, including minors; and

Please read this Draft Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are each an integral part of this Draft Letter of Offer and must be carefully followed. An application is liable to be rejected for any noncompliance of the provisions contained in this Draft Letter of Offer or the CAF.

Payment by Stockinvest

In terms of the RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application monies received by our Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded.

Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Applicant within a period of 15 days from the Issue Closing Date. If such money is not repaid within 8 days from the day our Company becomes liable to repay it, (i.e. 15 days from the closure of the Issue), our Company and every Director of our Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay the money with interest as prescribed under Section 73(2) and (2A) of the Companies Act. For further instructions, please read the CAF carefully.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non Institutional Investors, must mandatorily invest through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009), namely such Investors who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renounee;
- apply through a bank account maintained with one of the SCSBs; and

- have not split the CAF.

For further details please refer to "Grounds for Technical Rejection under the ASBA Process" on page no. 182 of this Draft Letter of Offer.

Non Retail Investors having bank account with SCSBs that are providing ASBA in cities/ centers where Non Retail Investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such Non Retail Investors are liable for rejection. All Non Retail Investors are encouraged to make use of ASBA facility wherever such facility is available.

Retail Individual Investors may optionally apply through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009).

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Eligible Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up and also ensure that the number of Rights Equity Shares applied for by such Eligible Equity Shareholders do not exceed the applicable limits under laws or regulations.

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

This section is only to facilitate better understanding of aspects of the procedure which is specific to ASBA Investors. ASBA Investors should nonetheless read this document in entirety.

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

Eligible Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Rights Equity Shares in the Issue through the ASBA Process is only available to Eligible Equity Shareholders of our Company on the Record Date and who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee;
- apply through a bank account maintained with one of the SCSBs;
- are not in the United States and are eligible under applicable securities laws to subscribe for the Rights Entitlements and Equity Shares in the Issue; and
- have not split the CAF.

CAF

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

Eligible Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only or in plain paper application and indicate that they wish to apply through the ASBA payment mechanism. On submission of the CAF after selecting the ASBA Option in Part A or plain paper applications indicating application

through the ASBA payment mechanism, the Eligible Equity Shareholders are deemed to have authorized (i) the SCSB to do all acts as are necessary to make the CAF in the Issue, including blocking or unblocking of funds in the bank account maintained with the SCSB specified in the CAF or the plain paper, transfer of funds to the separate bank account maintained by our Company as per the provisions of section 73(3) of the Companies Act, on receipt of instruction from the Registrar to the Issue after finalization of the basis of Allotment; and (ii) the Registrar to the Issue to issue instructions to the SCSB to remove the block on the funds in the bank account specified in the CAF or plain paper, upon finalization of the basis of Allotment and to transfer the requisite funds to the separate bank account maintained by our Company as per the provisions of Section 73(3) of the Companies Act.

Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF/ plain paper application to the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. However, no more than five (5) applications (including CAF and plain paper application) can be submitted per bank account in the Issue. In case of withdrawal / failure of the Issue, the Lead Manager, through the Registrar to the Issue, shall notify the SCSBs to unblock the blocked amount of the Equity Shareholder applying through ASBA within one (1) day from the day of receipt of such notification.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

Mode of payment

The Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per Registrar’s instruction allocable to the Eligible Equity Shareholders applying under the ASBA Process from bank account with the SCSB mentioned by the Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI (ICDR) Regulations, into the separate bank account maintained by our Company as per the provisions of Section 73(3) of the Companies Act. The balance amount remaining after the finalization of the basis of allotment shall be either unblocked by the SCSBs or refunded to the investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Eligible Equity Shareholders applying under the ASBA Process would be required to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF or (ii) more than five (5) applications (including CAF and plain paper application) are submitted per account held with the SCSB in the Issue. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Options available to the Eligible Equity Shareholders applying under the ASBA Process

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

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

The Equity Shareholder applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs or are applying in this Issue for Equity Shares for an amount exceeding ₹ 0.2 million shall mandatorily make use of ASBA facility.

Renunciation under the ASBA Process

Renouncees cannot participate in the ASBA Process.

Application on Plain Paper

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with demand draft, after deducting bank and postal charges payable at Kolkata which should be drawn in favor of the "[●]" and the Eligible Equity Shareholders should send the same by registered post directly to the Registrar to the Issue. The envelope should be superscribed "[●] – Rights Issue" and should be postmarked in India. Applications on plain paper will not be accepted from any U.S. address.

The application on plain paper, duly signed by the Applicants including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Company, being Golden Goenka Fincorp Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled;
- Number of Rights Equity Share applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Certificate numbers and distinctive numbers, if held in physical form.
- Total number of Rights Equity Shares applied for;
- total amount blocked at the rate of ₹ [●] per Rights Equity Shares;
- Particulars of demand draft / cheque / pay order;
- In case of Equity Shares allotted in physical form, Savings/Current Account Number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order;

In case of equity shares allotted in demat mode, the bank account details will be obtained from the information available with the depositories

- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN number of the Applicant and for each Applicant in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- Additionally, Non Resident applicants shall include the representation in writing that:

"I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United

States"). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that none of the Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States.

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that our Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Option to receive Rights Equity Shares in Dematerialized Form

ELIGIBLE EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES OF OUR COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE RIGHTS EQUITY SHARES ARE BEING HELD ON RECORD DATE.

Issuance of Intimation Letters:

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Investors who have been allocated Rights Equity Shares in the Issue, along with:

- The number of Rights Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the separate account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to in above paragraph, shall be transferred to separate account opened by our Company for the Issue; and
- The details of rejected ASBAs, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

General instructions for Eligible Equity Shareholders applying under the ASBA Process

- a) Please read the instructions printed on the respective CAF carefully.
- b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer are liable to be rejected. The CAF / plain paper application must be filled in English.
- c) The CAF / plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to

our Company or Registrar or Lead Manager to the Issue.

- d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government and the officials appointed by the courts, **CAFs / plain paper applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no allotment and credit of Rights Equity Shares shall be made into the accounts of such Investors.**
- e) All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Eligible Equity Shareholders must sign the CAF / plain paper application as per the specimen signature recorded with our Company /or Depositories.
- g) In case of joint holders, all joint holders must sign the relevant part of the CAF / plain paper application in the same order and as per the specimen signature(s) recorded with our Company. In case of joint applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- h) All communication in connection with application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole Applicant, folio numbers and CAF number.
- i) Only the person or persons to whom the Rights Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.
- j) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.
- k) Only the Eligible Equity Shareholders holding shares in demat are eligible to participate through ASBA process.

Do's:

- a) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the application can be made on plain paper indicating application through the ASBA payment mechanism with all necessary details as indicated under the section titled "Application on Plain Paper" on page no. 179 of this Draft Letter of Offer.
- b) Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Rights Equity Shares will be allotted in the dematerialized form only.
- d) Ensure that the CAFs / plain paper applications are submitted at the registered branch of the SCSBs and details of the correct bank account have been provided in the CAF.
- e) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares as the case may be applied for} X {Issue Price of Rights Equity Shares, as the case may be}) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF

to the respective Designated Branch of the SCSB.

- f) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF / plain paper application, in the bank account maintained with the respective SCSB, of which details are provided in the CAF / plain paper application and have signed the same.
- g) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF /plain paper application in physical form or electronic mode.
- h) Except for applications on behalf of the Central or State Government and the officials appointed by the courts, each applicant should mention their PAN allotted under the IT Act.
- i) Ensure that the name(s) given in the CAF / plain paper application is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF / plain paper application is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF / plain paper application.
- j) Ensure that the Demographic Details are updated, true and correct, in all respects.
- k) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorizing such funds to be blocked.

Don'ts:

- a) Do not apply if you are in the United States or are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- b) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- c) Do not pay the amount payable on application in cash, by money order or by postal order.
- d) Do not send your physical CAFs / plain paper applications to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
- e) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- f) Do not instruct your respective banks to release the funds blocked under the ASBA Process.
- g) Do not apply if the ASBA Account has been used for five Applicants

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under "Grounds for Technical Rejection" beginning on page no. 175 of this Draft Letter of Offer, applications under the ASBA Process are liable to be rejected on the following grounds:

- a. Application for Rights Entitlements or additional shares in physical form.
- b. DP ID and Client ID mentioned in CAF / plain paper application not matching with the DP ID and Client ID records available with the Registrar.
- c. Sending CAF / plain paper application to the Lead Manager / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- d. Renounee applying under the ASBA Process.
- e. Insufficient funds are available with the SCSB for blocking the amount.

- f. Funds in the bank account with the SCSB whose details are mentioned in the CAF / plain paper application having been frozen pursuant to regulatory orders.
- g. Account holder not signing the CAF / plain paper application or declaration mentioned therein.
- h. CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- i. CAFs which have evidence of being executed in/dispatched from the United States.
- j. Submitting the GIR number instead of the PAN.
- k. Applications by investors who are not eligible ASBA Investors made through the ASBA process.
- l. Application on SAF.
- m. The application by an Eligible Equity Shareholder whose cumulative value of Rights Equity Shares applied for is more than ₹ 200,000 but has applied separately through split CAFs of less than ₹ 200,000 and has not done so through the ASBA process.

Depository account and bank details for Eligible Equity Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM. ALL ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF / PLAIN PAPER APPLICATION. ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF / PLAIN PAPER APPLICATION IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF / PLAIN PAPER APPLICATION IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF / PLAIN PAPER APPLICATION.

Eligible Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF / plain paper application, the Registrar to the Issue will obtain from the Depository demographic details of these Eligible Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("**Demographic Details**"). Hence, Eligible Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF / plain paper application.

These Demographic Details would be used for all correspondence with such Eligible Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by Eligible Equity Shareholders in the CAF / plain paper application would not be used for any other purposes by the Registrar. Hence, Eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs / plain paper applications, the Eligible Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the

Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF / plain paper application and not the bank account linked to the DP ID. Eligible Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF / plain paper application would be used only to ensure dispatch of letters intimating unblocking of bank account.

Note that any such delay shall be at the sole risk of the Eligible Equity Shareholders applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Eligible Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- i. All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Companies Act;
- ii. Details of all monies utilized out of the Issue referred to in clause (i) above shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
- iii. Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- iv. Our Company may utilize the funds collected in the Issue only after the basis of Allotment is finalized.

Undertakings by our Company

Our Company undertakes:

1. That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;
2. That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares are to be listed shall be undertaken within seven working days of finalization of basis of allotment;
3. That the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in this Draft Letter of Offer shall be made available to the Registrar to the Issue by our Company;
4. That where refund are made through electronic transfer of funds, a suitable communication shall be sent to the applicant(s) under the Issue within fifteen days of the Issue Closing Date giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund;
5. That the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time;
6. That no further issue of securities shall be made till the securities offered through this Draft Letter of Offer are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.;

7. That adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalizing the basis of allotment under the Issue;
8. That at any given time there shall be only one denomination for the Equity Shares of our Company; and
9. That we shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Our Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms to the best of its knowledge and belief, there are no other facts or the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable inquiries to ascertain such facts.

Important

- Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this Draft Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Applicant as mentioned on the CAF and superscribed "[•]" on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Niche Technologies Private Limited

D-511, Bagree Market
 71, B.R.B Basu Road
 Kolkata - 700001
Tel : +91 33 2235 7270/7271/5236 2234 2318/3576
Fax : +91 33 2215 6823
Email : nichetechpl@nichetechpl.com
Investor Grievance email : ggfl_ri@nichetechpl.com
Website : www.nichetechpl.com
Contact Person : Mr. S. Abbas / Mr. Aniruddha Dutta

Impersonation

As a matter of abundant caution, attention of the Applicants is specifically drawn to the provisions of subsection (1) of section 68A of the Companies Act which is reproduced below:

"Any person who:

- c. makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- d. 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."

Issue Schedule

Issue Opening Date:	[•]
Last date for receipt of request for SAFs:	[•]
Issue Closing Date:	[•]

Dematerialized dealing

Our Company has entered into agreements dated October 3, 2000 and September 30, 2000 with NSDL and CDSL, respectively, and its Equity Shares bear the ISIN INE152C01025.

- It is to be specifically noted that this Issue of Equity Shares is subject to the risks as detailed in the section entitled "Risk Factors" beginning on page no. ix of this Draft Letter of Offer.

- **The Rights Entitlement and the Equity Shares are not intended to be offered or sold to persons in the United States or any other jurisdiction where such offer or sale may be prohibited. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any shares or rights to sale in the United States, the territories or possessions thereof, or a solicitation therein of an offer to buy any of the said shares or rights. Accordingly, this Draft Letter of Offer and the CAF should not be dispatched or forwarded to or transmitted in or to, the United States at any time. Our Company and the Lead Manager reserve absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Draft Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States or any other jurisdiction where such acquisition may be prohibited.**

The Issue will remain open for a minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

SECTION IX: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Set forth below is certain information relating to our Company's share capital and the important terms of Articles of our Company. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized/defined terms herein have the same meaning given to them in the Articles of Association.

Pursuant to Schedule II of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below.

SHARE CAPITAL

4. The authorized Share Capital of the Company shall be such amount and be divided into such shares as may from time to time be provided under Clause No. V of the Memorandum of Association of the Company.
5. Subject to the provisions of section 80, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option the company are liable to be redeemed on such terms and in such manner as the Company before the issue of the shares may, by special resolution, determine.
6. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par of (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue .and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call or shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.
7. The Company shall cause to be kept a Register of Members and an Index of Members, a Register of Debenture-holders and an Index of Debenture-holders in accordance with Sanction 150, 151, and 152 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.
8. The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner herein before mentioned no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.
9. The Register of Member and the Index of Members shall be open to inspection to the Members gratis and to inspection of any other person on payment of ₹ 1/- or such less sum as the Directors may prescribe for each Inspection. Any such member or person may take extracts there from.
10. The Company shall send to any member, Debenture-holder or other person or request extracts of the Register of Members, the Index of the Members, the Register of the Debenture-holder and Index of Debenture holders or of the list and summary required under the Act, on payment of ₹ 1/- np for every hundred words or fractional part thereof or as determined by the Board. The extract shall be sent within a period of 10 days, exclusive of non-working days and days on which the transfer books of the Company are closed, commencing on the day next after the day on which the member's request is received by the Company.

PAYMENT OF COMMISSION AND BROKERAGE

11. The Company may exercise the powers of paying Commissions conferred by section 76 of the Act, provided that the rate per cent or the amount of the Commission paid or agreed to be paid shall be disclosed in the manner required by that section.
12. Subject to the provision of the section 76 of Act, the rate of the commission shall not exceed the rate of 5% (five percent) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 5% (five percent) of such price, as the case may be, and in case of debentures 2 1/2% (two and a half percent) of the price at which debentures are issued. The above rates may be amended by the Board.
13. The Commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or debentures or partly in one way and partly in the other.
14. The company may also pay such brokerage as may be lawful on any issue of shares or debentures.

TRUST NOT RECOGNISED

15. Except as required by law, no persons shall be recognized by the Company as holding shares upon any trust, and the company shall not be bound by, or be compelled in any way to recognized (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or except only as by these regulations or by law otherwise provided any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

CERTIFICATES

16. The certificates of title to share shall be issued under the Seal of the Company in accordance with the provisions of Section 84 of the Act and the Companies (issued of Share Certificates) Rules, 1960.
17. Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying a fee not exceeding ₹ 2/- or as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case maybe. Every certificate of shares shall be under the seal of the Company and shall specify the numbers and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.
18. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the Company deem adequate, being given, and a new certificate in lieu thereof shall be given to the party entitled to, such lost or destroyed Certificate. Every Certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, decrepit or worn out or where there is no further space on the back thereof for endorsement or transfer. In case of destruction or loss the member to whom such new certificate in given shall also bear and pay to the Company all legal cost and other expenses of the Company incidental to the investigation by the Company of the evidence of such destruction or loss and to the preparation of such indemnity.

Provided that notwithstanding what is stated above the Directors should comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contract (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provision of this Article shall mutatis mutandis apply to debentures of the Company.

19. A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engaging 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 use for the purpose.

JOINT-HOLDERS OF SHARES

20. Where two or more persons are registered as the holders of any share or debentures they will be treated as single Member or debenture holder and shall be deemed to hold the same as joint-tenants with benefit of survivorship subject to the provisions following and to the other provisions of these Article relating to Joint holders;-
 - a) The Company shall not be bound to register more than three persons as the joint-holders of any share or debenture.
 - b) The joint-holders of a share or debenture be liable severally as well as jointly in respect of all payments which ought to be made in respect of such share or debenture
 - c) On the death of anyone of such joint-holders the survivor or survivors shall be the only person or persons recognized by the Company as having any title to or interest in such share or debenture but the Board may required such evidence of death as it may deem fit.
 - d) Only the persons whose name stands first in the Register as one of the joint holders of any share or debenture shall be entitled to delivery of the certificate relating to such share or debenture and to the payment of dividend interest and service of all notices in respect thereof.

CALLS

21. Subject to the provisions of the Act, the Board of Directors may, from time to time subject to the terms on which any shares may have been issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the share held by there respectively and not by the conditions of allotment thereof and payable at fixed times, and each members shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments.
22. A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorizing such call was passed and may be made payable by members on the Register of Members of such date or at the discretion of the Board of Directors on such subsequent date as shall be fixed by the Board of Directors.

Not less than one month's notice of any call shall be given specifying the time and place of payment and to the person or persons to whom such calls as shall be paid.

23. If by terms of issue of any shares or otherwise the whole or part of the amount or issue-price thereof is made payable at any fixed time or by installments shall be payable as if it were a call duly made by the Board of Directors and of which due notice had been given, and all the provisions, herein contained in respect of calls shall apply to such amount, or issue price or installment accordingly.
24. If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof, the holder for the time being of the shares in respect of which the call shall have been made or the installment shall be due, shall pay interest for the same at 12% p.a. or at such rate, if any as shall from time to time be fixed by the Board, from the day appointed for the payment thereof to the time of the actual payment but the Board shall have power to waive the payment thereof wholly or in part.
25. The Board may, from time to time, at its discretion extend the time fixed for the payment of any call, and may extend such time as to all or any of the members whom owing to their

residence at a distance or other cause, Board may deem fairly entitled to such extension but no members shall be entitled to such extension save as a matter of a grace and favour.

26. On the trial or hearing of any action or suit brought by the Company agent any member or his representative to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is, how was, when the claim arose, on the Register of the Company as a holder or one of the holders of the number of shares in respect of which such claim is made, that the resolution making the call is duly recorded in the minute book of the Company, and that the amount claimed is not entered as paid on the books of the Company, and it shall not be necessary to prove the appointment of the Directors who made any call, nor that a quorum of Directors was present at the meeting at which any call was made nor that such meeting was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.
27. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay Interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced. The member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

28. To call may be revoked or postponed at the direction of the Board.

FORFEITURE AND LIEN

29. If any member fails to pay and call or installment on or before the day appointed for the payment of the same, the Board of Directors may at any time thereafter during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such joint-payment.
30.
 - a) The notice shall name a day (not being less than 14 days from the date of the notice) and a place or places on and at which such call or Installment and such Interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place or places appointed, the share in respect of which such call was made or installment is payable will be liable to be forfeiture.
 - b) The provisions as to forfeiture shall apply in the case of nonpayment of any such which by the terms of the issues of a share becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made & notified.
31. If the requirements of any such notice as aforesaid, be not complied with, any shares in respect of which such notice has been given may, at any time thereafter before payment of all calls or installment, interest and expenses due in respect thereof, be forfeiture by a resolution of the Board of directors of that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of 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 therein provided.
32. When any share shall have been so forfeiture, notice of the forfeiture shall be given of the

member in such name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but not forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

33. Any share so forfeited shall be deemed to be the property of the Company and to Board of Directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit.
34. The Board of Directors may, at any time before any shares to forfeiture shall have been sold, re-allotted or otherwise disposed of, annual the forfeiture thereof upon such conditions as they think fit.
35. A person whose shares have been forfeiture shall cease to be a member in respect of the forfeiture share, but shall, notwithstanding such forfeiture, remain liable to pay and shall forthwith pay to the Company, all cost installments, interest and expenses owing upon or in respect of such share at the time of the forfeiture, together with interest thereon at such rate as shall from time to time be fixed by the Board from the time of forfeiture until the payment and the Board may enforce the payment thereof, or any party thereof, without any decision or allowance for the value of the share at the item of forfeiture, but shall not be under any obligation to do as. The liability of such person shall cease, if and when the Company shall have received payment in full of all such moneys in respect of such shares.
36. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental to the share except only such those rights as by these Articles are expressly saves.
37. A duly verified declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have been forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for these shares on the sale or disposition thereof shall constitute a good title to such shares.
38. The Company shall have a first and paramount lien upon all the shares/debentures other than the fully paid up share/debenture registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect, and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Companies lien if any, on such shares/debentures. The Directors may at any time declare any shares debentures wholly or in part to be exempt from the provisions of this clause.
39. For the purpose of enforcing such lien, the Board of Directors may sell the shares 'subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such member,' his executors or administrators, or his committee, curator bones or other person recognized by the Company as entitled to represent such member and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after such notice. The net proceeds of any such sale shall be applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable by such member, and the residue (if any) paid to such member, his executors, administrators, or other representatives or person so recognized as aforesaid.
40. Upon any sale after forfeiture of for enforcing a lien in proposed exercise of the powers by these presents given, the Board of Directors may appoint some person to execute an Instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect to the shares sold, and the purchaser shall not be bound to see to the defaulter of the proceedings, not to the application of the purchase money and after his name has been entered in the Register in respect of such shares his title to such, shares shall not be affected by any irregularity or invalidity of the proceedings in reference to such forfeiture, sale or disposition not impeached by any person and the ready of herein any person aggressive by

the sale shall be in damages only and against the Company exclusively.

41. Where any shares under the powers in that behalf herein contained are sold by the Board of Directors and the certified thereof has not been delivered to the Company by the former holder of the said shares the Board of directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.
42. Upon any sale, re-allotment or other disposal under the provision of the preceding Articles, the certificate or certificates originally issued in respect of the 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 and the directors shall be entitled to issue a duplicate certificate in respect of the said shares to the person or persons entitled thereto.

TRANSFER AND TRANSMISSION OF SHARES

43.
 - a) Subject to the provisions of Sections 108 of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with a certificate or, if no such certificate is in existence, the letter of allotment of the share; the transferor shall be deemed to remain the member in respect of such share until the name of the transferee is entered in the Register in respect thereof.
 - b) The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
44. Application of the registration of the transfer of the share may be made either by the transferor or the transferee, provided that where such application is made by the transferor no registration shall in the case of partly paid shares be effected unless the Company given notice of the application to the transferee in the manner prescribed by the Section 110 of the Act, and subject to the provisions of these Articles the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as it the application for registration of the transfer was made by the transferee.
45. Neither the Company nor its directors shall incur any liability for registering or acting upon a transfer of shares apparently made by the sufficient parties, although the same may, by reason of any fund or other cause not known to the company or its Directors be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred although the transfer, may, as between the transferor and the transferee be liable to be set aside and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferee, or otherwise in defective manner. And in every such case the person registered as transferee, his executors, administrators and assigns alone shall be entitled to be recognized as the holder of such share and the previous holder shall so far as the Company is concerned be deemed to have transferred his whole title thereto.
46. Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.
47. No transfer shall be made to a minor or person of unsound mind or firm without the advents

of the Board.

48. In the case of any share registered in any Register outside India, the instrument of Transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Article 43(b) hereof as circumstances shall permit.
49. Every instrument of transfer shall be left at office for registration, accompanied by the certificate of the shares to transferred or if no such certificate is in existence by the letter of allotment of the shares and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the shares. Every instrument of transfer which shall be registered shall be resigned by the Company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.
50. If the Directors refuse to register the, transfer of any shares, the Company shall within one 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.
51. On giving fourteen day's notice by advertisement in a newspaper circulating in the District in which the office of the Company is situated, the Register of Members Transfer Book or Register of debenture holders may be closed during such time as the Directors think fit not in exceeding the whole forty-five days in each year but not exceeding thirty days at a time.
52. The executors or administrator or the holders of a succession certificate in respect of shares of a deceased member (not being one of several joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such member, and in case of the death of anyone or more of the joint holders of any registered shares, the survivors shall be the only person recognized by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on the shares held by him jointly with any other person. Before recognizing any legal representatives or herein or a person otherwise claiming title to the shares, the Company may require him to obtain a grant of probate or letters of Administration/ or succession certificate or other legal representation, as the case may be, from Competent Court. Provided nevertheless that in case where Board in its absolute discretion thinks fit, it shall be letter of administration or a succession certificate or such other legal representation upon such terms as to indemnity or otherwise as a Board may consider desirable.
53. Any committee or guardian of a lunatic (which terms shall include one who is an idiot or non-compos mentis) or any other person becoming] entitled to or to transfer shares in consequence of the death of bankruptcy, or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may, with consent of the Board (which the board it shall not be bound to give) , be registered as a member in respect of such shares, or any, subject to the Regulations as to transfer herein contained, transfer, such Shares. This Article is herein after recurred to as "The Transmission Articles."
54.
 - a) If the person becoming entitled under the transmission Article shall elect to be registered as a holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
 - b) If the person aforesaid shall elect to transfer the Share, he shall testify his election by executing as instrument of transfer of Shares.
 - c) All the limitations restriction and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of shares shall be applicable to any such notice or transfer of as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice or transfer were signed by that member.
 - d) No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.
55. A person so becoming entitled under the Transmission Article to share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provision of the Articles

and of Section 206 of the Act, be entitled to the same dividends and other advantage to which he would be entitled if he was the registered holder of the share except the no such person (other than a person entitled under the Transmission Article to the share of a lunatic) Shall before being registered as a member in respect of the Shares be entitled to exercise in respect thereof any right conferred by membership in relation to the meeting of the Company.

Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Share, until the requirements of the notice have been complied with.

SHARE WARRANT

56. The Company may with the previous approval of the Central Government with respect to any fully paid up shares issued under its Common Seal a warrant stating that the Before of the warrant is entitled to the shares therein specified, and may be provided by coupon or otherwise, for the payment of future dividends on the shares specified in the warrant. The Board may in its discretion prescribe regulations as to the issue and the rights of bearer of share warrant. The provisions of Section 114 and 115 of the Act.

CONVERSION OF SHARES INTO STOCK

57. The Directors with the sanction of a resolution of the Company in General Meeting, may convert any paid up shares into Stock and may convert and Stock into paid up shares of an denomination. When any shares shall have been converted into Stock, the several holders of such stock may there forth transfer their respective interests therein or any part of such interests in the same manner and subject to the same regulations as and subject to which fully paid up shares in the Company capital may be transferred or as near thereto as circumstances will admit.

Provided that the Board may from time to time fix the minimum amount of stock transferable, so that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

58. The holders of stock shall according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the Stock arose; but no such privilege or advantage (except participation in the dividends and property of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage. No such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted. Save as aforesaid, all the provision herein contained shall, so far as circumstances shall admit, apply to Stock as well as to share.

INCREASE AND REDUCTION OF CAPITAL

59. The Company may, from time to time, increase its capital by the creation of new shares of such amount as may be deemed expedient.
- i. Where at the time after expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares whether out of the unissued capital or out of the increased share capital then:
 - a) 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 near as circumstances admit, to the capital paid-up on those shares at the date.
 - b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.

- c) The offer aforesaid 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 in sub clause (b) hereof shall contain a 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.
 - d) After expiry of the time specified in the aforesaid notice 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 of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
- ii. Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
- a) If a resolution to that effect is passed by the Company in General Meeting, or
 - b) 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 the General Meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, 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.
- iii. Nothing in sub-clause (c) of (1) hereof shall be deemed;
- a) To extend the time within which the offer should be accepted; or
 - b) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- iv. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
- (i) To convert such debentures or loans into shares in the Company; or
 - (ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise.)

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:-

- (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and
 - (b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.
60. Subject to any special rights for the time being attached to any shares in the capital of the Company then issued, the new shares may be issued upon such terms and conditions, and with such rights attached thereto as a General meeting resolving upon the creation thereof shall direct and if no direction be given, as the Board shall determine, and in particular such shares may be issued with preferential or qualified rights to dividends and in the distribution of assets of the Company.
61. Before the issue of any new shares, the Company in general meeting may make provisions as to the allotment and issue of the new shares, and in particular may determine to whom the same shall be offered in the first instance and whether at par or at a premium or, subject to

the provisions of Section 79 of Act, at a discount in default of any such provision, or so far as the same shall not extend, the new shares may be issued in conformity with the provisions of these Articles.

62. Except so far as otherwise, provided by the conditions of issue or by these Articles any capital raised by the creation of new share shall be considered part of the then existing capital of the Company and shall be subject to the provision therein contained with reference to the payment of dividends, calls and installments, transfer and transmission, forfeiture, lien, surrender and otherwise.
63. If owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have the offer of such new shares, any difficulty shall arise in the apportionment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in General meeting, be determined by the Board.
64. The Company may, from time to time, by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner and with and subject to any incident authorized and consent required by the Act. This Article is not to derogate from any power the Company would have, if it were omitted.

ALTERATION OF CAPITAL

65. The Company may be ordinary resolution from time to time alter the conditions of the Memorandum of Association as follows :-
 - (a) Increase the Share Capital by such amount, to be divided into shares of such amounts as may be specified in the resolution.
 - (b) Consolidate and divide all or any of its share capital into shares of large amount then its existing shares.
 - (c) Sub-divide its existing shares or any of them into shares of smaller amount then is fixed by the memorandum, so however, than in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced shares shall be the same as it was in the case of the share from which the reduced share is derived and
 - (d) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of his share capital by the amount of the shares so cancelled.
66. The resolution whereby any shares is sub-divided or consolidate may determine that, as between the members registered in respect of the shares resulting from such sub-division or consolidation, one or more of such shares shall have same preference or special advantage as regards dividend, capital voting or otherwise over or as compared with the others or other subject nevertheless to the provision of Section 85, 87, 88 and 106 of the Act.
67. Subject to the provisions of Section 100 and 105 inclusive of the Act, the Board may accept from any member the surrender of all or any of this shares of such terms and conditions as shall be agreed.

TERMS OF ISSUE OF DEBENTURE

67

- A) Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, 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 the General Meeting by a Special Resolution.

MODIFICATIONS OF RIGHTS

68. 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

may be varied in the manner as provided in Section 106 of the Act, and all the provisions hereinafter contained as to General Meetings shall, mutatis mutandis, apply as regard class meetings. Provided that the rights conferred upon the holders of the shares of any class Issued with preferred or other rights shall not, unless therewith expressly provided by the terms of Issue of the shares of the Class, be deemed to be varied under this directive by the creation or Issue of further shares and such new shares may be issued with such preferential rights as may be decided at the time of issue thereof.

GENERAL MEETINGS

69.

- (a) The Company shall hold statutory meeting and annual general meetings as provide under section 165 and 166 of the Act.
- (b) All general meetings other than annual general meeting shall be called extra-ordinary general meetings.

70.

- (a) The board may, whenever it thinks fit, call an extra-ordinary general meeting.
- (b) If at any time they are not within India, directors who are capable of acting and who are not sufficient in number to form a quorum, any director of the company may call an extra-ordinary general meeting in the same manner, or as nearly as possible, as that in which such a meeting may be called by the Board.

PROCEEDINGS AT GENERAL MEETINGS

71.

- (a) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (b) Save as herein otherwise provided, five members present shall be a quorum.

72. The Chairman, if any, of the board shall preside as chairman at every general meeting of the Company.

73. If there is no such chairman, or If he is not present within fifteen minutes after the time appointed for holding the meeting, or unwilling to act as chairman of the meeting, the directors present shall elect one of their number to be the chairman of the meeting.

74. If at any meeting no director is willing to act as chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be chairman of the meeting

75.

- a) The chairman may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- c) When a meeting is adjourned for than days on more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- d) Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

76. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands taken place, or at which the poll is demanded shall entitled to a second or casting vote.

77. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

VOTES OF MEMBERS

78. Subject to any rights or restrictions for the time being attached to any class or classes of shares.

- a) on a show of hands, every member present in person shall have, one vote; and
- b) on a poll, the voting rights of members shall be as laid down in section 87 of the Act.

79. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted in the exclusion of the votes of the other joint holders.

For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

80. A member of unsound mind, or in respect of whom an order thus been made by any Court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll, by his committee of other legal guardian and any such committed guardian, may on a poll vote any proxy.

81. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

82.

a) No objection shall be raised to the qualification of any member except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

b) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.

83. 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 registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the giving of the poll; and in default the instrument of proxy shall not be treated as valid.

84. An instrument appointing a proxy shall be in either of the forms in Schedule IX to the Act or a form as near thereto as circumstances permit.

85. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy is given;

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

BOARD OF DIRECTORS

86. The persons hereinafter named are the Directors of the Company at the time of adoption of these articles.

- 1. SHRI BINOD KUMAR MEHRA
- 2. SHRI PRAMOD KUMAR MEHRA
- 3. SHRI ASHOK KUMAR BANSAL

87. Unless otherwise determined by the Company in a General Meeting, the number of Directors shall not be less than three and more than twelve.

88. The Directors of the Company are not required to hold any share in the Company as

qualification shares.

- 89.
- a) Remuneration of the directors shall be fee of ₹ 250/- (Rupees two hundred fifty) only or more as per the provisions of the Companies Act, 1956 for each Director for each meeting of the Board of Directors attended by him and in addition, subject to the provision of section 309 of the Act, all the Directors may receive a commission up to one percent (1 %) on the net profits of the Company as computed under the provisions of the Companies Act, 1956, and such commission shall be divided amongst the equally or as the Directors may determined. The Directors may waive or reduce their fee for any meeting or period.
 - b) Any Director performing extra services or making any special exertion for any of the purposes of the Company or who is a managing or whole time director, may be paid such fixed sum or remuneration either by way of monthly payment or at a specified percentage of profit or In any other manner as the Company may determine, subject to the provisions of the Act.
 - c)
 - d) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day to day.
 - e) In addition to the remuneration payable to them in pursuance of the Articles the directors may be paid all traveling, hotel and other expenses properly incurred by them.
 - (i) In attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or
 - (ii) In connection with the business of the Company.
90. The Board may pay all expenses incurred in registering the company.
91. The Company may exercise the powers conferred on it by sections 157 and 158 of the Act, with regard to the keepings of a foreign Register; and the Board may (subject of the provision of those sections) make and vary such regulations as it may think fit respecting the keeping of any such register.
92. All cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the company shall be signed, drawn, accepted, endorsed. or otherwise executed, as the case may be by the Managing Director or by such person and in such manner as the Board shall from time to time by resolution determined.
- 93.
- a) The Board shall have power at any time, from time to time, to appoint a person as an additional director, provided the number of directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the article 87 above.
 - b) Such person shall hold office up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a direct or at that meeting subject to provision of the Act.
- 94.
- a) The Board of Directors shall also have power to fill a causal vacancy in the Board. Any Director appointed shall hold office only so long as the vacating Director would have held the same if no vacancy had occurred.
 - b) The Board may appoint any person to act as alternate director for a Director during the letter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office us an alternate director, shall be entitled to notice of meeting and to attend and vote thereat accordingly; but he shall "Ipso facto" vacate of office, if and when the absent Director returns to the State in which meetings of the Board are ordinarily held or the absent Director vacates of office as Director.
95. If it is provided by any agreement deed to other documents securing or otherwise in connection with any loan taken by the Company or in connection with thanks of any shares by any person that any such person or persons shall have power to nominate a Director on the

Board of Directors of the Company then and in case of taking of any, such loan or shares or entering into such agreement the person or persons having such power may exercise his power from time to time and appoint a director accordingly. Such Director may be removed from office at any time by the person or persons in whom the power under which he was appointed is vested and another Director may be appointed in his place put while holding such office he shall not be liable to neither retire by rotation nor hold any qualification shares.

96. Any Trust Deed, for securities debentures-stocks or bonds or other writing issued by the Company in favour of any creditor (s), may arrange, provided for the appointment from time to time by the trustees thereof or by the holders of the debentures, debenture stocks or bonds, of some persons to be the directors or the Company and may powers such rights or holder of debentures, debenture-stocks, or bonds, from time to time, to remove any Director so appointed. The Director appointed under this Article is herein referred to as 'The Debenture Director' and the terms "Debenture Director (s)" means the Director(s) for the time being in office under this Article. The Debenture Director(s) for the time being in office under this Article the Debenture Director(s) shall not be liable to retire by rotation or removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any other provisions herein contained.

PROCEEDINGS OF THE BOARD

97.

- a) The Board of director may meet for the despatch of business, adjourn and otherwise regulate its meetings, as it thinks fit, subject to the provision of section 285 of the Act.
- b) A director may, and manager or secretary on the requisition of a director shall at any time, summon a meeting of the Board.

98.

- a) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
- b) In case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

99. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the member of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

100

- a) The Board may elect a chairman of its meetings and determine the period for which he is to hold office.
- b) If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the directors present may Choose one of their number to be the chairman of the meeting.

101

- a) The Board may, subject to provisions of the Act, delegate any of powers to a committee consisting of such member or members of its body as it thinks fit.
- b) Any committee so formed shall, in the exercise of the powers also delegated, conform to any regulations that may be imposed in it by the Board.

102

- a) A committee may elect a chairman of its meeting
- b) If no such chairman is elected, or if at any meeting the chairman if not present within five minutes after the time appointed for holding the meeting, the members present may choose one of the number to be the chairman of the meeting.

103

- a) A committee may meeting and adjourn as it thinks proper.
 - b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of equality of votes, the chairman shall have a second or casting vote.
104. All acts done by any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that It may be afterwards discovered that there was some defect in the appointment of anyone or more of such directors or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
105. Save as otherwise expressly provided in the act, a resolution in writing, signed by the members of the Board or of a committee thereof, in accordance with the provisions of section 289 of the Act, shall be as valid and effectually as if it had been passed at a meeting of the Board or committee, duly convened and held.

POWERS OF DIRECTORS

106. Subject to the provisions of the Act the control of the Company shall be vested In the Board who shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorised to exercise and odd; provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other Statue or by the Memorandum of Association of the Company or by these Articles or otherwise, to be exercised or done by the Company in General Meeting.

Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other Statues or in the Memorandum of Association of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made there under, including regulations made by the company in General Meeting and no such regulations shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

107. Subject to and in accordance with the provisions of the Act, the Board shall retain and employ such staff as may be necessary for carrying on the business of the Company. The salary or other remuneration of such staff shall be defrayed by the Company, and all or any of such staff be engaged exclusively for the Company or jointly with other concerns. The Board or any other officers authorised in this behalf shall be empowered to frame and allocate such duties/responsibilities as found suitable in the interest of the business of the Company.

BORROWING POWERS

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- a) The Board may from time to time at its discretion, subject to the provisions of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purposes of the Company.
 - b) The Board may raise or secure the repayment of such sum or sums in such manner and on such terms and conditions In all respects as it thinks fit, and in particular, by the issue of bonds perpetual or redeemable debentures or debenture-stock, or any mortgage, charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being.
109. If any uncalled Capital of the Company is included in or charged by any mortgage or other security, the Board may be instrument under the Company's seal authorise the persons in whose favour such mortgage or security is executed or any other person in trust for him to collect money in respect of calls made by the Board on members in respect of such uncalled capital and the provision hereinbefore contained in regard to call shall mutatis mutandis apply to calls made under such authority and such authority as be made exercisable either conditionally or unconditionally, either presently or contingently and either at the exclusion of the directors power to otherwise and shall be assignable if expressed so to be.

110. Debentures, bonds and other securities may be made assignable, free from any equities, between the Company and the persons to whom the same may be issued.
- 111 subject to the provisions of the Act any debenture, bonds or other securities may be issued by the Company at a discount, premium or otherwise, with any special privileges as to redemption, surrender, drawings, shares, appointment of Directors or otherwise. Debentures and bonds with right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting and compliance of the provisions of the Act.

MANAGING DIRECTOR, MANAGER OR SECRETARY

112. Subject to the provisions of the Companies Act, 1956, the Company in general meeting or the Director may at any time appoint one or more Directors as Managing Director (s) or Whole Time Director(s) on such remuneration, terms and conditions as may be decided by them or such meeting. A whole time or Managing Director shall not be liable to retire by rotation.
113. Subject to the provisions of the Act, a manger or secretary may be appointed by the Board for such terms, at such remuneration and upon such conditions as it may think fit; any manager or secretary so appointed may be removed by the Board.
114. Subject to the provisions of section 269 and 314 of the Act, a Director may be appointed as manager or secretary.
115. A provision of the Act or these Articles requiring or authorising a thing to be done by a director and there manager or secretary shall not be satisfied by its being done by the same person acting both as director and as, or in place of the manager or secretary.

THE SEAL

- 116.
- a) The Board shall provide for the safe custody of the seal.
- b) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least one director or Secretary or such other person as the Board may appoint for the purpose; and such director or secretary or other person aforesaid, shall sign in every instrument to which the seal of the company Is so affixed in his presence, subject to the provisions of Article 16 hereof, in respect of share certificates.
- c) The Company may exercise the powers conferred by section 50 of the Act, with regard to having an official seal for use abroad, and such powers shall be vested in the Board.

DIVIDENDS AND RESERVES

117. The company in general meeting may declare, dividends, but no dividend shall exceed the amount recommended by the Board.
118. The Board may from time to time pay to the members such interring dividends as appear to it to be justified by the profits of the company.
- 119.
- a) Subject to the provision of the Act, the Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provisions for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be interested in such investment (other than shares in the Company) as the Board may, from time to time, think fit.
- b) The Board may also carry forward any profits which it may think prudent not to divide, without setting them aside as a reserve.

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- a) Subject to rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect where of the dividends is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the nominal amounts of the shares.
- b) No amount paid or credited as paid on shares in advance of calls shall be treated for the purposes of this Articles as paid on the share.
- c) Unless otherwise decided by the Board all dividends shall be appropriated and paid proportionately to the amounts paid or credited as paid on the shares during by portion or portion of the period in respect of which the dividend is paid, but if any shares is issued on terms providing that it shall rank of dividend as from a particular date Such share shall rank for dividend accordingly.

121. The Board may deduct from any dividend payable to any member all such of money, if any presently payable by him to the company on account of calls or otherwise in relation to the shares in the company subject to section 205 of the Act.

122. Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of.....Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

No unclaimed or unpaid dividend shall be forfeited by the Board.

123.

- a) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or in case of joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct.
- b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

124. Anyone of two or more joint holders of a share may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such share.

125. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

126. No dividend shall bear interest against the Company except as provided under law.

ACCOUNTS

127.

- a) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of time , shall be open to the inspection of members not being directors.
- b) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or, by the

Company in general meeting.

CAPITALISATION OF PROFITS

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- a) The Company in general meeting may upon the recommendation of the Board, resolve-
 - i) That it is desirable to capitalize any part of the amount for the time, being standing to the credit of any of the Company reserve accounts, or to credit of the profit and loss account or otherwise available for distribution and
 - ii) That such sum is accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- b) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) either in or towards-
 - i) paying up any amounts for the time being unpaid on any shares held by any such members respectively;
 - ii) paying up on full, unissued shares of the company to be allotted and distributed, created as fully paid up to and amongst such members in the proportions aforesaid; or
 - iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii)
- c) A share premium account and a capital redemption reserve fund may, for the purposes of these Articles be applied only in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares.
- d) The Board shall give effect to the resolution passed by the company in pursuance of these Articles.

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- a) whenever such a resolution as aforesaid shall have been passed, the Board shall-
 - i) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and Issued of fully paid shares; and
 - ii) Generally do all acts and things required to give effect thereto.
- b) The board shall have full power-
 - i) To make such provision, by the issue of fractional or by payment in cash or otherwise as it thinks fit in case of shares/debentures becoming distributable in fractions; and also
 - ii) To authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with a company provided for the allotment to them respectively created as fully paid up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares.
- c) Any agreement made under such authority shall be effective and binding on all such members.

WINDING UP

130.

- a) If the company shall be wound up, the liquidator any, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide among the members, in special a kind the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- b) For the purpose aforesaid, the liquidator may set such value as he deemed fair upon any property to be divided as aforesaid and may determined how such division shall be carried out as between the members or different classes of members.
- c) The liquidator may, with the like sanction vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction,

shall think fit, but so that no member shall be compelled to accept any shares to other securities whereon there is any liability.

SERVICE OF NOTICES AND DOCUMENTS

131.

- i) A document any be served by the Company on any member either personally, or any sending it by post to him to his registered address, or if he was no registered address in India to the address if any, within India supplied by him to the Company for the giving of notices to him.
- ii. Where a document is send by post service thereof shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the document and to have been effected in the case of a notice of a meeting at the expiration of 48 hours after the letter containing there same is proposed and in other case, the time at which the letter would be delivered in the ordinary course of post.
- iii. A document advertised in a newspapers circulating in the neighborhood of the registered office of the Company shall be deemed to be duly served on the day on which the advertisement appears, on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for giving of notices to him.
- iv. A document may be served by the Company to the joint holders of a share by serving it on the joint holder first named in the register of members in respect of the share.
- v. Document may be served by the Company to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed, to them by name, or any the title of representatives of the deceased, or assignees of the insolvent, or by an like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by serving the document in any manner in which the same might have been served if the death or insolvency had not occurred.
- vi. a) Notice of every general meeting shall be given in any manner hereinbefore rmentioned
:-
 - i. To every member of the Company.
 - ii. to the persons entitled to a share in consequence of the death or insolvency of a member and
 - iii. to the auditor for the time being of the company.b) Any accidental omission to give notice to, or the non-receipt of notice by, any member or other person to whom It should be given shall not invalidate the proceedings at the meeting;
- vii. Any notice to be given by the Company shall be signed by Managing Director or such officer as may be authorised by the Board and the signature thereto may be written, printed, lithographed or stamped.

RECONSTRUCTION

132. On any sale of the undertaking of the Company, the Board or the Liquidator on a winding up may, if authorised by a special resolution, accept fully paid up or partly paid up shares, debentures or securities of any other company, whether incorporated in India or not, either then existing or to be formed for there purpose in whole or in part of the property of the Company and the Board (if the profits of the Company permit) or the Liquidator (in a winding up) may distribute such shares or securities or any other property of the Company amongst the members without relaxation or vest the skill in trustees for them and any Special Resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefit or property, otherwise than in accordance with the strict legal rights of the members or contributories of Company and for the valuation of any such securities or property at such price and in such manner as the meeting any approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorized and waive all rights in relation thereto; save only in case the Company is proposed

to be or is in the course of being wound up such statutory rights (if any) under Section 494 of the Act as are incapable of being varied or excluded by these Articles.

SECRECY

133. Every Director, Secretary, Trustees for the Company, its members or debenture-holders, members of a Committee, officer, servant, agent, accountant or other persons employed in or about the business of the Company shall, if so required by the Board before entering upon his duties, sign a declaration pledge himself to observe a strict secrecy respecting all transactions of the Company and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to this knowledge in the discharge of his duties except when required to do so by the Board or by any general meeting or by a court of law and except so far as may be necessary in order to comply with any of the provisions in the Articles contained.

134. No member or other person (not being a Director) shall be entitled to enter on the property of the Company or to inspect or examined the premises or properties of the Company without the permission of the Board to require discovery of or any information respecting any detail of the trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process of any matter whatsoever which may related to the conduct of the business of the Company and with the opinion of the Board will be inexpedient in the interest of the Company to communicate.

MEMBERS

135. Every person who is a subscriber to the Memorandum of Association and for who intends to be or becomes a member of the Company shall, subject to the provisions of any law in force, be bound by the provision of the Memorandum and Articles of the Company and any matter of dispute arising between the company and any such person as regard mutual rights, obligations or otherwise shall be subject to the jurisdiction of the court having jurisdiction over the registered office of the company in respect to the disputed matter.

INDEMNITY

136. Subject to the provisions of the Section 201 of the Act every office or agent for the time being of the Company shall be indemnified out of the assets of the company against any liability incurred by him in defending any bonafide proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in the connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

SECTION X – STATUTORY AND OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two (2) years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company situated at 1st, British Indian Street, Room No-B 10, Kolkata – 700 069, from 11.00 a.m. to 4.00 p.m. on any working day from the date of the Letter of Offer until the date of Closure of the Issue.

Material Contracts

1. Issue Agreement dated September 21, 2012 between our Company and the Lead Manager to the Issue.
2. Memorandum of Understanding dated November 22, 2011 between our Company and the Registrar to the Issue.
3. Agreement dated [●] between our Company, the Lead Manager, the Registrar to the Issue, and Bankers to the Issue.
4. Monitoring Agency Agreement dated September 10, 2012 between our Company and the Monitoring Agency.

Material Documents

1. Certified copy of our Memorandum and Articles of Association, as amended from time to time.
2. Our certification of incorporation dated October 7, 1993.
3. Fresh Certificate of Incorporation consequent upon change of status from private limited to public limited dated December 13, 1994.
4. Copy of Certificate of Registration dated under Section 45IA of the Reserve Bank of India Act, 1934 bearing Registration no. 05.01596 dated April 20, 1998 and Fresh Certificate bearing Registration no. B.05.01596 dated May 21, 2012 pursuant to change of name of our Company, issued by the Reserve Bank of India, Department of Non-Banking Supervision, Regional Office – Kolkata.
5. Resolution passed by our Board dated August 4, 2011 authorizing this Issue.
6. Board resolution dated November 21, 2011 and Agreement of Service dated November 23, 2011 for appointment of and payment of remuneration to Mr. Girdhari Lal Goenka as Chairman and Managing Director of our Company.
7. Board resolution dated May 30, 2012 and Agreement of Service dated May 30, 2012 for appointment of and payment of remuneration to Mr. Dinesh Burman as Executive Director of our Company.
8. Statement of Tax Benefits dated July 25, 2012 jointly from Vasudeo & Associates, Chartered Accountants and Haribhakti & Co, Chartered Accountants, Auditors of our Company as disclosed in this Draft Letter of Offer.
9. The Report of the Statutory Auditors, Vasudeo & Associates, Chartered Accountants and Haribhakti & Co, Chartered Accountants dated July 25, 2012 in relation to restated unconsolidated and consolidated financial information of our Company, prepared in accordance with Part II of Schedule II to the Companies Act and SEBI ICDR Regulations and mentioned in this Draft Letter of Offer.
10. Consents of the (a) the Directors, (b) the Company Secretary (c) the Compliance Officer to the Right Issue, (d) the Statutory Auditors, (e) Bankers to our Company, (f) Lead Manager to the Right Issue, (g) Registrar to the Right Issue (h) Legal Advisor to the Right Issue (i) Monitoring Agency to the Issue, to include their names in this Draft Letter of Offer and to act in their respective capacities.
11. In-principle listing approvals dated [●] and [●] received from BSE and CSE respectively.
12. Due diligence certificate dated September 25, 2012 addressed to SEBI from the Lead Manager.
13. Certificate dated August 8, 2012 issued jointly by M/s. Vasudeo & Associates, Chartered Accountants and Haribhakti & Co, Chartered Accountants in relation to the expenditure incurred as of July 31, 2012, towards the Objects of this Issue.
14. Copies of annual reports of our Company for the years ended March 31, 2008, 2009, 2010, 2011 and 2012.
15. Tripartite agreement dated October 3, 2000 with NSDL and Niche Technologies Private Limited.

16. Tripartite agreement dated September 30, 2000 with CDSL and Niche Technologies Private Limited.
17. Prospectus of our Company dated March 18, 1995
18. Letter No. [●] dated [●] issued by SEBI for the Issue.

Any of the contracts or documents mentioned in the Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in Draft Letter of Offer contravenes any of the provisions of the Companies Act and the rules made there under. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, the Government and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Mr. Girdhari Lal Goenka, *Chairman and Managing Director*

Mr. Dinesh Burman, *Executive Director*

Mr. Shree Mohan Kothari, *Director*

Mr. Niranjana Kumar Choraria, *Director*

Mr. Rhythm Arora, *Director*

Mr. Arun Kumar Goenka, *Director*

Signed by Mr. Shiv Kumar Dabriwala, Chief Financial Officer

Signed by Mr. Biswanath Mukherjee, Company Secretary

Signed by Mr. Sudhir Kumar Banthiya, Compliance Officer to the Issue

Place : Kolkata

Date : September 25, 2012