**PROSPECTUS OF A COMPANY**

X Y Co Ltd.

 Regd office: ...............................

 PROSPECTUS

Consent of the Central Government was received by the company for setting up of a plant for manufacture of ……………………vide their letter number……………………dated……………………It must be distinctly understood that in giving this consent the Central Government does not undertake any responsibility for the financial soundness of any scheme or for the correctness of any of the statements made or opinion expressed with regard to them.

It is to be distinctly understood that the vetting of the draft prospectus by the Securities and Exchange Board of India (SEBI) should not, in any way, be construed/ deemed an approval from SEBI for the proposed issue.

SEBI does not take responsibility for the financial soundness of any scheme or project or for the pricing of the issue or for the correctness of any of the statements made or options expressed in the offer document. SEBI merely ensures, on the basis of the information furnished to it, that adequate disclosures have been made in the offer document to enable the investors to take an informed investment decision.

A copy of this prospectus having attached thereto the documents required to be filed under section 60 of the Companies Act, 1956 (hereinafter referred to as the "Act") has been delivered to the Registrar of Companies ……………………. at……………………for registration.

Applications have been made to the Stock Exchange at Delhi, Ahmedabad and Bombay for permission to deal in and for an official quotation of the Equity Shares of the Company.

The attention of the applicants is specifically drawn to sub-section (1) of section 68A of the Companies Act, 1956, which is reproduced below:

"Any person who

(a) makes in a fictitious name an application to a Company for acquiring or subscribing for, any shares therein, or

(b) offierwise 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".

If the company does not recieve the minimum subscription amount of 90% of the issue including accepted devolvement of underwriters within 120 days from the date of opening of the issue, the company shall refund the entire subscribed amount within 128 days, with interest for delay beyond 78 days, from the date of closure of the issue as per section 73 of the Companies Act, 1956.

The Subscription List will open at the commencement of Banking hours on .............................the…………………… and will close at the close of Banking hours on ...................the……………………or earlier at the discretion of the Board of Directors of the Company (hereinafter referred to as the "Board") but not before the close of Banking hours on Thursday the ........................

Issue Opens on……………………th……………………20……

Earliest Closing……………………th……………………20…….

Closing not later than……………………th……………………20….

X Y Co. LIMITED

(Incorporated on……………………th……………………19 …….

under the Companies Act, 1956)

Regd. Office:.................................. ……………………

Works & Administrative Office: ........................................

SHARE CAPITAL Nominal Value (Rupees)

 A. Authorised

50,00,000 Equity Shares of Rs. 10 each 5,00,00,000

 B. Issued, subscribed and paid-up

 700 Equity Shares of Rs. 10 each fully paid­

 up for cash at par 7,000

 C. Present issue for cash at par

 29,99,300 Equity Shares of Rs. 10 each 2,99,93,000

 D. Out of the present issue

 (i) 9,29,300 Equity Shares of Rs. 10 each

 have been reserved for allotment to

 Indian resident Directors, their friends

 and relations 92,93,000

 (ii) 4,65,000 Equity Shares of Rs. 10 each

 have been reserved for allotment to A B

 Co. Ltd. 46,50,000

 (iii) 4,65,000 Equity Shares of Rs. 10 each

 have been reserved for allotment to R K

 Co. Ltd. 46,50,000

 E. Now Offered to the public for subscription in

 terms of this prospectus for cash at par

 11,40,000 Equity Shares of Rs. 10 each 1,14,00,000

 Out of which

 (i) 1,50,000 Equity Shares of Rs. 10 each

 have been reserved for preferential

 allotment to employees (including Indian

 working Directors)/Workers of the

 Company and also those of the

 promoter Companies 15,00,000

(ii) Offered to the public for cash at par

 9,90,000 Equity Shares of Rs. 10 each

 (to which unsubscribed portion, if any,

 out of the Equity Shares reserved for

 preferential allotment as mentioned at

 E(i) above will be added back). 99,00,000

Notes.-(I) The Equity shares to be allotted under categories D(i), (ii), (iii) and E(i) shall not be transferred/sold/hypothecated for the lock-in period as may be prescribed by SEBI with the exception that the employees may hypothecate their holdings with the Company in ileu of loan, if any extended by the Company to them for subscribing to the issue.

(h) The equity shares offered under category E(i) shall not exceed 200 equity shares per individual.

**Authority for the Present Issue**

Pursuant to section 81 (1 A) of the Companies Act, 1956, the present issue has been authorised by the existing shareholders of the Company by a special resolution passed at the General Meeting of the Shareholders held on………. ……….th……….20……….

**Terms of Payment**

(a) From Public

 On Application Rs. 5 per share

 On Allotment Rs. 5 per share

(b) From the Promote rs/Employees (including

 Indian Working Directors)/Workers of the

 Company and those of the Promoter

 Companies On Application Rs. 10 per share.

Failure to pay the amount due on allotment within the stipulated period will render the allottee liable to pay interest @ 21% per annum or at such rate as the Board may determine from the date, appointed for the payment thereof to the time of actual payment, and shall also render the Shares (including the amount already paid up thereon) liable to forfeiture in accordance with the Articles of Association of the Company (hereinafter referred to as the "Articles").

**Terms of the Issue**

The Equity Shares issued are subject to the terms of this prospectus, the Application Form and the Articles of Association of the company. The Equity Shares shall rank paripassu in all respects with the existing Equity Shares of the Company, except that these equity shares will qualify for dividend, if any, only from the date of allotment and such dividend shall be in proportion to the amount paid-up on the Equity Shares and pro rata for the period during which such capital is paid up thereon.

BOARD OF DIRECTORS

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name, Address, Particulars of other

Description and Occupation Directorship

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 1 2

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Shri N Chairman

S/o. Shri O S M Industries Ltd. Director

……….……….

New Delhi-110017 R K Industrial Finance

Chairman Limited

Business

Shri R Director

S/o.S R.K. Industrial Finance Ltd.

……….……….

New Delhi

Managing Director

Chartered Accountant

Shri A Managing Director S M

S/o. B Industries Ltd.

........................

New Delhi-110017 Director

Director R K Industrial Finance

Business Limited

Shri K Director

S/o. Z A B Co. Ltd.

.........................

New Delhi-110017

(Nominee of A B Co Ltd.)

Director

Service

Shri H Director

S/o. K A B Co. Ltd.

New Delhi

(Nominee of R K Co. Ltd ............

Company Executive

COMPANY SECRETARY Registered Office

Mr. V \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

New Delhi-110048 New Delhi-110020

AUDITORS Administrative Off ice &

M/s. X Y & CO. Works

Chartered Accountants

................................

New Delhi-1 10 055.

LEGAL ADVISOR BANKERS TO THE

 COMPANY

M/s. X & Co. Canara Bank

Advocates & Solicitors ……….……….

New Delhi-1 10 016 New Delhi-1 10 001.

Technical Collaborators

R K Co. Ltd.

……….……….

……….………. . .

**BANKERS TO THE ISSUE**

Canara Bank

……….……….

­……….……….

New Delhi-110001.

**LEAD MANAGERS TO THE ISSUE**

Canbank Financial Services Industrial Finance

 Ltd. Corporation of India,

1-E, Vandana Building Merchant Banking Division

11, Tolstoy Marg, Bank of Baroda Building,

New Delhi-1 10 001 16, Sansad Marg,

 P.B. No. 363,

 New Delhi-1 10 001.

MANAGERS TO THE ISSUE ADVISORS TO THE ISSUE

Sharma Investment & San Management & Financial

Financial Consultants Consultants (P) Ltd.,

B-1/7, Vishal Bhawan, E-1 1 A, East of Kailash,

95, Nehru Place, New Delhi-110065.

New Delhi-1 10 019.

REGISTRARS TO THE ISSUE PRINCIPAL BROKERS TO

 THE ISSUE

Comtech Computocrats Pvt. Ltd0. R K Relan & Co.

B-1 19, Kalkaji, Member Delhi Stock Exchange,

New Delhi-1 10 019 United India Life Building,

 F-Connaught Place,

 New Delhi- 110 001.

**(a) Underwriters**

Out of the Public Issue of 11,40,000 Equity Shares of Rs. 10 each offered in terms of this Prospectus, 9,90,000 Equity Shares of Rs. 10 each aggregating Rs. 99,00,000 have been underwritten as under:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name and Address Nominal Value

of Underwriters of Equity Shares

 Underwritten

 (Rs. in lakhs)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

A. FINANCIAL INSTITUTIONS

 Industrial Finance

 Corporation of India,

 Bank of Baroda Building 25.00

 16, Sansad Marg,

 New Delhi-1 10 001

 Industrial Development

 Bank of India,

 Nariman Bhawan,

 227, Vinay K Shah Marg, 25.00

 Nariman Point,

 Bombay-400 021

 The Industrial Credit 14.00

 and Investment Corporation

 of India Ltd.

 163, Backbay Reclamation

 Bombay-400 020

B. BANK

 Canbank Financial Services Ltd.

 1-E, Vandana Bldg.,

 Tolstoy Marg,

 New Delhi-1 10 001 5.00

C. BROKERS (ALSO BROKERS TO THE ISSUE)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name and Address of Amount of Underwriting

Underwriters (Rs. in Lakhs)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1 .

2.

3.

4.

5.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Contingent Underwriting**

The balance 1,50,000 Equity Shares of Rs. 10 each aggregating Rs. 15,00,000 reserved for preferential allotment to the Employees (including Indian Working Director)/Workers of the Company and those of promoter companies have been contingently underwritten as follows:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name and Address Nominal Value of

of Underwriter Equity Shares

 Underwritten

 (Rs. in Lakhs)

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

M R & Co

 15.00

New Delhi.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

All the above mentioned underwriting letters have been accepted by the Company on .................. In the opinion of the Board, the resources of all the above underwriters are sufficient, to enable them to discharge their respective underwriting obligation in full. No underwriting commission will be payable on the amount of the shares subscribed to by

the employees of the Company.

**Brokers to the Issue**

The following are the Brokers to the Issue in addition to the Brokers mentioned at Para C under the Caption Underwriters.

1 .

2.

3.

4.

5.

**Consents**

Consents in writing of the above mentioned Auditors, Legal Advisors, Bankers to the Company, Bankers to the Issue, Lead Managers to the Issue, Managers to the Issue, Advisors to the Issue, Registrars to the Issue, Principal Brokers to the Issue, Underwriters and Brokers to the Issue to act in their respective capacities have been obtained and filed with the Registrar of Companies ……….at……….along with a copy of this prospectus for registration as required under section 60 of the Companies Act, 1956 and none of them has withdrawn the consent until the time of delivery of copy of this prospectus to the said Registrar of Companies. M/s. X Y & Co., the Auditors of the Company have also given their written consent to inclusion of their report as also certificate of "The Tax Benefits" being included herein in the form and context in which these are included and the said consent has not been withdrawn until the time of delivery of a copy of this prospectus to the said Registrar of Companies ……….at……….……….

 ...............................

**History and business of the company**

The Company was incorporated under the 'Act' on……….as a Public Limited Company and obtained the Certificate of Commencement of Business on ....................... from the Registrar of Companies……….at………. The

main objects of the company are fully set out in its Memorandum and Articles of Association as also detailed later in this prospectus. The immediate object of the Company is to carry on the business of manufacturing televisions and electrical

appliances. The Company is presently engaged in setting up of a project for manufacture of 1,50,000……….per annum under a Joint Venture Agreement with R K Co. Ltd., ………..............and A B Co. Ltd., in technical collaboration with M/s ……….Co. Ltd., .................who are the major suppliers of to R K Co. Ltd .....................

**Promoters**

The Company is promoted by Shri……….A B Co. Ltd. and R K Co. Ltd., ...............under a Joint Venture agreement with financial and management participation. Shri N, Chairman of the Company is an eminent businessman and share broker having vast experience in the field of financial management. He is also Chairman of S M Industries Ltd., which is inter alia engaged in the manufacturing of .......................

Shri R, is a qualified Chartered Accountant. He has been successfully associated in business activities of manufacturing, finance, management of firms/Companies. He is the Managing Director of the Company since ……….and has been successfully and profitably managing the company. The Company has already sold over……….to utmost satisfaction of the market.

Shri A, the Managing Director of S M Industries Ltd., is a young and dynamic entrepreneur and having vast experience in the line of manufacture of……….Finance, Management and exports. He has been instrumental in the tremendous growth of S M Industries Ltd. Within a short time span of two years, the Company has achieved turnover of over Rs……….lacs with excellent Cash Profits of Rs ……….lacs in the very first full year of its working. During the current year, the said Company has already rewarded the shareholders by declaring handsome interim dividend of………. %.

S M Industries Ltd. is engaged in the business of supply of……….having sales network throughout India and abroad. This Company's turnover increased from Rs . .......... lakhs (Y.E. 30-6-86-5 months) to Rs ……….Lakhs (Y. E. 30-6-87) and the cash profit from Rs ……….Lakhs to Rs . ……….Lakhs for the aforesaid period respectively. It has also entered into export fields of various products made of leather. The company has declared an interim dividend of ……….% for the financial year ending on ……….in the very first full year of operations after allotment of Shares to the Public in .................

**A B Co. Ltd.**

A B Co. Limited, a Public Sector Company, is the largest manufacturer in the country of ………. and ……….with a licensed capacity to manufacture……….units per annum. Commencing in ……….in technical and financial collaboration with R K Company Ltd ........... A B has successfully captured a sizeable segment of the market demand for………. by introducing new models. A B has consistently exceeded its targetted production. A B has produced………. against the target of ……….in……….The turnover for the year ended……….was to the tune of Rs . ……….crores with a net profit of Rs ……….crores.

**R K Co. Ltd . .........**.

R K Co. Ltd., designs and manufactures………. R K's technological base is the production of reliable high quality………. For many years R K has produced……….and……….in overseas markets in conjunction with local partners. R K is introducing stylish new products tailored to customer requirements. The Company is emphasizing higher value-added products, such as special ............ ........... ……….The production of each new products reflects technological skills and prowess acquired over the three decades in the very competitive industry. Its net sales as on ……….stood at……….Billion on which it earned a net profit of Billion.

**Project and Location**

The Company has set up the plant at..........for the manufacture of ..........sets per annum in technical collaboration with M/s. K K Co. Ltd ...........The project will have financial participation of A B Co. Limited and R K Co. Ltd .. ...........

**Management**

The Company is being managed by the Board comprising of eminent persons with extensive experience in the fields of management, technology and finance.

The day-to-day operations of the Company are being looked after by Mr. R, Managing Director, who is being assisted by a team of qualified Managers having wide experience in various fields like technical, administration and finance, under the overall control and supervision of the Board of Directors.

**Collaboration**

K K Ltd ...........the manufacturers of……….to R K Co. Ltd.........would provide the technical assistance on non-exclusive basis for the manufacture of .................... providing technical advice for project installation, operations and maintenance of machines, moulds, technical experts and training of the Company's personnel. The technical agreement is for……….years. K K Ltd .........would be paid subject to Indian taxes payable in seven instalments. K K Co. Lt...........will also be paid royalty as under:

 (a) % on internal sales (except or supplied to A B Co. Ltd)

 (b) % on exports

subject to taxes for a period of four years during the period of agreement.

**Land**

The Company has acquired land measuring……….Sq. Mtrs. in the A B Co. Ltd. Complex in……….on long-term lease of 99 years. Being an ancillary industry of A B Co., it has a distinct advantage of being located within the A B Co. Complex, which would considerably reduce the transportation cost for finished goods. Further, the location is beneficial to the Company as the factory is to produce the product in close co ordination with A B Co.

**Building**

The civil construction of main factory building, utilities and service block is in the final stages of completion and is expected to be completed by .....................

**Raw Materials**

The Company has developed Vendors for regular supply of various raw materials on the basis of specifications given by the technical collaborators. K K Co. Ltd. and with the help of A B Co. Ltd. The imported raw material is available under O.G.L. under the present import policy of Government of India.

**Plant and Machinery**

The Company has made arrangement for all the plant and machinery as required and recommended by A B Co. Ltd. and R K Co. Ltd ..........for maintaining the quality and standards as original equipment supplier, similar to the Standards. All the plant and machinery required for the project has already been installed.

**Power**

The power required by the Company has been estimated at……….KVA which shall be met by……….from the existing sub-station located at a distance of 3 KM fromthe site and the Company has applied to……….for the power requirement. The Company has also an arrangement of a DG set, with a capacity of……….KVA. Besides this, A B has

also assured supply of 100% stand-by power.

**Water**

The requirement of water estimated at ……….Cubic Meter per day is proposed to be met from a tube-well already sunk at A B Co. Complex. The Company does not forsee any difficulty in the availability, storage and distribution of water for the project.

**Compressed Air/Steam**

For the requirement of compressed air, the Company has installed 3 compressors of 100 CFM each. The company has also installed an oil fired boiler of 355 Kg per hour to meet the steam requirement.

**Personnel and Training**

The total manpower requirement for the project is estimated at around .......... persons. The Company has already recruited……….persons. The Company does not forsee any difficulty in recruiting the rest of the staff and workmen as and when required.

 K K Co. Ltd ........... the technical collaborator have trained key personnel and other technical personnel in India as well as in……….as per the technical collaboration agreement.

**Effluents**

The Technical Collaborators have assured to the Company that the plant and machinery designed for........ .......and ……….manufacturing would not generate any harmful effluent. However, the Company has applied for renewal of provisional approval which was received from……….Board for the prevention and Control of Water Pollution.

 **Import licence**

The Company has obtained necessary import licence from the Chief Controller of Imports & Exports for Import of Capital Goods which have since been imported and installed.

**Status of project**

The project is being implemented in four phases. The first two phases were successfully completed in ……….and ……….respectively. The third phase has also been completed and the Company has carried out successful trial runs and the commercial production is expected to commence in the month of……….The fourth phase consisting of welding section is also expected to commence commercial production in ........... The Company has assembled and sold over ……….to the utmost satisfaction of the consumers.

**Market and Business Prospects**

The Company has got the market surveyed and there is a big market for the ........... ……….and ……….other domestic ……….and……….The Company is confident that it will be able to sell all the products manufactured by it. The Company has started advertising of its products through TV, Radio, Magazines, hoardings, newspapers and other means. The Company is also exploring the possibility of getting export orders from various countries.

**Profitability and Dividend**

The Board of Directors are of the opinion that barring unforeseen circumstances, the Company will be earning sufficient profit to pay dividend within reasonable period as the Company is already making cash profits.

**Working Capital**

The Company has already made arrangements with……….Bank for meeting its existing working capital requirements. The Company does not forsee any difficulty in obtaining any additional working capital finance from its bankers.

**Cost of the Project**

The total cost of the project has been estimated as under.

 Rs. in Lakhs

Site Development 1.00

Building 129.00

Plant and Machinery Imported 482.00

 Indegenous 53.00 535.00

Technical Know-how Fees 39.00

Expenses on foreign technicians and training of

Indian technicians abroad 5.00

Misc. fixed assets 75.00

Preliminary and Capital Issue Expenses 13.00

Pre-operative expenses 8.00

Provisions for Contingencies/Inflation 82.00

Margin Money for Working Capital 55.00

 \_\_\_\_\_

 942.00

 \_\_\_\_\_

**Means of Finance**

 The estimated project cost of Rs. 942 lacs is being met as under:

 Share Capital:

Promoters:- (Rs. in Lakhs)

Shri R & Associates 93.00

A B Co. Ltd. 46.50
R K Co. Ltd 46.50 186.00

Public Issue 114.00

Rupee Term Loan from IFCI under PFPS Scheme 570.00

Internal Accruals 72.00

 \_\_\_\_\_\_

942.00

 \_\_\_\_\_\_\_

**Rupee Term Loan**

 The...................................and ...........................being the lead institution have agreed to provide financial assistance,

inter alia on the following terms and conditions under PFPS vide their letter No . ............... dated and letter No …dated

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name of the Amount of Rate of Repayment Commitment

Institution Loan Interest Schedule Charges

(Rs. in lacs)

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

.......under the 14% p.a. on 24 quarterly (a) Up to 180

Project Finance principal instalments of days from the

Participation amount of loan Rs. 23.75 lacs date of letter of

Scheme in outstanding each payable on intent or upon

Participation with from time to 15th January the date of the

 ........ &……. time payable 15th April, 15th Bridge Loan

 ........ -228.00 quarterly each July and 15th agreement/loan

........ -228.00 year on 15th October each agreement,

........ -114.00 570.00 Jan., 15th April, year whichever is

15th July & commencing earlier-Nil

 15th October from 15th July, (b) For a period

 (The interim ......... of 365 days

 disbursement thereafter-1 %

 made out of the (c) After the

 Rupee Loan expiry of the

 shall carry 1% said period of

 additional 365 days-1/2%

 interest over and

 above the normal

rate after 365 days

from the date of

first disburse­

ment till the

claim of final

security)

Notes.-1. The Company also proposes to avail itself of bridge loan against Underwriting Assistance from the Institutions which shall be repaid out of the money to be received by the Company from its public issue.

2. The Company has availed Bridge Loan of Rs ……..lakhs from ……../ ……..against Term Loan assistance sanctioned for Rs. 570 lakhs by ……../ ……../ ……..The interest payable on the said bridge loan is 15% per annum and is secured by charge on movable fixed assets, present and future (save and except book debts) of the Company.

**Security**

The loan shall be secured by a first mortgage and charge on all the immovable and movable assets, present and future, of the Company in such form as may be required by institutions (subject to the prior charge on specified movables created/to be created in favour of the Bankers by way of security for borrowings for working capital).

**Other Statutory and General Information: Main Objects of the Company**

The main objects of the Company as set out in the Clause III(A) of the Memorandum of Association are as under:

1. To manufacture and/or deal in ............... ............... ...............and ……..

and to act as agents for manufacture of ............... .............. …….. and ……..

2. To acquire and hold by way of investment, shares, stocks, debentures, debenture stock, bonds, obligations or securities, by original subscription, participation in syndicate tender, purchase, exchange or otherwise and to deal in shares, stocks, debentures, debenture stock, bonds, obligations, units, securities and other investments.

**Objects of the Issue**

The objects of the present issue are to raise a part of the finance required for the Company's project as described earlier in the prospectus, to meet the expenses of the present issue, and for obtaining listing of the shares in Stock Exchanges.

**Minimum Subscription**

The minimum amount which in the opinion of the Board must be raised by the issue of Equity Shares in order to provide for the sums required in terms of the Act and in terms of this prospectus is Rs. 114 lacs, being the Face Value of 11,40,000 Equity Shares of Rs. 10 each proposed to be issued to the public as aforesaid. The Board of Directors will proceed to allot the equity shares on receipt of Rs. 64,50,000 being the amount payable on application at the rate of Rs. 5 per share on 9,90,000 equity shares offered to the public and payable at the rate of Rs. 10 per share on application on 1,50,000 equity shares offered on preferential allotment to employees (including Indian Working Directors)/workers of the Company and those of promoter companies. However, since the amount payable on application on the portion of equity shares that may remain unsubscribed by the employees, (including Indian working Directors)/workers of the Company and those of promoter companies and consequently be added to the equity shares offered to public is Rs. 5 per equity shares of Rs. 10 each, the minimum amount on receipt of which the Directors will proceed to allot the shares will change accordingly.

The subscription of the minimum amount is assured in view of the underwriting arrangements referred to hereinbefore.

**Auditors' Report**

The Directors, M/S . .............................

XY Co. Limited, Chartered Accountants,

............................. .............................

Dear Sirs,

We have examined the Accounts of X Y Co. Limited for the period ending on.............. (since incorporation), being the last date to which accounts have been made up, audited by us and adopted by the members. We have also examined and found correct, the Statement of Accounts of the Company for the period from ……..to ……..

In accordance with the requirements of clause 24 of Part 11 of Schedule 11 of the Companies Act, 1956, we report that the Profits & Losses, Assets and Liabilities of the Company are as set out below:

**A. Profit/Loss of the Company**

 We report that profit (losses) of the Company for the period from ……..to …….., and also the period from …….. to ……..are set out below and are subject to notes hereinafter.

For the period For the period

.............. ..............

Sales 6,52,30,378 1,24,38,869

Other Income 2,55,968 1,65,205

Increase (Decrease) in Stock 29,29,066 18,31,974

 \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_

Total (A) 6,84,15,412 1,44,36,048

Expenditure:

Raw Material Consumed 3,62,33,844 35,43,905

Operative and Administrative Expenses 90,08,494 75,50,262

Interest 38,81,922 18,05,780

Remuneration to Directors 37,200 36,000

 \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_

Total (B) 4,91,61,460 1,29,35,947

Profit before Depreciation

(A) - (B) 1,92,53,952 15,00,101

Less: Depreciation 27,61,344 51,59,584

 1,64,92,608 (36,59,483)

**B. Assets and Liabilities of the Company**

 We further report that the Assets and Liabilities of the Company as at ……..and at …….. (which is the last date to which the accounts have been made up) are set out below and subject to the notes hereinafter:

 As at As at

 ........... ……..

 (Amount in Rs.) (Amount in Rs.)

Fixed Assets:

Gross Block 7,11,80,356 1,91,86,611

Less: Depreciation 79,20,928 51,59,584

Net Block 6,32,59,428 1,40,27,027

Add: Work in Progress 41,15,522 46,04,535

 6,73,74,950 1,86,31,562

Know-how/Technical Information 16,01,191 25,61,906

Current Assets, Loans

and Advances:

Inventories 88,53,387 29,94,324

Sundry Debtors 64,09,701 15,14,954

Cash and Bank Balances 42,79,893 72,26,958

Loans and Advances 47,21,744 S6,02,097

Sub-Total 2,42,64,725 1,23,38,333

Less: Current Liabilities

and Provisions

Sundry Creditors and Other Liabilities 95,34,039 1,10,97,996

Advance against supplies

(against Bank Guarantee) 2,25,00,000 2,59,74,000

 3,20,34,039 3,70,71,996

Net Current Assets (77,69,314) (2,47,33,663)

Miscellaneous Expenditure:

Preliminary and pre-operative

Expenses (to the extent not

written off or adjusted) 4,10,405 42,77,195

 6,16,17,232 7,37,000

Represented by:

Share Capital (issued and

subscribed and paid up) 7,000 7 ,000

Share application money 55,50,000 7,30,000

Reserves and Surplus: 55,57,000

Balance as per last

Balance Sheet (36,59,483) 7,37,000

Add: Profit during the period 1,64,92,608 ---

 \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_

 1,28,33,125 7,37,000

Secured Loans:

From …….. 4,00,00,000 -----

From …….. 32,27,107 4,32,27,107 ------

 \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_

 6,16,17,232 7,37,000

 \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_

**C. Notes on Accounts of the Company**

1. The Company was incorporated on………………..and started Commercial production of ………………..for the first time on

2. Authorised share capital of the Company is Rs. 5,00,00,000 divided into 50,00,000 Equity Shares of Rs. 10 each.

3. Inventories are valued at cost or Market Price whichever is lower.

4.Depreciation has been changed on fixed Assets put to use in respect of the period from………………..to………………..on written down value method, as per Income-tax Rules, 1962.

5. No provision for Income-tax has been made taking into consideration the various deductions and allowances under the Income-tax Act, 1961.

6. (a) Bridge loans from financial institutions are secured by a charge over all present and future movable fixed assets (save and except Book Debts).

(b) Cash Credit from Bank is secured by hypothecation of stocks, collateral security of Book Debts and personal guarantee of Directors.

7. Capital work in progress includes advances for capital items like building material and electrical fittings.

8.Factory Building has been constructed on plot of land acquired from .................. on yearly lease of Rs ………………..for which lease deed is yet to be executed between the Company and

9. Payments towards lump sum consideration of technical know-how fee to technical collaborators has been.treated as deferred revenue expenditure.

10. Contingent Liabilities:

(a) Guarantees given by Banks on behalf of Company amounts to Rs . .................. lakhs in favour of Assistant Collector of Customs for Plant & Machinery.

(b) Contracts remaining to be executed on capital work in progress account and not provided for amounts to Rs . lakhs.

(c) Letter of Credit opened in favour of Raw Materials supplier remaining outstanding as on amounting to

(d) The Company has not paid any dividend since its incorporation.

Yours faithfully,

Place…………….. For……………..

 Dated…………….. (Chartered Accountants)

Sd/­

Proprietor

(FCA)

**Expenses of the issue**

The expenses of the present issue including underwriting commission, brokerage, fees of the Managers and Registrars to Issue, Auditor's fees, stamp duty, printing, distribution and publicity expenses, registration fees, legal charges, bank charges and other miscellaneous expenses are estimated at Rs. 12 lakhs and will be met out of the proceeds of this issue.

**Underwriting Commission and Brokerage**

Out of the public issue of 11,40,000 Equity Shares the underwriting commission is payable at the rate of 2.5% to the underwriters on the nominal value of 9,90,000 Equity Shares offered in terms of this prospectus to the public for subscription and for the balance 1,50,000 Equity Shares reserved for preferential allotment to employees (including Indian Working Directors)/workers of the Company and of promoter companies underwritten contingently as mentioned earlier in this prospectus no underwriting commission is payable. However, in the event of under subscription of the preferential offer the amount so under subscribed will be added to the public offer and underwriting commission on such amount will be payable at the rate of 2.5% to such underwriter.

Brokerage @ 1.5% will be paid on the nominal value of Equity Shares on the basis of allotment made against the applications bearing the stamp of the members of recognised stock exchange in India. Brokerage at the same rate will also be payable to the Brokers and Bankers to the Issue in respect of allotments made against applications procured by them provided that the relevant application forms bear their respective stamps in the Broker's column. No Brokerage will be paid in respect of shares taken up by employees of the Company and associate companies from the amount reserved for them and applications made by the Institutions/Banks against their underwriting commitment or on the amounts devolving on them as underwriters consequent to the under-subscription of the issue.

**Fees Payable to the Lead Manager/Managers to the Issue**

The fees payable to the Lead Managers to the Issue, Canbank Financial Services Ltd., and Industrial Finance Corporation of India and Managers to the Issue. S K Investments & Financial Consultants are set out in their letters which are kept open for inspection during working hours at the Registered Office of the Company.

**Fees Payable to the Registrars to the Issue**

The fees payable to Comtech Computocrats Private Limited, as Registrars to the Issue are set out in their letter dated ……………..which is kept open for inspection.

**Previous Issue**

Except as stated in this prospectus, no previous issue of shares has been made since the date of incorporation of the Company.

**Issue otherwise than for Cash**

Except as stated in this prospectus, no shares have been issued or agreed to be issued by the Company otherwise than for cash since the incorporation of the Company.

**Previous Commission and Brokerage**

Save as mentioned in this prospectus, no sums have been paid or are payable as. commission or brokerage for subscribing or agreeing to subscribe or procuring or agreeing to procure subscription for any shares or any debenture of the Company since its incorporation.

**Option to Subscribe**

Except as otherwise stated in this prospectus the Company has not entered nor does it at present propose to enter into any contract or arrangement whereby any option or preferential right of any kind has been or is proposed to be given to any person to subscribe for any shares or any debentures of the Company.

**Payment or benefit to promoters and officers**

Except as stated elsewhere in this prospectus, no amount or benefit has been paid or agreed to be paid or given to any Officers or Promoters of the Company, since its incorporation save as normal remuneration, perquisites and reimbursement of the expenses for or in connection with their services rendered to the Company.

**Issue at a Premium or Discount**

No shares or debentures of the Company have been issued since its incorporation at a premium or at a discount nor does it presently propose to issue any shares or debentures at a premium or at a discount.

**Revaluation of Assets**

There has been no revaluation of the assets of the Company since its incorporation.

**Capitalisation of Reserves or Profits**

There has been no capitalisation of reserves or profits of the company since its incorporation.

**Classes of Shares**

The authorised share capital of the company consists of only one class of shares, namely equity shares.

**Redeemable Preference Shares and Debentures**

No debentures or redeemable preference shares have been issued by the Company since its incorporation.

**Purchase of Property**

Save as elsewhere stated in this Prospectus and in respect of the property purchased or proposed to be purchased or acquired or proposed to be acquired under the contracts referred to under the heading 'Material Contracts' there is no property which the Company has acquired or purchased or proposes to acquire or purchase which is to be paid for wholly or partly out of the proceeds of the present issue or the purchases or acquisition of which has not been completed on the date of this Prospectus other than property:

(a) The Contract for the purchase or acquisition whereof were entered into in the ordinary course of business of the Company, such contract not being made in contemplation of the present issue, nor the present Issue in consequence of such contract, or

(b) In respect of which the amount of the purchase money is not material except as stated elsewhere in this prospectus, the Company has not purchased any property in which any of its promoters or Directors had or have any direct or indirect interest or in respect of any payment made thereof.

**Main Provisions of the Articles of Association of the Company inter alia are as under:**

**Voting Rights**

Article 69 provides that on a show of hands, every member present in person and being a holder of Equity Shares shall have one vote and every person present either as a proxy on behalf of a holder of Equity Shares or as a duly authorised representative of a body corporate being a holder of Equity Shares, if he is not entitled to vote in his own rights, shall have one vote. On a poll the voting rights of a holder of Equity Shares shall be as specified in section 87 of the Act.

No Company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under section 187 of the Act is in force and the representative named in such resolution is present at the General Meeting at which the vote by proxy is tendered.

Article 71 provides that where there are joint holders any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting either personally or by proxy then that one of the said persons so present whose name stands prior in order on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.

Article 77 provides that no member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the company has, and has exercised any right or lien.

**Lien on Shares**

Article 30 provides that the Company shall have a first and paramount lien upon all the shares (not fully paid up) 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, and no equitable interest in any share shall be created except upon the footing and condition that Article 9 hereof is to have full effect. Unless otherwise agreed, the registration of a transfer of shares, shall operate as a waiver of the Company's lien, if any, on such shares.

**Forfeiture of Shares**

Article 21 provides that if any member fails to pay any call or instalment on or before the day appointed for the payment of the same, the directors may at any time thereafter, during such time as the call or instalment remains unpaid, serve a notice on such member requiring him to pay the sum together with any interest that may have accrued and expenses, that may have been incurred by the Company by reasons of such nonpayment.

Article 22 provides that the notice shall name a day not being less than 30 (thirty) days from the date of the notice and a place or places on and at which such call or instalment and such interest and expenses aforesaid are to be paid. The notice shall also state that in the event of non-payment on or before the time and at place or places appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.

Article 24 provides that when any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

Article 25 provides that any share so forfeited shall be deemed to be the property of the Company, and the Directors may sell, re-allot or otherwise dispose off the same in such manner as they think fit.

Article 27 provides that any member whose shares have been forfeited shall notwithstanding such forfeiture, be liable to pay and shall forthwith pay to the Company all calls, instalments, interest and the expenses, owing upon or in respect of such shares at the time of forfeiture together with interest thereupon, from the time of the forfeiture until payment, at 12 (twelve) per cent per annum or such other rate as the Directors may determine and the Directors may enforce the payment thereof without any deduction of allowance for the value of shares at the time of forfeiture but shall not be under any obligation to do so.

Article 28 provides that 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 of those rights as by these Articles are expressly saved.

**Restriction on Transfer of Shares**

Article 38 provides that notwithstanding anything contained in these Articles or in section 82 or section 111 of the Companies Act, 1956 (1 of 1956), but subject to the other conditions as set out in Article 41, a Company may refuse to register the transfer of any of its securities in the name of the transferee on any one or more of the following grounds and no other grounds, namely:

(a) That the instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the security has not been delivered to the Company or that any other requirement under the law relating to registration of such transfer has not been complied with;

(b) That the Transfer of Security is in contravention of any law;

(c) That the transfer of a Security is likely to result in such change in the composition of the Board of Directors, as would be prejudicial to the interest of the Company or to the Public interest;

(d) That the transfer of the security is prohibited by any order of any Court, Tribunal or other authority, under any law for the time being in force; and

(e) That the Company shall comply with the procedure as set out in Article 41 herein below.

Article 41 provides that the Company shall before the expiry of one month from the date on which the instrument of transfer was lodged with the Company or intimation given, send to the transferor and the transferee and the Company Law Board and the person giving intimation of such transfer, notice of such refusal.

Article 46 provides that the instrument of transfer shall be in writing and all the provisions of section 108 of the Companies Act, 1956 and/or any statutory modifications thereof for the time being shall be duly complied with in respect of all transfer of shares and the registration thereof.

**Borrowing Powers**

Pursuant to the provisions of section 293(l)(d) of the Act, a Resolution was passed at the General meeting held on ……………..according consent to the Board of Directors to borrow for the business of the Company, a sum of money (apart from temporary loans obtained, and/or to be obtained from Company's bankers in the ordinary course of business) not exceeding Rs, 15 crores over and above the paid up capital and free reserves, not set apart for any specific purpose of the Company.

**Modification of Rights**

Article 51 provides that if any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may whether or not the Company is being wound up, be carried with consent in writing of the holders of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate meeting the provisions of the Articles relating to general meeting shall apply, but so that the necessary quorum shall be two persons atleast holding or representing by proxy one-tenth of the issued shares of the class but so that if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum and that any holder of shares of the class present in person or proxy may demand a poll and, on a poll, shall have one vote for each share of the class of which he is the holder. The Company shall comply with the provisions of section 192 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar of Companies.

**Rights as to Dividend**

Article 114 provides that subject to rights of members entitled to shares (if any) with preferential or special rights attached to them, the profits of the Company from time to time determined to be distributed as dividend in respect of any year or other period shall be applied for payment of dividend on the shares in proportion to the amount of capital paid up on the shares provided that unless the Board otherwise determines all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which dividend is paid. Provided always that subject as aforesaid any capital paid up on a share during the period in respect of which a dividend is declared shall (unless the Board otherwise determines or the terms of issue otherwise provide, as the case may be), only entities the holder of such share to an apportioned amount of such dividend as from the date of payment but so that where capital is paid up in advance of calls such capital shall not confer a right to participate in profits.

Article 115 provides that the Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may subject to the provisions of section 207 of the Act fix the time for payment.

Article 116 provides that no large dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.

Article 117 provides that no dividend shall be payable except out of the net profits of the Company of the year or any other undistributed profits and no profits and no dividend shall carry interest against the Company.

Article 119 provides that the Directors may from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies.

Article 120 provides that the Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists subject to section 205A of the Act.

Article 124 provides that any one of the several persons who are members registered as a joint-holder of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such shares.

Article 125 provides that unless otherwise directed, any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or in the case of joint-holders to the registered address of that one whose name stands first on the Register in respect of the joint holding or to such person and such address and the member or person entitled or such joint-holders as the case may be, may direct and every cheque or warrant so sent shall be made payable at par to the person or to the order of the person to whom it is sent or to the order of other persons as the member or person entitled or such joint-holders, as the case may be, may direct.

Article 126A provides that any dividend remaining unpaid or unclaimed after having been declared shall be dealt in accordance with sections 205A and 205B of the Companies Act, 1956.

Article 126B provides that no unclaimed dividend shall be forfeited by the Board and the Company shall comply with the provisions of section 205A of the Companies Act, in respect of such dividend.

**Share Qualification**

As per Article 81, a Director shall not be required to hold any share qualification.

**Number of Directors**

Article 78 provides that the number of Directors shall not be less than three and not more than twelve.

**Nominee Director(s)**

Notwithstanding anything to the contrary contained in the articles, so long as any monies remain owing by the Company to the Public financial institutions as defined under section 4A of the Act, (hereinafter in this Article referred to as 'The Corporations') out of any loans, debenture assistance granted by the corporation to the Company or so long as the Corporation holds or continue to hold debentures/shares in the Company as a result of underwriting or by direct subscription or subscription by private placement or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint, from time to time any person or persons as a Director or Directors non-whole time or whole-time in the event of default, as specified in any agreements/contracts/deeds/ documents entered into between the Corporation and the Company which director or directors is/are hereinafter referred to as "Nominee Director(s)" on the Board of Company and to remove from such office any person appointed, and to appoint any person or persons in his or their place(s).

The Board of Directors of the Company shall have no power to remove from the office the Nominee Director(s). At the option of the Corporation, such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation, such Nominee Director/s shall not be liable to retirement by rotation of Directors, subject to aforesaid the Nominee Director/s shall be entitled to the same rights and privileges and be subject to, the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any monies remain owing the Company to the Corporation or Corporation holds or continue to hold debentures/shares in the Company, as a result of underwriting or direct subscription or subscription by private placement or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s, so appointed in exercise of the said power shall ipso facto vacate such office immediately, the monies owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold debentures/shares in the Company or on satisfaction of the liability of the Company, arising out of any guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and the Meetings of the Committee of which the Nominee Director/s is/are Members as also the minutes of such meeting. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company the fees, commission, monies and the remuneration in relation to such Nominee Directors shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

In case the Nominee Director appointed by the Corporation is a whole-time Director, such Nominee Director shall exercise such power and duties as may be approved by the Corporation and have such rights, as are usually exercised or available to a whole-time Director in the management of the affairs of the Company. Such Nominee Director shall be entitled to receive such remuneration, commission and monies, as may be approved by the Corporation and the Central Government.

Notwithstanding anything to the contrary contained in this Article, the number of "Nominee Directors" shall not exceed two.

**Alternate Directors**

Article 88 provides that subject to the provisions of section 313 of the Act, the Board may appoint any person to act as an alternate Director for a Director during the latter's absence for a period of not less than three months from the state in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate Director shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly, but he shall ipso facto vacate office if and when the absent Director returns to state in which meetings of the Board are ordinarily held or the absent Director vacates office as a Director.

**Casual Vacancy**

Article 86 provides that if any Director appointed by the Company in General Meeting vacates office of a Director before his term of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under section 284 of the Act.

**Additional Directors**

Article 80 provides that the Directors shall have power at any time and from time to time to appoint any person as a Director as an addition to the Directors but so that the total number of Directors shall not at any time exceed the maximum number fixed by the Articles, any director so appointed shall hold office only until the next Annual Meeting of the Company and shall be eligible for re-election.

**Remuneration of Directors**

Article 82 provides that each Director shall be entitled to be paid out of the funds of the Company by way of remuneration for his services not exceeding the sum of Rs. 500 (Rupees five hundred only) as may be fixed by Directors from time to time for every meeting of the Board of Directors attended by him. Subject to the provisions of the Companies Act, the Directors shall also be entitled to receive in each year a Commission @ 1 % (one per cent) of the net profits of the Company/to be computed in accordance with the provisions of the Companies Act, 1956 and such commission shall be divided among the Directors in such proportion and manner as may be determined by them. The Board may allow and pay to any Director who for the time being is resident out of the place at which any Meeting of the Directors may be held and who shall come to that place for the purpose of attending such meeting such sum as the Directors may consider fair and reasonable for his expenses in connection with his attending at the meeting in addition to his remuneration as above specified. If any Director being willing is appointed to an executive office either whole time or part time or be called upon to perform extra services or to make any special exertions for any of the purposes of the Company then subject to sections 198, 309, 310 and 314 of the Act the Board may remunerate such Director either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution to any other remuneration to which he may be entitled to.

**Managing Director**

Article 108 states that subject to the provisions of sections 197A, 269, 316 and 317 of the Act, the Board may, from time to time appoint one or more Directors to be Managing Director or Managing Directors of the Company and may, from time to time (subject to the provisions of any contract between him or them and the Company), remove or dismiss him or them from office and appoint another or others in his place or their places.

**Power of the Managing Director**

Article 111 states that, subject to the provisions of the Act, in particular to the prohibitions and restrictions contained in section 292 thereof, the Board may, from time to time, entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such powers for such time, and be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as it thinks fit, and the Board may confer such powers, either collectively with or to the exclusion of, and in substitution for any of the powers of the Board in that behalf and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

**Present Managing Director**

Mr. R the present Managing Director is holding the office since……………..to……………..which has been approved by the central Government vide their letter No. ……………..dated……………..

**Power of Directors**

Article 101 provides that, subject to the provisions of the Act, the control of the Company shall be vested in the Directors who shall be entitled to exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not hereby or by law expressly required or directed to be exercised or done by the Company in General Meeting but subject nevertheless to the provisions of any law and of these presents from time to time made by the Company in General Meeting: provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

**Indemnity**

Article 141 provides that, subject to the provisions of section 201 of the Act, every Director, Manager, Secretary and other Officer or employee of the Company shall be indemnified against and it shall be the duty of the Directors to pay out of the funds of the Company all costs, losses and expenses (including travelling expenses) which any such Directors, Manager or Secretary or other Officer or employee may incur or become liable to by reason of any contract entered into or any way in the discharge of his or their duties and in particular and so as not to limit the generality of the foregoing provisions against all bona fide liabilities incurred by him or by them as such Director, Manager, Secretary, Officer or employee in defending any proceeding whether civil or criminal in which judgment is given in his or their favour or he or they is or are acquitted, or in connection with any application under section 633 of the Act in which relief is granted by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the members over all other claims.

**Interest of Promoters and Directors**

All the promoters and directors of the Company are and they may be deemed to be interested in the Company to the extent of their shareholding in the Company. All the directors are also interested to the extent of sitting fees and other remuneration payable to them for attending meetings of the Board and committee thereof and travelling and other remuneration and reimbursement of expenses, if any, payable to them under the Articles of the company. Shri R, K and Z may be deemed to be interested to the extent of underwriting commission, brokerage, reimbursement of expenses, if any, payable to M/s. .........................and also to the extent of payments made or to be made to M/s......................for contract awarded to them for construction of factory building.

**Winding Up**

Article 139 provides that, if the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay to whole of the paid up capital such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

**Availability of Forms and Prospectus and Places of Acceptance**

Application form with copies of this prospectus may be obtained from the Registered Office of the Company, the Lead Managers to the Issue, Managers to the Issue, Advisors to the Issue, the Underwriters, Brokers to the Issue and the Bankers to the Issue named herein, whose addresses are given in the prospectus and from the branches of the Bankers to the issue as stated in the application form.

Applications must be made on the Application Form accompanying the prospectus in accordance with the instructions contained therein and if not so made, will be liable to be rejected.

Application Forms duly completed together with the amount payable on application must be lodged before the close of the subscription list with any of the Bankers to the Issue named in this Prospectus or at any of the branches mentioned in the Application Form and NOT with the Company or the Lead Manager to the Issue, Manager to the Issue, Advisors to the Issue or the Registrars to the Issue. For further instructions please read the application form carefully.

**Eligibility**

Application must be made only:

(a) On the prescribed Application Form accompanying this Prospectus and in accordance with the instructions contained herein and in the Application Form;

(b) For a minimum of 100 Equity Shares or in multiple thereof;

(c) In single name or in joint names (not more than three);

(d) By INDIAN NATIONALS RESIDENT IN INDIA, Limited Companies, statutory corporations or statutory institutions, all being incorporated and resident in India.

**Non-eligibility**

Applications in the name of minors, foreign nationals, non-residents, partnership firms, sole proprietory concerns, or trust (unless the trust is registered under the Societies Registration Act of 1860 or any other applicable trust law and is authorised under its constitution to hold equity share in a Company) or the nominee of any of them will be rejected.

**Joint Application**

In case of joint applications, refund/pay orders, if any, dividend warrants, etc. will be made out in the name of the first applicant and all communications will be addressed to the person whose name appears first at his/her address stated in the Application Form.

**Criteria for Rejection**

An applicant should submit only one application (and not more than one) for the total number of shares required. Applications may be made in single and/or joint names (not more than three). Two or more applications in single and/or joint names will be deemed to be multiple applications if the sole and/or first applicant is one and the same. The Board reserves the right to reject in its absolute discretion all or any multiple applications.

**Application under power of attorney**

In the case of applications under Power of Attorney or by limited companies or corporate bodies, the relevant Power of Attorney or the relevant authority to make the application as the case may be or a duly certified copy thereof, must be attached to the Application Form or lodged separately at the office of the Registrars to the Issue simultaneously with the submission of the Application Form.

**Receipt of money**

Payment shall be made in cash or by cheque or by Bank Draft or stock-invest. Money Orders and Postal Orders will not be accepted. Cheques or Bank Drafts should be drawn on any Bank, (including a co-operative Bank), which is situated at and is a member or sub-member of Banker's Clearing House located at the place where the Application Form is submitted. Out-station cheques or Bank Drafts will not be accepted and applications accompanied by such cheques or Bank Drafts will be rejected.

All cheques or Bank Drafts must be:

(i) made payable to the Bankers to the issue with whom the application is lodged;

(ii) marked "A/C X Y Co. - EQUITY ISSUE" (for example……………..BANK-A/C X Y CO. EQUITY ISSUE"; and

 (iii) crossed "A/C PAYEE ONLY".

A separate cheque or Bank Draft must accompany each application form. Bankers to the Issue receiving the Application will acknowledge receipt by stamping and returning to the applicant the acknowledgment slip at the bottom of each Application.

**Allotment and Refunds**

Allotment Letters or share certificate(s) or Letters of Regret as the case may be, together with Refund Orders, if any, will be despatched by Registered post within 2 months from the date of the closing of the subscription list or in the event of unforeseen circumstances, within such further time as may be allowed by the Stock Exchange at ……………..

The Board reserves full, unqualified and absolute right to accept or reject any application in whole or in part thereof and in either case without assigning any reason therefor. If any application is rejected in full, the whole of the application money received will be refunded.

If an applicant is allotted lesser number of Equity Shares than applied for, the excess application money will be adjusted against money payable on allotment of Equity Shares and the balance, if any, will be refunded to the applicant in accordance with the provisions of section 73 of the Act.

Refund will be made by cheque or pay order drawn on any of the Company's bankers and will be payable at par at all the places where the applications are received or such places as may be approved by Stock Exchange at ……………..No interest will be payable on application money so refunded. All cheques, pay orders, Refund Orders and share certificates will be despatched to the applicant at his/her registered address by Registered Post at his/her own risk.

**Interest on Excess Application Money**

In terms of the guidelines issued by Government of India, Ministry of Finance, vide their letter No ……………..dated as modified vide letter No. F. …………….........dated……………..addressed to the Stock Exchanges, interest will be paid

to the applicant at the rate of 15% per annum on the excess application money for the delayed period beyond ten weeks from the date of closure of subscription list. Interest in case of application money shall be calculated as per the guidelines set out in aforesaid letters.

**Material Contracts and Inspection of Documents**

The contracts referred to in para (A) below (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of the prospectus) which are or may be deemed to be material have been entered into by the Company since its incorporation. Copies of these contracts together with copies of documents referred to in para (B) below, all of which have been attached to the copy of this prospectus which has been delivered to the Registrar of Companies……………..at……………..for registration may be inspected at the Registered Office of the Company between 11 A.M. and 1 P.M. on any working day except Saturday until the date of closing of the subscription list.

**(A) Material Contracts**

 1. Joint Venture agreement dated……………..with A B Co. Limited and RR Co. Ltd ................................

 2. Technical collaboration Agreement dated……………..with K K Co. Ltd...............

 3. (i)Letter dated ……………..and……………..addressed to the Company by Canbank Financial Services Ltd. and

Industrial Finance Corporation of India respectively offering their services to act as Lead Managers to the Issue.

(ii)Letter dated……………..addressed to the Company by S Investment and Financial Consultants offering their services to act as Managers to the Issue and

(iii) Letter dated……………..addressed to the Company by R Management & Financial Consultants Private Limited offering their services to act as Advisors to the Issue and the Company acceptance thereof.

4. Letter dated from Comtech Computocrats Private Ltd. offering to act as Registrar to Issue and the Company's acceptance thereof.

5. Underwriting letters/agreements referred to in this prospectus and the Company's acceptance thereof.

6. Letter No ……………..dated……………..and No ……………..dated …………….. issued by…………….. sanctioning term loan of Rs……………..lacs and underwriting of Rs. ……………..lacs as amended in terms of letter

No ……………..dated……………..under Project Financing Participation Scheme (PFPS) with……………..and ……………..

7. Bridge Loan Agreement and Hypothecation deed both dated ……………..executed in favour of……………..for Rs . ……………..lacs against the Bridge Loan of Rs . ……………..lacs secured from ...................

**Purchase Order**

The details of the purchase orders of the value of which exceeds Rs. 5 lacs is given below:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Sr. Name of Description Estimated Value Date of Order/

No. Supplier/ of Contract/Order Contract

Contractor

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1 2 3 4

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Imported**

1 S.C. Co. \_\_\_\_\_\_\_\_\_\_ …………….. \_\_\_\_\_\_\_\_\_\_\_

 ..................

 (Rs …..Lacs)

 2. S.C. Co. \_\_\_\_\_\_\_\_\_\_ …………… \_\_\_\_\_\_\_\_\_\_\_

 (Rs …..Lacs)

 3. S.C. Co. \_\_\_\_\_\_\_\_\_\_ …………….. \_\_\_\_\_\_\_\_\_\_\_

 ..................

 (Rs …..Lacs) \_\_\_\_\_\_\_\_\_\_\_

 4. S.C. Co. \_\_\_\_\_\_\_\_\_\_ ……………..

 ..................

 (Rs …Lacs)

 \_\_\_\_\_\_\_\_\_\_ ……………..

 ..................

 (Rs ……Lacs)

5. S.C Co. \_\_\_\_\_\_\_\_\_\_\_ …………….. \_\_\_\_\_\_\_\_\_\_\_

 (Rs ……Lacs)

**Indigenous**

 (Rs. in lakhs)

1 V.M. Limited \_\_\_\_\_\_\_\_\_\_\_\_\_ ……………. \_\_\_\_\_\_\_\_\_\_\_

2. S.R. Limited \_\_\_\_\_\_\_\_\_\_\_\_\_ ……………. \_\_\_\_\_\_\_\_\_\_\_

3. R.P. Chowdhary \_\_\_\_\_\_\_\_\_\_\_\_\_ …………… \_\_\_\_\_\_\_\_\_\_\_

contractor

4. R. Anand, \_\_\_\_\_\_\_\_\_\_\_\_\_ …………… \_\_\_\_\_\_\_\_\_\_\_

Engineers and consultants

5. Y. Singh, Associates \_\_\_\_\_\_\_\_\_\_\_\_\_ …………… \_\_\_\_\_\_\_\_\_\_\_

6. Jaykar & Co. \_\_\_\_\_\_\_\_\_\_\_\_\_ …………… \_\_\_\_\_\_\_\_\_\_\_

(3.5% of total cost of the project including civil, electrical, sanitary and mechanical fees)

**(B) Documents for Inspection**

1. Memorandum and Articles of Association of the Company.

 2. Certificate of Incorporation dated............... .

 3. Certificate of Commencement of Business dated……………..

4. Consents from Bankers to the issue, Auditors of the Company, Lead Managers to the Issue, Managers to the Issue, Principal Brokers to the issue, Advisors to the Issue, Registrars to the Issue, Legal Advisors to the Company, Bankers to the Company and Brokers to the Issue referred in this Prospectus.

5. Auditor's Report dated…………….. .

6. Copy of the Resolutions passed in the Extraordinary General Meeting held on ...............under section 293(l)(d) and Copy of the Resolution under section 293(l)(a) passed in the Extraordinary General meeting hold on ……………..

7. Letter No……………..dated ……………..from Government of India approving the appointment and payment of remuneration to Shri R, the Managing Director and also the copy of The Resolution passed in the Extraordinary General Meeting on……………..for enhancement of remuneration payable to Managing Director, subject to approval of Central Government.

8. Acknowledgment Card No ……………..dated ……………..and letter dated……………..issued by SEBI for the issue.

9. Copy of the approval of Technical Collaboration vide letter No……………..dated ...................and Letter No……………..dated……………..issued by Ministry of Industry and Reserve Bank of India respectively.

10. Copies of the Capital Goods Import License No ……………..dated received from the Chief Controller of Imports & Exports for Import of Capital Goods.

 11. Certificate of Tax Benefits dated……………..from the Auditors of the Company.

12. Approval from Reserve Bank of India vide letter No ……………..dated ……………..agreeing in Principle for issue of 4,65,000 equity shares of Rs. 10 each to R K Co. Ltd., ……………..along with copy of the approval letter No ……………... dated ……………..issued by the Ministry of Finance for proposed investment by R K Co. Ltd .............in

the Company.

13. (a) Application No ……………..dated…………….. filed with……………..for granting sanction of Electrical Connection for 1,000 KW load.

(b) Assurance Letter No …………….. dated……………..of A B Co. Ltd. For uninterrupted power supply.

14. Provisional approval dated……………..by Prevention of Water Pollution Board, ……………..for the Prevention and Control of Water Pollution for water and the renewal application.

15. Power of Attorney from Directors regarding signing/corrections of the Prospectus.

16. Letter from Company's banker sanctioning ad-hoc working capital limits, vide their letter No.................dated……………..

**Issue of Share Certificate**

Equity Shares Certificate(s) will be ready for delivery within three months from the date of allotment and will be exchanged against letter(s) of allotment issued, if any.

**Basis of Allotment**

In the event of the Issue of Equity Shares now being offered to the public for subscription being over-subscribed, the basis of allotment will be finalised in consultation with the Stock Exchange at ..............

Signed by:

Shri N

Shri R

Shri A

(By his constituted Attorney R)

Place ....................

Date ....................