

# MASHA

## CONSTRUCTION LIMITED

Registered Office : 4, Shastri Nagar, NEEMUCH (M.P.) - 458 441. Tel. : (07423) 20973.

**Public Issue of 13,50,000 Equity Shares of Rs. 10/- each  
for cash at par aggregating Rs. 135.00 lacs.**

### ISSUE HIGHLIGHTS

1. The company intends to carry out the work of construction of residential and commercial complexes and townships. Presently, it is developing a residential complex with the proposed construction area of 5,00,000 square feet.
2. Tax Benefits under Section 80M to the company and under Section 80L of the Income Tax Act, 1961 to the members and also Gift and Wealth Tax benefits.
3. Listing at M.P. Stock Exchange at Indore.

### RISK FACTORS

#### INTERNAL

1. In the absence of any financial stake in the project of any Financial Institutions / Banks, there shall be no monitoring of funds raised through this issue and Deployment of Funds raised through this issue shall be left entirely at the sole discretion of the promoters.

**MANAGEMENT PERCEPTION:** As the promoters are having a substantial stake in the company, they will ensure that the funds are deployed in a judicious manner to get optimum returns.

2. Any time delay in execution of the projects will affect the profitability of the company.

**MANAGEMENT PERCEPTION:** The company will make all efforts for the timely completion of the projects.

3. Promoters are first generation entrepreneurs and it is their first ever public issue.
4. Though the company is into construction industry, the company does not possess any infrastructure (machinery) required for the construction activity.

**MANAGEMENT PERCEPTION:** The company will be sub-contracting the infrastructure once it starts the construction activities.

5. The working capital requirements of the company have not been appraised by the principal banker of the company.
6. The entire working capital requirement is proposed to be financed from the issue proceeds.

#### EXTERNAL

1. Profitability may be affected on account of competition from existing and prospective players in the same line of operations.
2. Changes in Government Policies may have a bearing on the profitability of the company. The current Government policies being favourable to the growth of the economy, the management does not foresee any change in the same.
3. The profitability of the company could be affected by the vagaries of climatic conditions prevailing at the time of the execution of the project.

LEAD MANAGER TO THE ISSUE

REGISTRARS TO THE ISSUE

ADVISOR TO THE ISSUE



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**ISSUE OPENS ON : TUESDAY, 9TH JULY, 1996**

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# MA-SHA CONSTRUCTION LIMITED

(Incorporated as a Public Limited Company on 29th April 1993 with Registrar of Companies, Madhya Pradesh, Gwalior and obtained Certificate of Commencement of Business on 20th December, 1995.)

Registered Office : 4, Shastri Nagar, NEEMUCH (M.P.) - 458 441.  
Tel. : (07423) 20973

## GENERAL INFORMATION

### LICENCE & APPROVALS

No licence is required and no registration with any authority is required. The National Housing Bank (NHB) guidelines are not applicable to the company because the company is not proposing to avail refinance or any form of financing from NHB for the proposed project.

### DISCLAIMER CLAUSE

It is to be distinctly understood that the vetting of the Offer Document by 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 correctness of the statements made or opinions expressed in the Offer Document. SEBI has vetted the Offer Document filed with it for a limited purpose of overseeing, whether the disclosures contained therein are generally adequate and in conformity with SEBI Guidelines for Disclosure and Investor Protection for the time being in force. 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 Offer Document, 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 ARYAMAN FINANCIAL SERVICES LIMITED has furnished to SEBI a Due Diligence Certificate dated January 17, 1996 in accordance with SEBI (Merchant Bankers) Regulations 1992 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 materials in connection with the finalization of the draft prospectus 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, independent verification of the statements concerning the objects of the issue, projected profitability, price justification and the contents of the documents mentioned in the Annexure and other papers furnished by the Company.

#### WE CONFIRM THAT :

- (a) The draft prospectus forwarded to SEBI is in conformity with the documents, materials and papers relevant to the issue ;
  - (b) All the legal requirements connected with the said issue as also the guidelines, instructions, etc. issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with ;
  - (c) The disclosure made in the draft prospectus are true, fair and adequate to enable the investors to make a well informed decision as to the investment in the proposed issue.
- (3) We confirm that besides ourselves, all the intermediaries named in the prospectus are registered with SEBI and that till date such registration is valid."

This acknowledgement does not, however, absolve the company from any liabilities under Section 63 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 (merchant banker) any irregularities or lapses in the offer document.

## FILING

A copy of this Prospectus, having attached thereto the documents as required to be filed under Section 60 of the Companies Act, 1956 has been delivered for registration to the Registrar of Companies, Madhya Pradesh, Gwalior

## LISTING

Applications have been made to M.P. Stock Exchange at Indore for permission to deal in and for an official quotation of the Equity Shares of the Company now being offered for subscription in terms of this Prospectus.

## STATEMENT FROM THE ISSUER

THE COMPANY ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THE PROSPECTUS OR IN THE ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF US AND THAT ANY ONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WILL BE DOING SO AT HIS OWN RISK.

The Promoter/Directors viz: Shri. Jyoti Prakash Bapna confirm that no information/material likely to have bearing on the decision of investors in respect of shares offered in terms of this prospectus offer document has been suppressed/withheld and/or incorporated in the manner that would amount to mis-statement/mis-representation and in the event of it transpiring at any point of time till allotment/refund as the case may be, that any information/material has been suppressed/withheld amounts to mis-statement/mis-representation, the promoters/directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter, without prejudice to the provisions of Section 63 of the Companies Act.

## CAUTION

1. Attention of applicants is specifically drawn to the provisions of sub-section (1) of Section 68-A of the Companies Act, 1956 which are reproduced below :

"Any person who :

- (a) Makes in a fictitious name an application to the 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."

#### MINIMUM SUBSCRIPTION

IF THE COMPANY DOES NOT RECEIVE THE MINIMUM SUBSCRIPTION OF 90% OF THE ISSUED AMOUNT ON THE DATE OF CLOSURE OF THE ISSUE, THE COMPANY SHALL FORTHWITH REFUND THE ENTIRE SUBSCRIPTION AMOUNT RECEIVED FOR DELAY BEYOND 78 DAYS, IF ANY, IN REFUND OF SUCH SUBSCRIPTION, THE COMPANY SHALL PAY INTEREST AS PER SECTION 73 OF THE COMPANIES ACT, 1956.

#### ALLOTMENT/REFUNDS

Allotment Letter(s)/Share Certificate(s) will be despatched to the applicant's registered address by Registered Post within 10 weeks of the closing of the subscription list.

The Company shall ensure despatch of Refund Orders of value over Rs.1,500/- and Share Debenture Certificates by Registered Post only and adequate funds for the purpose will be made available to the Registrars. And if such money is not repaid within 8 days from the day the Company becomes liable to pay for it, the Company and every Director of the Company who is an officer in default shall, on and from the expiry of the eighth day be jointly and severally liable to repay that money with interest @ 15% per annum as prescribed under the provisions of Section 73 (2) & (2A) of The Companies Act, 1956.

Refunds will be made by Account Payee cheques or pay orders, drawn on the Company's bankers and bank charges, if any, for encashing such cheque or pay orders will be borne by the applicants. Such cheques or pay orders will however, be payable at par at the places where applications are received. PLEASE NOTE THAT THE ALLOTMENT LETTERS, REFUND ORDERS, SHARE CERTIFICATES SHALL BE DESPATCHED AS PER THE PREVAILING POSTAL RULES.

#### ISSUE PROGRAMME

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS AND WILL CLOSE AT THE CLOSE OF BANKING HOURS ON THE DATES AS MENTIONED BELOW 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 THE DATE MENTIONED AGAINST THE CAPTION "EARLIEST CLOSING".

FOR INDIAN PUBLIC				
ISSUE OPENS ON	:	TUESDAY,	09TH	JULY, 1996
EARLIEST CLOSING	:	FRIDAY,	12TH	JULY, 1996
CLOSING NOT LATER THAN	:	THURSDAY,	18TH	JULY, 1996

#### LEAD MANAGER TO THE ISSUE

##### ARYAMAN FINANCIAL SERVICES LIMITED

35, Atlanta, 3rd Floor,  
Nariman Point,  
MUMBAI - 400 021.  
Tel. : 282 6464/65/66.  
Fax : (022) 282 64 67.

#### REGISTRARS TO THE ISSUE

##### SYNERGY COMPUTERS

209, City Centre,  
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#### ADVISOR TO THE ISSUE

##### R.K. DUNGARWAL & CO.

Chartered Accountants  
308, Chetak Centre,  
12/2, R.N.T.Marg,  
INDORE - 452 001  
Tel. : (0731) 430 224.  
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#### AUDITOR TO THE COMPANY

##### R.K. DUNGARWAL & CO.

Chartered Accountants,  
308, Chetak Centre,  
12/2, R.N.T.Marg,  
INDORE - 452 001.  
Tel. : (0731) 430 224  
Fax : (0731) 435 091.

#### CREDIT RATING

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

#### TRUSTEES

Since the proposed issue is of Equity Shares only, no trustee is required to be appointed.

#### UNDERWRITERS

The public issue of 13,50,000 equity shares of Rs.10 for cash at par aggregating to Rs 135 Lacs offered for subscription in terms of this prospectus has not been underwritten in accordance with the press release issued by IMARP Department of SEBI dated 10TH October, 1994. If the minimum subscription of 90% of the offer to the public is not received, the entire amount received as subscription would be refunded in full by the company.

## II. CAPITAL STRUCTURE OF THE COMPANY

SHARE CAPITAL	NOMINAL VALUE (Rupees)
<b>A. AUTHORISED</b>	
55,00,000 Equity Shares of Rs. 10/- each for cash at par.	5,50,00,000
<b>B. ISSUED, SUBSCRIBED AND PAID-UP</b>	
25,50,070 Equity Shares of Rs. 10/- each for cash at par.	2,55,00,700
<b>C. PRESENT ISSUE</b>	
26,99,930 Equity Shares of Rs.10/- each for cash at par.	2,69,99,300
<b>D. OUT OF THE PRESENT ISSUE</b>	
13,49,930 Equity Shares of Rs.10/- each for cash at par are reserved for firm allotment to promoters, directors, their friends, relatives and associates	1,34,99,300
<b>E. NOW OFFERED IN TERMS OF THIS PROSPECTUS</b>	
13,50,000 Equity Shares of Rs.10/- each for cash at par.	1,35,00,000
<b>F. NET OFFER TO THE RESIDENT INDIAN PUBLIC</b>	
13,50,000 Equity Shares of Rs.10/- each for cash at par.	1,35,00,000
<b>G. PAID-UP CAPITAL AFTER THE PRESENT ISSUE</b>	
52,50,000 Equity Shares of Rs.10/- each for cash at par.	5,25,00,000

### NOTES :

- (a) The promoters, their friends and relatives are holding 100% of its present paid-up capital. The promoters holding after the proposed public issue would be 74.28% of the issued capital. The contribution by the promoters under category (D) above shall be brought in at least one day before opening of the issue.
- (b) Each application under Category (D) above will be for Rs.1,00,000/- and above if from corporate bodies / firms who are not business associates and for Rs. 25,000/- and above if from individuals & corporate bodies/firms who are business associates.
- (c) Lock-in period of the promoters shares shall be as follows :

Reference in Capital Structure	No. of shares	Price (Rs.)	Date of Allotment	% of B (Pre- Issue)	% of G (Post- Issue)	Lock-in Period *	Consid- eration
B	70	10/-	29.03.93	00.00	00.00	NIL	Cash
B	25,50,000	10/-	03.11.95	100.00	48.57	NIL	Cash
D	37,430	10/-	PRESENT	-	00.71	3 YEARS	Cash
D	13,12,500	10/-	PRESENT	-	25.00	5 YEARS	Cash
<b>TOTAL</b>	<b>39,00,000</b>			<b>100.00</b>	<b>74.28</b>		

- (\*) The lock-in period for the shares proposed to be allotted in this issue commences from the date of allotment in this issue or the last date of the month in which the actual commercial production starts, whichever is later.
- (d) The company has not issued any bonus shares and no shares have been allotted for consideration other than cash.
- (e) In view of the new basis of allotment procedure prescribed by SEBI, in the event of oversubscription, the issue size may increase by a maximum of 10% of the net offer to Indian public to enable the allotment to each allottee to be rounded off to the nearest multiple of 100 Shares.
- (f) A minimum of 50% of the net offer of securities to the public shall initially be made available for allotment to individual applicants who have applied for allotment of 1000 or less than 1000 shares offered.
- (g) The balance 50% of the net offer of securities to the public shall initially be made available for allotment to investors, including corporate bodies / institutions, and individual applicants who have applied for allotment of more than 1000 shares offered.
- (h) The unsubscribed portion of the net offer to any one of the categories specified in (f) or (g) shall / may be made available for allotment to applicants in the other category, if so required.
- (i) The Authorised capital is as per the Memorandum and Articles of Association submitted to the Registrar of Companies.
- (j) The list of ten largest shareholders as on date is as under :

Sr. No.	Name of Holders	No. of Shares
1.	Mr. Jyoti Prakash Bapna	40000
2.	Mr. Dhansingh	40000
3.	Mr. Kailash	40000

4.	Mr. Chagan Singh	40000
5.	Mr. Dashriya	40000
6.	Mr. Mohansingh	40000
7.	Mr. Dulichand	40000
8.	Mr. Dinesh Chandra	40000
9.	Mr. Pratap Singh	40000
10.	Mr. Hira Lal	40000

#### SHARE HOLDING PATTERN AFTER THE ISSUE

The Share holding pattern after the issue would be as follows :-

	Amount (Rs. lacs)	(%)
Promoters	390.00	74.28
Public	135.00	25.72
	525.00	100.00

### III. TERMS OF THE PRESENT ISSUE

#### AUTHORITY FOR THE PRESENT ISSUE

Pursuant to Section 81 (1-A) of the Act the present issue has been authorised by a Special Resolution passed at the Extra-Ordinary General Meeting held on November 1, 1995.

#### TERMS OF THE PRESENT ISSUE

The Equity Shares now being offered are subject to the provisions of the Act, terms of this Prospectus, the Application Form and the Memorandum and Articles of Association of the Company (hereinafter referred to as the 'the Memorandum' and 'the Articles' respectively). Over and above such terms and conditions, the Equity Shares shall also be subject to the guidelines issued by the Stock Exchanges and/or any other Government Agency.

#### TERMS OF PAYMENT

Applications for resident Indian must be for a minimum of 500 shares and/or in the multiples of 100 shares thereof. The amount payable per shares will be as under:

	On Application	On Allotment
By Resident Indian	5/-	5/-

Where the applicant is allotted lesser no. of equity shares than he has applied for, the excess amount will be adjusted towards allotment money payable on the Equity shares allotted to him and the balance amount, if any, thereafter will be refunded to the applicant without interest within 10 weeks from the date of closure of the subscription list in terms of Section 73 (2) & (2A) of the act.

#### RANKING OF EQUITY SHARES

The Equity Shares, as aforesaid, shall rank pari passu with the existing Equity Shares of the Company save and except that they shall rank for dividend, if any, which may be declared in proportion to the amount paid up and pro-rata for the period from the date of allotment till the end of the relevant financial year in which the new Equity Shares are issued.

#### FORFEITURE OF SHARES

Failure to pay the amount due on allotment and / or call(s) on or before date(s) fixed for such payment will render the shares (including the amount already paid-up thereon) liable to forfeiture in accordance with the provisions contained in the Articles of Association of the company and as per the provisions of the Companies Act, 1956 and the rules made thereunder from time to time. The board shall be at liberty to re-issue / sell / dispose off the shares so forfeited to any person / persons as it may in its absolute discretion deem fit.

#### RIGHTS OF EQUITY SHAREHOLDERS

The Equity Shares hereby issued are subject to the terms of this

prospectus, the relevant Application Form and the Memorandum and the Articles of Association of the Company, the guidelines for listing of securities issued by the Government of India from time to time and the provisions of the Act.

#### AVAILABILITY OF PROSPECTUS AND APPLICATION FORMS

Application forms with copies of this Prospectus may be obtained from the Registered Office of the Company, the Lead Managers and Bankers to the Issue as stated on the reverse of the Application Form. Copy of the Prospectus will be available on request from the registered office of the company or from the Lead Managers to the Issue.

#### PROCEDURE FOR APPLICATION

##### A. APPLICATION BY RESIDENT INDIAN PUBLIC

- Applications must be made only:
  - by Indian Nationals resident in India.
  - on the prescribed Application Form (WHITE COLOUR) accompanying this Prospectus and/or Memorandum containing salient features of the Prospectus and completed in full in BLOCK LETTERS IN ENGLISH, except signatures, in accordance with the instructions contained herein and in the Application form and are liable to be rejected if not so made.
  - for a minimum of 500 Shares and in multiples of 100 thereafter.
  - in single name or joint names (not more than three) and
  - in the name(s) of resident Indian individuals, limited companies, statutory corporations or institutions and NOT in the names of minors, foreign nationals, Non Residents, Trusts unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorised under its constitution to hold Shares and Debentures in a Company, partnership firms or their nominees.

##### APPLICATION WHICH ARE NOT COMPLETED IN EVERY RESPECT ARE LIABLE TO BE REJECTED

- Payment should be made by cash / cheque / bank draft / Stockinvest. Money orders / Postal orders will not be accepted. Cheques or Bank Drafts should be drawn on any Bank (including a State Co-operative Bank included in the second schedule to the Reserve Bank of India Act, 1934) which is situated at and is a Member or Sub-member of the Bankers' Clearing House located at the place where the Application Form is submitted.

Outstation Cheques or Bank Drafts will not be accepted and applications accompanied by such Cheques or Bank Drafts will be rejected. A separate cheque or bank draft / stockinvest must accompany each Application Form. All cheques/bank drafts must be made payable to the Bankers to issue with whom the application

is lodged and marked "A/c. MCL - EQUITY ISSUE - PUBLIC" and crossed "Account Payee Only" (for example, "Punjab National Bank - A/c. MCL - EQUITY ISSUE - PUBLIC"). Stockinvest should be made payable to the Issuer Company only.

- a) A separate cheque/bank draft/stockinvest must accompany each application form.
- b) All application forms duly completed together with cash/cheques/bank drafts/stockinvest for the amounts payable thereon, must be delivered before the closure of the subscription list to any of the Bankers to the Issue named herein or to any of the branches of Bankers to the Issue at the places mentioned against their name in the application form and not to the Company or the Lead Managers or the Registrars to the Issue.
- c) The applicants must mention the application form number on the reverse of the instrument used for payment. This is to avoid misuse of the instrument submitted along with the application.
- d) The applicant must fill in the relevant column in the application form giving particulars of savings bank/current account number and the name of the bank with whom such account is held to enable the Registrars to print the said details in the refund orders, after the names of the payee.

#### APPLICATION FORMS WITHOUT THE BANK ACCOUNT NUMBER ARE LIABLE TO BE REJECTED

No receipt will be issued for the application money. However, the Bankers to the Issue and/or their Branches receiving the applications will acknowledge receipt by stamping and returning to the applicant the acknowledgement slip at the bottom of the Application Form.

**NOTE :** In respect of all the above categories, having regard to the provisions of Section 269 SS of the Income Tax Act, 1961, subscriptions against applications for the Equity Shares should not be effected in cash and must be effected only by A/c Payee cheques or A/c Payee bank drafts, if the amount payable is Rs.20,000/- or more.

**NOTE:** When an application for Equity Shares is of value of Rs.50,000 or more, the applicant or in the case of application in joint names each applicant should mention his/her Permanent Account Number (PAN) allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle, Ward, District. In case neither PAN nor GIR Number has been allotted mention of "Not Allotted" and the reason must be made in the place mentioned. Application Form without this information will be considered incomplete and is liable to be rejected.

In case payment is effected in contravention of this provision, the application money will be refunded without any interest.

#### INVESTORS RESIDING IN STATES / TOWNS OTHER THAN STATES / TOWNS IN WHICH COLLECTING BANKERS ARE NOT LOCATED

Investors applying for Equity Shares may remit an amount net of bank commission and Postal charges, if any, by Demand Draft payable at Indore, along with application form and lodge with the REGISTRAR TO THE ISSUE. The Demand Draft should be crossed and drawn in favour of "A/c. MCL - EQUITY ISSUE - PUBLIC" (for example, "Punjab National Bank - A/c. MCL - EQUITY ISSUE - PUBLIC").

#### GENERAL INSTRUCTIONS

##### PROCEDURE FOR PAYMENT BY MEANS OF STOCKINVEST

Stockinvest can be used in lieu of cash/cheques/bank drafts for making applications. Some details of the Stockinvest scheme are given below :

1. The applicant ("the investor") can use the instrument called stockinvest for payment of application money. Stockinvest can be obtained in denomination from any bank by making necessary applications and depositing the amount with respective bank. The applicant using stockinvest should submit the application form along with the instrument with any of the collection centres mentioned in the application form.
2. The investor shall give irrevocable authority to the issuer bank to mark in lien to the extent of the face value of stockinvest on his deposit account with the issuer bank.
3. The Stockinvest should be used within ten days from the date of issue and the last date before which the instrument is to be used is indicated on the face of the instrument. The currency of the stockinvest shall not exceed 4 months.

4. In the interest of investors, to avoid rejection of applications on technical grounds, it is suggested the applicant should ensure that :

- a. the date of issue of the stockinvest by the issuing bank is clearly mentioned on the instrument ;
- b. the instrument is duly signed by the authorised officer of the Bank giving his code number ;
- c. the stockinvest bears the code number and address of the issuing bank / branch ;
- d. any correction / alteration in the date of issue, amount, the name of the Company etc. should be attested by an authorized officer of the issuing Bank ;
- e. the applicant should clearly write the name of the company, the amount and sign the instrument. The signature on the instrument should tally with the specimen signature as appearing on the application form ;
- f. in case the stockinvest is purchased in joint account, the names of both the account holders should be mentioned in the instrument at the place mentioned for writing the name of the investor ;
- g. the amount written in the application form and value of the stockinvest instruments should be the same ;
- h. the investors should not hand over stockinvest taken against their own account to any third party. The stockinvest is intended to be utilized only by the account holder applicants and applications along with third party stockinvests are liable to be rejected.
- i. Stockinvest should be made payable to the Issuer Company i.e. **MA - SHA CONSTRUCTION LIMITED**.

Any application that is accompanied with a stockinvest where the name and signature of the first applicant on the application form does not tally with the name and signature on the Stockinvest, the application would be treated as accompanied by a third party stockinvest.

5. The investor shall provide necessary details, such as payee's name, amount, number of shares applied for, application form number etc., in the left hand portion of the stockinvest and his name and address in a box on the reverse of the stockinvest before depositing it with Bankers to the Issue.

In case a box is not provided on the reverse of the stockinvest for writing the name and address, an allonge may be obtained for the purpose and attached with the stockinvest to enable the Registrar's to return cancelled stockinvests directly to the investors.

6. As far as possible, the investors should use only one stockinvest along with each application for subscription to an issue.
7. Multiple applications under a single stockinvest will be rejected as each application is required to be accompanied by separate instrument.
8. The Company reserves the right to withhold the share certificates in case of applicants to whom shares have been allotted till the proceeds of stockinvest is credited to the Company's application money account.
9. The applicant should indicate the application number on the reverse of the instrument through which the payment is made.
10. Only individual investors and mutual funds can apply through stockinvest.

Enquiries relating to stockinvest may be addressed only to the Registrars and not to the issuing bank.

Registrars to the Issue have been authorized by the Company vide a Board Resolution passed on January 9, 1996, to sign on behalf of the Company for realizing the proceeds of the stockinvest of the successful allottees or to affix non-allotment advice on the instrument or to cancel the stockinvest of the non-allottee or partially successful allottees with more than one stockinvest. The cancelled instrument shall be sent back by the Registrars to the Investors directly.

#### MENTION OF BANK ACCOUNT IN THE APPLICATION FORM

Provision has been made in the application form for inserting particulars

relating to savings bank / current account numbers and the name of the bank with whom such account is held, to enable the Registrars to print the said details in the refund orders after the name of the payee. Applicant are advised to make use of this facility to avoid misuse of refund orders.

#### JOINT APPLICATION

An application may be made in single or joint names (not more than three). In the case of joint applications refund/pay orders (if any), dividends / interest warrants, etc. will be made out in favour of and all communications will be addressed to the applicant whose name appears first and at his / her address stated in the application form.

#### MULTIPLE APPLICATIONS

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 or joint names (not more than three). Two or more applications in sole 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 OR BY LIMITED COMPANIES

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, as the case may be, or a duly certified copy thereof, must be lodged separately quoting the reference number of the Application Form at the office of the Registrars to the issue, simultaneously with the submission of the application form, failing which the application form is liable to be rejected.

#### DISPOSAL OF APPLICATIONS AND APPLICATION MONEY

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 thereof. In case an application is rejected in full, the whole of the application money received will be refunded and where an Application is rejected in part, the balance will be adjusted again allotment money payable, and the balance, if any, of application money will be refunded to the applicant within 10 weeks from the date of closing of the Subscription List.

Fully paid Share Certificates or Letter of Regret together with Refund Orders, if any, will be despatched by registered post to both the allottees and non-allottees (under Certificate of Posting in the case of Refund Orders for amounts not exceeding Rs. 1500/- or as per Postal Rules then existing) within 10 weeks of closure of the Subscription List for which funds will be made available to the Registrars to the issue by the Company. In case of any delay in sending the Refund Orders by more than eight days beyond 10 weeks from the date closing of the Subscription List, interest will be paid at the rate of 15% p.a. prescribed under Section 73 (2) & (2A) of the Act of such applicants.

#### DISPOSAL OF APPLICATION MADE BY STOCKINVEST

1. In case of partial/full allotment, stockinvest will be sent to the issuing branch through the controlling branch of the Stockinvest issuing bank after collection.
2. In case of non-allottees/partially successful allottees with more than one stockinvest, the cancelled Stockinvests shall be returned to the applicants along with the relative advice. Stockinvest should bear stamps such as "CANCELLED" and "NOT ALLOTTED" across the face of the instrument.
3. In case of full or partial allotment, the right hand portion of the Stockinvest shall be filled in for the amount payable on the shares, etc., allotted and the Stockinvests shall be discharged on behalf of the issuer company for collection of proceeds.
4. (i) Investors may please note that in case of partial or non-allotment lien shall be lifted in the following manner -
  - a) In case of non-allotment, on presentation by the applicant to the issuing bank branch of the stockinvest duly cancelled by the Registrar.
  - b) In case of partial allotment (for the unutilised amount), on receipt of the issuing bank as to the amount collected or surrender of unutilised cancelled Stockinvests received by the Registrar.

- (ii) In case the cancelled / partially utilized Stockinvest is not received by an investor from the Registrar, lien will be lifted by the issuing branch on expiry of four months from the date of issue against an indemnity bond from the investor.

5. Multiple applications under a single Stockinvest will be rejected as each application is required to be accompanied by a separate instrument.

#### INTEREST ON EXCESS APPLICATION MONEY

Payment of interest @ 15% per annum on the excess application money will be made to the applicants as per the guidelines issued by the Ministry of Finance, Government of India, vide letter No. F/8/6/SE/79 dated the 21st July, 1983 as amended by letter No. F/14/2/SE/85 dated 27th September 1985, addressed to the Stock Exchanges and also in terms of Rule 4D of the Companies (Central Government) General Rules & Forms 1956, as substituted by Notification No. F.No. 1/1/92-CL.V dated the 6th March, 1992.

#### BASIS OF ALLOTMENT

In case of oversubscription, basis of allotment will be finalised on a proportionate basis in consultation with Regional Stock Exchange and a SEBI nominated public representative will be associated if the oversubscription is more than 5 times.

The allotment shall be subject to allotment in marketable lots on a proportionate basis, as stated below :

- A. Applicants will be categorised according to the number of shares applied for.
- B. The number of shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, i.e. the total number of shares applied for in that category (number of applicants in the category multiplied by number of shares applied for) multiplied by the inverse of the oversubscription ratio.
- C. In all the applications where the proportionate allotment works out to less than 100 shares per applicant, the allotment shall be made as follows :
  - i) Each successful applicant shall be allotted a minimum of 100 shares.
  - ii) The successful applicants out of the total applicants for that category shall be determined by draw of lots in such a manner that the total number of shares allotted in that category is equal to the number of shares worked out as per (B) above.
- D. If the proportionate allotment to an applicant works out to a number that is more than 100 but is not a multiple of 100, the number in excess of the multiple of 100 would be rounded off to the higher multiple of 100 if that number is 50 or higher. If that number is lower than 50, it would be rounded off to the lower multiple of 100. All applicants in such categories would be allotted shares arrived at after such rounding off.
- E. If the shares allocated on a proportionate basis to any category is more than the shares allotted to the applicants in that category, the balance available shares for allotment shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allotment to the successful applicant in that category. The balance shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for a minimum number of shares.
- F. In the process of rounding off to the nearer multiple of 100 results in the actual allocation being higher than the shares offered, the company may allot additional shares, upto a maximum of 10% of the net offer to the Indian Public.
- G. A minimum of 50% of the net offer of securities to the public shall initially be made available for allotment to individual applicants who have applied for allotment of 1000 or less than 1000 shares offered.
- H. The balance 50% of the net offer of securities to the public shall initially be made available for allotment to investors, including corporate bodies / institutions, and individual applicants who have applied for allotment of more than 1000 shares offered.
- I. The unsubscribed portion of the net offer to any one of the categories specified in (G) or (H) shall/ may be made available for allotment to applicants in the other category, if so required.



## ISSUE OF SHARE CERTIFICATES

The Share Certificate(s) will be delivered within three months from the date of allotment as per the provisions of the Section 113 of Companies Act, 1956.

## ACCESS TO APPLICATION MONEY

The sums received in respect of the Public issue will be kept in separate Bank accounts and the company will not have access to such funds unless approval of the Regional Stock Exchange for allotment has been obtained.

## OVERSUBSCRIPTION

In the event of the present issue being oversubscribed, the basis of allotment will be finalised in consultation with the Stock Exchange at Indore. The allotment will be in market lots on a proportionate basis as explained above under "Basis of Allotment."

## TAX BENEFITS

The Directors of the Company have been advised by M/s.R.K.Dungarwal & Co. Chartered Accountants, Indore, the Auditors of the Company vide their letter dated 12th February, 1996 that under the current provisions of the Income-tax Act, 1961 and other applicable direct tax laws, the following tax benefits will inter alia be available to the Company and its members :

### A. TO THE COMPANY

- Under Section 80M of the I.T. Act, 1961, in respect of the income, if any, by way of dividends received from another domestic company, a deduction of the amount equal to so much of the amount of such income by way of dividends from another domestic company as does not exceed the amount of dividend distributed by the Company to its members on or before the due date for furnishing the return of the income for the respective previous year.
- The Company will be entitled under Section 35D of the I.T. Act, 1961 to amortise certain specified share issue expenses and preliminary expenses over a period of 10 successive years beginning with the previous year in which the Company commences business, subject to the stipulated limits.

### B. TO THE MEMBERS OF THE COMPANY

- Members who are individuals or Hindu Undivided Families or such Association of persons or Body of individuals are referred in Section 80L of the I.T. Act, will be entitled to a deduction from their gross total income upto a maximum of Rs.13,000/- in aggregate per year in respect of specified income including dividends received from the Company.
- A member who is a resident individual will be entitled to receive dividends without deduction of Income Tax at source provided that:
  - Pursuant to Section 194 of the I.T. Act, the amount of such dividend paid during any financial year does not exceed Rs.2500/- and dividend is paid by an A/c. Payee Cheque.
  - OR
  - Pursuant to Section 197A of the I.T. Act, the member furnishes to the company a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the tax on his estimated total income of the previous year in which such dividend income is to be included in computing his total income will be nil.
- Members being domestic company will be entitled to deduction in accordance with the provisions of Section 80M of the I.T. Act, of an amount equal to :
  - in case of schedule bank, financial institution, public or state financial corporations, etc., as prescribed 60% of the dividend income from the Company.
  - in case of other domestic company, so much of the dividend income from the Company as does not exceed the amount of dividend distributed by such domestic company on or before the specified date.
- Under Section 112 and other relevant provisions of the I.T. Act, capital gains arising on transfer of the shares in the company held for a period of at least 12 months shall be

concessionally taxed at the flat rate of 20% in case of individuals, HUFs and Venture Capital companies, 30% in case of companies, firms & others, plus surcharge where applicable.

- Under Section 48 of the I.T. Act, long-term Capital gains sale of shares shall be computed on the basis of inflation indexations of the cost of acquisition.
- All Mutual Funds set up by public sector Banks or Financial Institutions or Mutual Funds authorised by the Securities & Exchange Board of India, subject to the conditions specified, will be exempt from Income Tax on all their income, including income from investment in shares of the company.
  - Shares of the Company being a Productive assets is totally free from Wealth Tax.

## IV. PARTICULARS OF THE ISSUE

### OBJECTS OF THE PRESENT ISSUE

The objects of the present issue are as follows :

- To finance the cost of the project.
- To meet the expenses of the issue.
- To enlist shares of the company at M.P. Stock Exchange at Indore.

### COST OF THE PROJECT

The company is in the housing construction business and will take up various projects from time to time. Owing to the unique nature of the construction industry, there is little investment involved in heavy capital assets unlike in the manufacturing industry. The company will be involved in execution of work on job work basis for a consideration. The major requirement of funds is the medium to long-term Work in process requirements of capital which can be broadly classified as construction cost (construction material, labour charges, equipment hire charges and other overheads) and administrative cost.

The cost of the project has been estimated at Rs.525.00 Lacs the details of which have been given below :

(Rs. in lacs)			
Particulars	Incurred	To be incurred	Total
Furniture & Office Equipments	3.05	—	3.05
Vehicles	—	50.00	50.00
Working Capital	251.39	208.61	460.00
Preliminary Expenses	0.13	11.82	11.95
<b>Total</b>	<b>254.57</b>	<b>270.43</b>	<b>525.00</b>

### MEANS OF FINANCE

(Rs. in Lacs)			
Particulars			
Equity Share Capital			
- Promoters :			
Already brought in	255.00		
To be brought in	135.00		
			390.00
- Public			
			135.00
<b>Total</b>			<b>525.00</b>

### DEPLOYMENT AND SOURCES OF FUNDS

The company has deployed Rs.254.57 Lacs upto 20.05.96 as certified by the auditors details of which are as follows:

#### Deployment of Funds:

(Rs. in Lacs)			
Furniture and office Equipment			
			3.05
Loans & Advances to :			
Mangilal Bhuralal	100.00		
M/s. Gautam Steels	25.00		
M/s. Pashupati Buildings	125.76		
Work-in-Progress	00.63		251.39

Preliminary Expenses 00.13

**254.57**

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Sources of Funds:

Equity Share Capital 254.57

#### Year wise break up of the expenditure:

The company's total fund requirement at any point of time will comprise of working capital besides investment in some miscellaneous fixed assets and preliminary expenses (not written off). The company has estimated an amount of Rs.460 Lacs for one cycle of the working capital. The company would be paid a total consideration of Rs.22.50 crore as the work progresses. The amount will be realised in 5 equal instalments. The company expects to complete the entire project by March 1997. There would be no additional requirement of working capital, as the company is going to realise the funds as the work progresses.

#### FUND FLOW STATEMENT

The company is engaged in the construction activity which it intends to carry on contract basis. They would be entering into a contract for the development of the land for which they would be paid a pre-determined fee. The consideration would be paid in phases depending upon the actual work completed.

As this is a peculiar type of industry major funds to be deployed would be in the form of working capital. The company estimate the working capital requirement to be Rs 4.60 crores.

#### BASIS OF PROJECT COST ESTIMATE

##### CONTRACT WORK IN PROCESS

Considering the peculiar nature of the business there is always a large gap between the funds required and the advance money collected from the buyers of the flats/offices/shops etc. This has to be bridged through the introduction of working capital.

The contract - work-in-progress which represents the working capital requirement of the company is estimated as below:

#### STATEMENT OF ESTIMATED WORK-IN-PROGRESS

The company has entered into contract for construction worth Rs 22.50 Crore with M/s Mangilal Bhuralal Deori. The total work is to be completed within 36 months. The total land area is 500000 sq. ft. The proposed construction area will also be 500000 sq.ft. The average cost of construction as per agreed terms is Rs.450/- per sq.ft. The project is located at Aerodrum Road, Neemuch.

The company estimates that at any point of time 20% of the total cost of contract would be deployed on the project which will include materials at site, work-in-process, Sundry Debtors, advances and overheads.

According to the company's architects Multicare Consultants the cost of construction can be divided into following for a normal construction project :

Miscellaneous Building Materials	20%
Cement	20%
Steel	15%
Wood Flooring	20%
Others including consulting & levelling etc.	25%
	<b>100%</b>

Based on the above estimates given by the Architect M/s. Multicare Consultants, Indore dated 4th January,1996, the company's working capital requirement would be as follows:

		<b>Rs. in Crores</b>
Material at Site	20%	.90
Work-in-process	40%	1.80
Sundry Debtors	20%	.90
Advances	20%	.90
		<b>4.50</b>
Overheads		.10
		<b>4.60</b>

#### FURNITURE AND OFFICE EQUIPMENT

The company has already spend Rs.305000.00 as on 3.11.95 for its office furniture and other equipments like Fax, EPABX etc.

#### VEHICLES

The company has to purchase vehicles for its day-to-day operation and for its managerial personnel. The company proposes to acquire the following vehicles/trucks.

	<b>(Rs. in Lacs)</b>
Tata Trucks	10.00
Tata Dumpers	14.00
Mahindra Jeeps	9.00
Cars Maruti & others	17.00
	<b>50.00</b>
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#### V. HISTORY AND PRESENT BUSINESS OF THE COMPANY

The Company was incorporated as a Limited Company on 29.04.1993 and received the Certificate of Commencement of business on 20/12/95. The company has so far provided Consultancy in the areas of construction and real estate. The company was originally promoted by Mr. Ajay Jain, and Associates. It was subsequently taken over by Mr. Jyoti Prakash Bapna on 01.10.95 and 70 equity shares originally held by the subscribers to the memorandum were transferred in the name of Mr Jyoti Prakash Bapna and associates for a consideration of Rs.700/-

#### MAIN OBJECTS OF THE COMPANY

The main objects of the Company as set out in the Memorandum are as under:

1. To buy, sell, hold, mortgage, rent, lease, or otherwise deal in real estate, develop, make lay-outs, construct houses, flats apartments, houses, factories, offices, roads, dams, bridges, tanks, causeways, irrigation canals, barrages and otherwise carry on construction activities as contractors / sub-contractors or developers, including supply of materials, plant, equipment, manpower necessary for its execution.
2. To found, open, establish, maintain and continue organisations, shops and centres for maintenance of buildings & constructions of all descriptions / gardens, maintenance and repairs involving plumbing, carpentry, electrical, electronic and sanitary services, systems, apparatus and appliance, and to provide, render & serve such other common requirements as may be needed by flats, apartments, colonies, housing complexes, townships.
3. To manufacture and deal in tiles of all varieties for flooring, roofing, paneling, weathering, insulating such as mosaic, ceramic, earthenware, cement, stone, or any other variety and to undertake demolition contracts and demolition work and to carry on business as manufacturers, dealers & selling agents of building material.

The main object clause of the Memorandum of Association of the company enables the company to undertake the activities for which the funds are being raised for the present issue and also the activities which the company has been carrying on till date.

#### PRESENT BUSINESS

Since its incorporation the company has provided Consultancy services to its clients in the field of construction and real estate development. Now, the company has taken up a project for residential housing at Neemuch on contract basis.

#### FINANCIAL HIGHLIGHTS

			<b>(Rupees)</b>
<b>Particulars</b>	<b>Year ended 31/03/94</b>	<b>Year ended 31/03/95</b>	<b>Period ended 31/03/96</b>
Income	5000.00	6000.00	67000.00
Expenditure	1500.00	2600.00	49425.00
Depreciation	155.00	258.00	0.00

Prelim Exps W/Off	1737.00	1737.00	1737.00
Profit before tax	1608.00	1405.00	15838.00
Provision for tax	0.00	0.00	0.00
Profit after tax	1608.00	1405.00	15838.00
Equity Capital	700.00	700.00	25500700.00
Reserves & Surplus	308.00	1613.00	17451.00
Net worth	1608.00	2313.00	25518151.00
Dividend	100%	100%	0.00
EPS	22.97	20.07	0.01
Cash EPS	50.00	48.57	0.01
Book Value	22.97	33.04	10.01

After the last date of Balance Sheet i.e., 31/03/96, there has been no change in the paid-up capital of the company.

Income of the company is from consultancy business and is of recurring nature.

#### STATEMENT OF ASSETS AND LIABILITIES :

The statement of assets and liabilities as on 31.03.96 is as under:

Assets :	
Fixed Assets	304587.00
Cash & Bank balance	674741.00
Loans & Advances	39484827.00
Liabilities:	
Share Capital	25500700.00
Share Application money	14478047.00
Reserves & Surplus	17451.00

#### NOTES ON ACCOUNTS :

- Depreciation has been calculated under Straight Line Method at the rates in force from time to time specified in schedule XIV of the Companies Act 1956. lacs.  
Depreciation for the year ended on 31st March, 1996 has not been provided.
- Investments are valued at cost plus Stamped duty & Brokerage.
- There are no contingent liabilities.
- Other Income consists of Consultancy, Interest, Dividend, etc.
- The authorised Share Capital of the Company was Rs. 100000 divided into 10000 Equity Shares of Rs.10/- each was increased to Rs.55000000 divided into 5500000 Equity Shares of Rs.10/- each on 01.11.1995.

#### DIVIDEND

We further report that in respect of each financial year the dividends (subject to deductions of Tax) declared by the Company were as under :

Year/Period ended	No. of Equity Shares (Rs 10/- each)	Rate of Dividend (%)	Amount of Dividend (In Rs.)
31.03.94	70	100	700
31.03.95	70	100	700

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1 System of Accounting

The Company adopts the accrual concept in the preparation of the accounts.

##### 2 Inflation

Assets and Liabilities are recorded at historical cost to the Company. These are not adjusted to reflect the changing value in the purchasing power of money.

##### 3 Fixed Assets

Fixed Asset are capitalised at cost inclusive of legal and / or installation expenses.

##### 4. Depreciation

Depreciation on all fixed assets is provided on straight line basis as per schedule XIV of the Companies Act, 1956.

#### MANAGEMENT DISCUSSION AND ANALYSIS

The company has earned income from the Consultancy services provided to its clients. The expenditure relates to administration and general expenses. Since, the operations of the company have not yet started full-fledgedly, the income stands at low levels throughout the period.

There have been no unusual or infrequent events or transactions.

There have been significant economic changes in the past inspite of which the company has faired well. In future also the management does not foresee any economic changes having adverse effects on the operations of the company.

The company's business is not dependent on single or few clients.

#### SUBSIDIARIES

The Company does not have any subsidiary.

#### PROMOTERS AND THEIR BACKGROUND

Originally, the company was promoted by Mr.Ajay Jain, Mr.Rajesh Jain, Mrs.Ajita Chaoji, Mr.Pankaj Sethi, Mrs.Vinita Puntambekar, Mr.Puneet K. Pal, Mrs.Jayshri Jain. The company was taken over by Mr.Jyoti Prakash Bapna on 01.10.95 and 70 equity shares originally held by the above promoters were transferred in the name of Mr.Jyoti Prakash Bapna and associates for a consideration of Rs.700/-.

Mr. Jyoti Prakash Bapna (26), Matriculate, took over the company in October, 1995. He has over 6 years experience in the field of agriculture.

Name	Age	Qualification	Experience
Jyoti Prakash Bapna	26	Matric	6 years in Agriculture.

#### PENDING LITIGATION

There are no outstanding litigation/disputes, defaults/overdues to the financial institution/banks and defaults in respect of payment of statutory dues by the company/firm promoted by promoters/directors and no proceeding has been initiated for economic offences against the company/firm promoted by the promoters/directors or against the promoters/directors.

#### OTHER VENTURES OF THE PROMOTERS

Mr. Jyoti Prakash Bapna has not promoted any other venture.

BOARD OF DIRECTORS				
Name, Address & Occupation	Age (years)	Qualification	Experience (years)	Other Ventures
<b>MR. JYOTI PRAKASH BAPNA</b> S/o Shri Manilal Bapna Jamunia Kalon, Teh. Neemuch, (M.P) <b>Managing Director</b> <b>Agriculturist</b>	26	Matric	6	NIL
<b>MR. GHANSHYAM SONI</b> S/o Shri Radha Krishna Soni Ayodhya Apartments, 2nd Floor, 203, Geeta Bhavan, Indore. <b>Director</b> <b>Freelance Journalist</b>	45	L.L.B.	20	NIL
<b>SMT. PUSPLATA SONI</b> W/o Shri Ghanshyam Soni Ayodhya Apartments, 2nd Floor, 203, Geeta Bhavan, Indore. <b>Director</b> <b>Freelance Journalist</b>	41	B.A.	5	NIL
<b>KEY PERSONNEL AND MANAGEMENT</b> <p>The management of the Company is vested in the Board of Directors comprising of persons with good business experience. The company has appointed Shri.Shashank Porwal,B.E (Civil) who will look after the day-to-day activities involved in the execution of the project.</p> <p>The management of the company would be assisted by the technical personnel who would be appointed by the company in due course of time. Presently, the day-to-day operations of the company are being looked after by Mr. Jyoti Prakash Bapna.</p>				

## VI. PROJECT

### PROPOSED PROJECT

MCL intends to carry out the work of construction of roads, bridges, barrages, irrigation canals, tanks, factories, offices, houses, apartments etc. as well as deal in various activities pertaining to real estate. Construction industry forms an integral part of the infrastructure industry and contributes significantly towards the economic development of the country.

The company has entered into contract with M/s Mangilal Bhuralal Deori, (the owner of the land) for the development of a residential complex valuing Rs.22.50 crores. The total land area is 500000 sq. ft. The total proposed construction area, (which shall be for residential purposes only) will also be 500000 sq.ft. The average cost of construction as per agreed terms is Rs.450/- per sq.ft. The project is located at Aerodrome Road, Neemuch.

The fund requirements of the company is for working capital only and calculated at the present contracts in hand. The requirement of funds may increase or decrease with the completion of work in hand or increase in contracts in hand.

The marketing of the residential premises to be constructed by the company on contract basis is not required because the company is doing work on behalf of the principal M/s. Mangilal Bhuralal.

### LOCATION

The land on which construction for the first project proposed to be done belongs to Shri Bhuralalji Raori Deori. The company does not own the land. The location of the land is Aerodrome Road, Neemuch.

The said land is free from all encumbrances and has a clear title.

### MISCELLANEOUS FIXED ASSETS

The company has already acquired furniture and office equipments such as fax, communication equipments etc. at a total cost of Rs.3.05 lacs.

### PRELIMINARY, SHARE ISSUE AND PRE-OPERATIVE EXPENSES

The preliminary expenses consist mainly the public issue expenses which are estimated to be Rs. 11.95 lacs.

### WORKING CAPITAL REQUIREMENT

The company has estimated its working capital requirements at Rs.460.00 lacs. Of this Rs.254.57 lacs which has come in as promoters contribution.

### PLANT & MACHINERY

The construction industry is labour intensive. The machines required for this line of business are concrete mixers, centering equipments, vibrator, scaffolding materials, etc. These machines are needed at the site of the project and at the appropriate time. The common practice is to stipulate on the Sub-Contractors to arrange for these machines as and when they are needed at the site of the project.

It must be noted that good quality construction equipment is available from the Contractors within the city area to take care of the machinery requirements of the projects presently on hand. The machinery required including the infrastructure required for the project is abundantly available locally and hence the company has not tied with any sub-contractor for the supply of machinery. The company foresee no difficulty in procuring the same locally.

### CONTINGENCY

As the project does not involve any purchase of plant and machinery which could result in cost escalation, no contingency is provided for.

### TECHNOLOGY AND TECHNICAL KNOW-HOW

The Company will employ the conventional construction technology. The Company has qualified Engineers and will get the required support from various professional agencies like Architectural Firms, Structural Engineers/Consultants,

Electrical/Sanitary Consultants, Consultants for Fire Fighting equipments etc. The Company is in the process of appointing an architect, structural engineers and consultants for the project presently on hand.

The various stages involved in the development of a project are:

- a) Identification of suitable location and land.
- b) Legal verification.
- c) Obtaining No Objection Certificate from the Income Tax Authorities, if applicable.
- d) Appointment of Contractors, Architects, Consultants etc.
- e) Preparation of Plans.
- f) Obtaining approval of various local and statutory bodies.
- g) Commencement of construction activity.
- h) Marketing the built up area.
- i) Transfer of property to the buyers.
- j) Handing over the possession to the buyers.

First three stages listed above, involved in the development of project will be the responsibility of the owner of the land.

#### **RAW MATERIAL**

The raw materials needed for the project can be classified as :

##### **a) Direct Materials**

The Direct material needed for this line of business is a availability of suitable land. The advancement in technology has made it possible for better utilisation of floor space, Land would be acquired after considering the location, cost, and nature of the title of the land.

##### **b) Indirect Materials**

The various indirect raw materials needed for the completion of the various projects of the company are

- i) Building Materials
- ii), Electrical Materials
- iii) Plumbing Materials
- iv) Sundry Fixtures

The various building materials needed for the project include cement, steel, Bricks, Sand, Wood, paint etc. These materials are used to the specification of the Structural Engineer and would be in line with accepted standards.

The company has given an advance of Rs.125.75 lacs to M/s Pashupati Buildings who would be supplying cement, bricks etc. required for the present project. The company has also given an advance of Rs.25.00 lacs to M/s Gautam Steels from which the company intends to purchase steel required for the present project. The company has also given an advance of Rs.100.00 lacs to Mangilal Bhuralal (the owner of the land) who would be supplying some of the construction material for the proposed construction project.

##### **Cement**

The cement would be sourced by the contractor with whom the company contracts the specified job. This material is available from a numerous cement dealers at competitive prices.

The nature of the material dissuades any large scale storing of this material in anticipation of future projects.

##### **Steel**

The steel requirements of the project is sourced from local suppliers (Wholesaler/Retailer) by the contractor at such price, quantity and type as needed for the project. The type of steel needed varies and is used to the specification of the Structural Engineer.

##### **Bricks & Blue Metal**

The bricks and blue metal needed for the project are estimated

depending on the area of the project and this would be sourced locally at such times of ensure continuity and minimum holding cost for the project.

##### **Wood**

The wood needed for the project can be classified depending on the end use - Structural works - Furnitures & Fixtures.

The wood requirements are sourced locally to ensure quality and low transportation cost.

##### **Plumbing Materials**

These materials are procured from local suppliers based on the design specified by the design engineers.

In view of this and the abundant availability of the various raw materials, the company foresees no difficulty, with the present condition in procuring the needed raw materials.

The estimated cement requirement for the proposed project is about 1500 tonnes and steel is about 150 tonnes. There is no regular tie-up for supply of raw materials from any source since these raw materials will be obtained by the construction Contractor to whom the job will be entrusted with. However, as of now there is no shortage of raw material and they are readily available in the market.

The Government has also de-controlled cement and steel and has classified the same as core sectors. In view of this and its abundant availability the company foresees no difficulty, with the present condition in procuring the needed raw materials.

#### **UTILITIES**

##### **POWER**

Normally electricity is available through electricity distribution systems. The power is basically required only for normal requirement of lighting at the construction site, lifting of materials in case of high rise building, polishing of mosaic, fabrication of steel structures etc. Wherever there is no power available at site, a Generator set will be hired till the power connection is obtained.

##### **WATER**

The water requirement is normally met by digging borewells at site. Water is required for construction activity mainly for mixing cement and sand and other related activities as well as curing, apart from the drinking water requirement of the labour force employed.

#### **ENVIRONMENTAL ASPECTS**

The company is exempt from obtaining environmental clearance certificate from the pollution control authorities as it belongs to non-polluting industry.

#### **MANPOWER**

The labour requirements at the construction site of the company are mainly temporary and can be classified as technical, skilled and un-skilled like masons, carpenters, plumbers, electricians, helpers etc and other staff, these labours shall be dealt directly by the various contractors who execute the works at the project site.

The company estimates the manpower requirement as follows :

Type	No. of Workers
Technical	10
Skilled & Un-skilled	300
Other Staff	10

The company would be recruiting the workers as the work commences.

#### **STATUS AND SCHEDULE OF IMPLEMENTATION**

The land on which construction for the first project proposed to

be done belongs to Shri Bhuralalji of Raori, Deora. The company does not own the land. The location of the land is Aerodrome Road, Neemuch (near water filling station).

The schedule of implementation for the first contract on hand is 36 months. However, the work on the same project has already started and will be in full swing by June, 1996. Hence, all the funds will be deployed by March, 1997.

Particulars	Commencement	Completion
Deployment of working capital	November, 1995	March 1997
Miscellaneous Fixed Assets	December, 1995	March 1997

## MARKET SCENARIO

The National Building Organisation has estimated that the total Housing requirement in Urban India to be of short supply.

According to planners, housing continues to be a thorny problem. By the end of this century, the backlog of housing units is projected around 39.1 million in urban India. To wipe out the increasing demand; the Government has formulated policies to simplify legal provisions and procedures for loan acquisition by speeding up the implementation of National Housing Policy.

Several housing finance companies have come into existence recently formative stage and are actively competing with each other in extending housing finance ranging from Rs.1.00 lac to 20.00 lakhs.

The deregulation in interest rates also had a positive impact on Housing Finance. Housing and Urban Development Corporation Ltd. decided to reduce interest rates and the other Housing Finance Organisations like LIC Housing, GIC Housing, H.D.F.C etc.also followed suit. This will now enable several middle income families to acquire residential apartments.

The Government, to encourage investment in ownership of residential apartments/housing has introduced a scheme whereby Provident Fund subscribers, numbering over 1.75 million, are now entitled to obtain housing loans ranging from Rs.50,000 to Rs.5.00 lakhs.

The Housing Fund Committee set-up for this purpose has recommended, a simple interest of 6% per annum on the original amount or 11% per annum on the reducing balances of the loan. The loan money can be repaid over 15 to 20 years making it easy for even middle income group to own residential apartments.

The company's emphasis is directed towards this sector as majority of the projects now planned will cater to the requirement of middle income group and the company sees no difficulty in marketing the entire area planned for construction.

## BUSINESS PROSPECTS AND PROFITABILITY

The need for shelter increase with the increase in population. The need for better standards of living increases with increase in income. Hence, there is always a demand for accommodation.

The same also applies for commercial space. The latest economic policy of the government has encouraged a number of multinational and corporation are planning to open offices in the near future. There is always a group which looks for moving into a larger space with better facilities. Hence, there is always a demand for space whether it is residential or commercial.

The shortage for housing in the metropolitan cities has grown over the years. The Eighth five year plan has estimated that the demand for the housing units by the end of the century will be 41 million dwelling unit. With demand always outstripping supply, ordinary people, particularly of the middle class were habituated to time and cost over-run. Now that may be the thing of the past. With numerous players lining up for the piece of the cake, the ultimate beneficiary may be the consumer.

Adding impetus to the real estate boom in the post-liberalisation era, is the legislation allowing non-resident investors to invest in houses and land in the country. With world class housing coming

up in the suburbia of the big cities, India seems to be heading for considerable activity in the real estate front.

The above explains in brief the need for real estate activity and Madras is growing to be one of the major metropolitan cities in India. It is equipped with all the facilities required for business development. The land prices in Madras in comparison with other Metropolitan cities is still cheap. Living in Madras is considered to be much more peaceful than in any other Metro in India.

The housing finance being available much more easily than ever before and at much reasonable rates of interest, the hopes of middle income families are brightening up for owning a home

## COMPETITION

The company would be initially concentrating on areas like Neemuch, Indore in Madhya Pradesh to get business. The Real Estate activities in these areas are catching up at rapid pace. As this areas are not fully developed there is very less competition existing in this areas.

As the company is a early entrant in this line of activity, the company would require very little time to establish its name in the market. Moreover, Shri Jyoti Prakash Bapna, the promoter of the company has vide contacts and hence it would not be difficult for the company to get business.

## MA-SHA CONSTRUCTION will aim at :

### 1. Quality

The company is to ensure quality in all respects of engineering and guarantee the life of the structure. It is not only in terms of external appearance, but also the various materials used and the procedure in which the work is executed.

### 2. Price

The company is to provide the best at a very reasonable cost. Proper material management, labour management, design and execution play a very vital role in the economy of a structure. The company will use the services of our qualified engineers to control the above factors in order to deliver the product at an affordable price.

### 3. Time

The company will work on a time-schedule and we closely monitor the activities to ensure completion of projects within specified time-frame.

## MANAGERIAL COMPETENCE

The company has estimated a requirement of 19 employees in the administrative, construction, commercial and engineering divisions out of which 8 employees would be in the executive cadre and balance 11 as support staff for the various divisions. The complete requirement of the estimated manpower is expected to be in place by June, 1996.

Category	No. of Employees Proposed
Managerial	3
Supervisory	5
Clerical	7
Skilled	4

The company has already appointed Shri Shashank Porwal, B.E. Civil who would be involved in the execution of the work. He was giving Consultancy before joining the company.

## MARKETING AND SELLING ARRANGEMENTS

The first project was received by the company from Shri Mangilal Bhuralal amounting to Rs.22.5 crores on the basis of contact of Shri Jyoti Prakash Bapna.

The company would be utilising the contact of Shri Jyoti Prakash Bapna in future to get business.

#### **STOCK MARKET DATA ON SHARES**

Since this is the first Public Issue of the Company and the shares are yet to be listed, there is no stock market data available for the shares of the Company.

#### **COMPANIES UNDER THE SAME MANAGEMENT**

This is the first public issue of the company. There are no other listed Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.

#### **INVESTOR GRIEVANCES / REDRESSAL MECHANISM**

Investor grievances will be settled expeditiously and satisfactorily by the Company. The Company has appointed a Company Secretary or make arrangements equivalent thereto to handle all investor grievances. The company shall ensure that all types of complaints are attended to within one month from the date of receipt of the complaint and the grievance redressed.

#### **OUTSTANDING LITIGATIONS & STATUTORY/INSTITUTIONAL DUES**

The Company does not have any outstanding litigation pertaining to the matters likely to affect operation and finances of the Company including disputed income tax liability.

No criminal prosecutions have been launched against the Company and the Directors for alleged offences under the enactments specified in paragraph 1 of Part 1 of schedule XIII of the Companies Act, 1956.

There is no outstanding litigations, disputes, proceedings initiated for Economic offence, overdues to Banks/Financial institutions, defaults against Banks/Financial institutions, contingent liabilities pertaining to:

1. the company,
2. the ventures / companies promoted by the promoters / Directors of the company, and
3. the promoters/Director themselves.

The Company has not defaulted in meeting any statutory and institutional dues. The Company has not issued any debentures. The Company has not accepted any public deposits.

#### **MATERIAL DEVELOPMENTS**

In the opinion of the Board of Directors there has not arisen any circumstance, since the date of last financial statements disclosed in the prospectus, that materially and adversely affects or is likely to affect the trading or profitability of the company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

#### **MATERIAL CHANGE IN THE KEY MANAGEMENT PERSONNEL**

There is no change in the key senior management personnel particularly in charge of production, planning, finance and marketing within one year prior to the date of filing the offer document with the Registrar of Companies/Regional Stock Exchange.

#### **RISK FACTORS**

##### **INTERNAL**

1. In the absence of any financial stake in the project of any Financial Institution / Bank, there shall be no monitoring of funds raised through this issue and Deployment of Funds raised through this issue shall be left entirely at the sole discretion of the promoters.

**MANAGEMENT PERCEPTION :** As the promoters are having a substantial stake in the company, they will ensure that the funds are deployed in a judicious manner to get optimum returns.

2. Any time delay in execution of the projects will affect the profitability of the company.

**MANAGEMENT PERCEPTION :** The company will make all efforts for the timely completion of the projects.

3. Promoters are first generation entrepreneurs and it is their first ever public issue.
4. Though the company is into construction industry, the company does not possess any infrastructure (machinery) required for the construction activity.

**MANAGEMENT PERCEPTION :** The company will be sub-contracting the infrastructure once it starts the construction activities.

5. The working capital requirements of the company have not been appraised by the principal banker of the company.
6. The entire working capital requirement is proposed to be financed from the issue proceeds.

##### **EXTERNAL**

1. Profitability may be affected on account of competition from existing and prospective players in the same line of operations.
2. Changes in Government Policies may have a bearing on the profitability of the company. The current Government policies being favourable to the growth of the economy, the management does not foresee any change in the same.
3. The profitability of the company could be affected by the vagaries of climatic conditions prevailing at the time of the execution of the project.

## PART - II

### A. GENERAL INFORMATION

#### CONSENTS

Consents in writing from the Lead Manager to the Issue, Registrars to the Issue, Directors, Company Secretary, Auditors, Advisors, Bankers to the Issue, Bankers to the Company to act in their respective capacities have been obtained and filed along with the copy of this prospectus with the Registrar of Companies, Madhya Pradesh, Gwalior.

R.K. Dungarwal & Co., Chartered Accountants, the Auditors of the Company have also given their report as appearing therein in the form and context in which it appears in this Prospectus and also of the Tax benefits accruing to the Company and to the members of the Company and such Consent and report has not been withdrawn upto the time of delivery of this prospectus for Registration with the Registrar of Companies, Madhya Pradesh, Gwalior.

#### EXPERT OPINION OBTAINED

The Company has not obtained opinion from any expert other than those mentioned in this Prospectus.

#### CHANGE IN BOARD OF DIRECTORS IN THE PAST THREE YEARS

Following Changes have taken place in the Board of Directors of the company in the past three years :

Name	Date of Joining	Date of Resignation	Reasons
Shantilal Jain		20.10.95	Change in Management
Manohar Devi Jain		20.10.95	Change in Management
Jayshri Jain		20.10.95	Change in Management
Jyoti Prakash Bapna	20.10.95		Tookover the Company
Ghanshyam Soni	20.10.95		To Broad-base the Board
Pushpalata Soni	20.10.95		To Broad-base the Board

#### CHANGE IN AUDITORS IN THE PAST THREE YEARS

There has been no change in the auditors of the company since the incorporation of the company.

#### AUTHORITY FOR THE PRESENT ISSUE

Pursuant to Section 81 (1A) of the Companies Act, 1956 (hereinafter referred to as the "the Act") the present issue has been authorised by shareholders of the company by a special resolution passed at Extra-ordinary General Meeting of the shareholders of the company held on November 1, 1995.

#### DISPOSAL OF APPLICATIONS AND APPLICATION MONEY

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 thereof. In case an application is rejected in full, the whole of the application money received will be refunded and where an Application is rejected in part, the balance will be adjusted against allotment money payable, and the balance if any of application money will be refunded to the applicant within 10 weeks from the date of closing of the Subscription List.

Fully paid Share Certificates or partly paid Share Certificates along with allotment advice or Letter of Regret together with Refund Orders, if any, will be despatched by registered post to both the allottees and non-allottees (under Certificate of Posting in the case of Refund Orders for amounts not exceeding Rs.1500/- or as per Postal Rules then existing) within 10 weeks of closure of the Subscription List for which funds will be made available to the Registrars to the Issue by the Company. In case of any delay in sending the Refund Orders by more than eight days beyond 10 weeks from the date closing of the Subscription List, interest will be paid at the rate prescribed under Section 73 (2) & (2A) of the Act of such applicants.

#### DISPOSAL OF APPLICATION MADE BY STOCKINVEST

1. In case of partial/full allotment, stockinvest will be sent to the issuing branch through the controlling branch of the Stockinvest issuing bank after collection.
2. In case of non-allottees/partially successful allottees with more than one stockinvest, the cancelled Stockinvests shall be returned to the applicants along with the relative advice. Stockinvest should bear stamps such as "CANCELLED" and "NOT ALLOTTED" across the face of the instrument.
3. In case of full or partial allotment, the right hand portion of the Stockinvest shall be filled in for the amount payable on the shares, etc., allotted and the Stockinvests shall be discharged on behalf of the issuer company for collection of proceeds.
4. (i) Investors may please note that in case of partial or non-allotment lien shall be lifted in the following manner -
  - a) In case of non-allotment, on presentation by the applicant to the issuing bank branch of the stockinvest duly cancelled by the Registrar.
  - b) In case of partial allotment (for the unutilized amount), on receipt of the issuing bank as to the amount collected or surrender of unutilized cancelled Stockinvests received by the Registrar.(ii) In case the cancelled/partially Utilised Stockinvest is not received by an investor from the Registrar, lien will be lifted by the issuing branch on expiry of four months from the date of issue against an indemnity bond from the investor.
5. Multiple applications under a single Stockinvest will be rejected as each application is required to be accompanied by a separate instrument.

#### INTEREST ON EXCESS APPLICATION MONEY

Payment of interest @ 15% per annum on the excess application money will be made to the applicants as per the guidelines issued by the Ministry of Finance, Government of India, vide letter No. F/8/6/SE/79 dated the 21st July, 1983 as amended by letter No. F/14/2/SE/85 dated 27th September, 1985, addressed to the Stock Exchanges and also in terms of Rule 4D of the Companies (Central Government) General Rules & Forms, 1956, as substituted by Notification No. F.No. 1/1/92-CL V dated the 6th March, 1992.

#### OVERSUBSCRIPTION

In case of oversubscription, the basis of allotment will be finalised in consultation with the Madhya Pradesh Stock Exchange (the regional Stock Exchange) at Indore. Also investors may note that in case of oversubscription over five times the allotment shall be on a proportionate basis and a SEBI nominated public representative shall be associated in the process of finalisation of basis of allotment.

#### BASIS OF ALLOTMENT

In case of oversubscription, basis of allotment will be finalised on a proportionate basis in consultation with Regional Stock Exchange and a SEBI nominated public representative will be associated if the oversubscription is more than 5 times.

The allotment shall be subject to allotment in marketable lots on a proportionate basis, as stated below :

- A. Applicants will be categorised according to the number of shares applied for.
- B. The number of shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, i.e. the total number of shares applied for in that category (number of applicants in the category multiplied by number of shares applied for) multiplied by the inverse of the oversubscription ratio.



- C. In all the applications where the proportionate allotment works out to less than 100 shares per applicant, the allotment shall be made as follows :
- Each successful applicant shall be allotted a minimum of 100 shares.
  - The successful applicants out of the total applicants for that category shall be determined by draw of lots in such a manner that the total number of shares allotted in that category is equal to the number of shares worked out as per (B) above.
- D. If the proportionate allotment to an applicant works out to a number that is more than 100 but is not a multiple of 100, the number in excess of the multiple of 100 would be rounded off to the higher multiple of 100 if that number is 50 or higher. If that number is lower than 50, it would be rounded off to the lower multiple of 100. All applicants in such categories would be allotted shares arrived at after such rounding off.
- E. If the shares allocated on a proportionate basis to any category is more than the shares allotted to the applicants in that category, the balance available shares for allotment shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allotment to the successful applicant in that category. The balance shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for a minimum number of shares.
- F. In the process of rounding off to the nearer multiple of 100 results in the actual allocation being higher than the shares offered, the company may allot additional shares, upto a maximum of 10% of the net offer to the Indian Public.
- G. A minimum of 50% of the net offer of securities to the public shall initially be made available for allotment to individual applicants who have applied for allotment of 1000 or less than 1000 shares offered.
- H. The balance 50% of the net offer of securities to the public shall initially be made available for allotment to investors, including corporate bodies / institutions, and individual applicants who have applied for allotment of more than 1000 shares offered.
- I. The unsubscribed portion of the net offer to any one of the categories specified in (G) or (H) shall/ may be made available for allotment to applicants in the other category, if so required.

#### **ALLOTMENTS / REFUNDS**

Allotment Letter(s)/Share Certificate(s) will be despatched to the applicant's registered address by Registered Post within 10 weeks of the closing of the subscription list. The Company shall ensure despatch of Refund Orders of value over Rs. 1,500/- and Share Certificates by Registered Post only and adequate funds for the purpose will be made available to the Registrars. And if such money is not repaid within 8 days, from the day the Company becomes liable to pay for it, the Company and every Director of the Company who is an officer in default shall, on and from the expiry of the eighth day be jointly and severally liable to repay that money with interest @15% per annum as prescribed under the provisions of Section 73 (2) & (2A) of The Companies Act, 1956.

Refunds will be made by Account Payee cheques or pay orders, drawn on the Company's bankers and bank charges, if any, for encashing such cheque or pay orders will be borne by the applicants. Such cheques or pay orders will however, be payable at par at the places where applications are received. PLEASE NOTE THAT, THE ALLOTMENT LETTERS, REFUND ORDERS, SHARE CERTIFICATES SHALL BE DESPATCHED AS PER THE PREVAILING POSTAL RULES.

#### **ISSUE OF SHARE CERTIFICATES**

The Share Certificate(s) will be delivered within three months from the date of allotment as per the provisions of the Section 113 of Companies Act, 1956.

#### **COMPANY INFORMATION**

##### **REGISTERED OFFICE**

4, Shastri Nagar,  
Neemuch,  
(M.P.) - 458 441.  
Tel. : (07423) 20973.

##### **COMPANY SECRETARY**

##### **RAJESH LOHIA**

71, H.I.G. Colony,  
Behind Vijay Nagar Police Station,  
Scheme No.54,  
Indore.

##### **AUDITOR OF THE COMPANY**

##### **R.K. DUNGARWAL & CO.**

Chartered Accountants,  
308, Chetak Centre,  
12/2, R.N.T.Marg,  
Indore - 452 001.  
Tel. : (0731) 430224.  
Fax : (0731) 435091.

##### **BANKERSTO THE COMPANY**

##### **STATE BANK OF INDORE**

(Associate of SBI)  
Patrakar Colony,  
Indore.

##### **LEAD MANAGER TO THE ISSUE**

##### **ARYAMAN FINANCIAL SERVICES LIMITED**

35, Atlanta, 3rd Floor,  
Nariman Point,  
Mumbai - 400 021.  
Tel. : 282 6464/65/66.  
Fax : (022) 282 64 67.

##### **REGISTRARSTO THE ISSUE**

##### **SYNERGY COMPUTERS**

209, City Centre,  
570, M.G.Road,  
Indore - 452 001.  
Tel. : (0731) 537 638.  
Fax : (0731) 538 330.

##### **ADVISORTO THE ISSUE**

##### **R.K. DUNGARWAL & CO.**

Chartered Accountants,  
308, Chetak Centre,  
12/2, R.N.T.Marg,  
Indore - 452 001.  
Tel. : (0731) 430224.  
Fax : (0731) 435091.

##### **BANKERSTO THE ISSUE**

##### **PUNJAB NATIONAL BANK**

Siyagunj,  
Indore.

**B. FINANCIAL INFORMATION****AUDITORS' REPORT**

To,  
The Board of Directors  
**MA-SHA CONSTRUCTION LTD.**  
4, Shastri Nagar,  
Neemuch, (M.P.) 458 441.

**R.K. DUNGARWAL & CO.**  
Chartered Accountants,  
308, Chetak Centre,  
12/2, R.N.T.Marg,  
INDORE - 452 001.

Dear Sirs,

We have examined the Books of Accounts of MA-SHA Constructions Limited for the period ended 31/03/94 and 31/03/95 being the last date upto which the statutory accounts of the Company have been made up and audited by us and adopted by the members of the Company.

We have also examined and found correct the Statement of Accounts of the Company from 01.04.95 to period ended 31st March, 1996 being the last date upto which the accounts have been made up and audited by us and approved by the Board of Directors of the Company.

In accordance with the requirements of Paragraph B(1) of Part - II of Schedule II of the Companies Act, 1956, we report that profit, assets and liabilities as well as the rates of dividend paid by the Company are as under :

**A. PROFIT & LOSS ACCOUNT**

The profit of the Company for each year as set out below has been arrived at after charging all expenses and after making such regrouping and adjustments as are, in our opinion appropriate and are subject to the notes given below :

	[Rupees]		
	31.03.94	31.03.95	31.03.96
<b>A. INCOME</b>			
Income	5000.00	6000.00	67000.00
<b>B. EXPENDITURE</b>			
Administrative Exp.	1500.00	2600.00	49425.00
Depreciations	155.00	258.00	nil
Amount Written off	1737.00	1737.00	1737.00
<b>TOTAL</b>	<b>3392.00</b>	<b>4595.00</b>	<b>51162.00</b>
<b>C. Profit Before Taxation</b>	1608.00	1405.00	15838.00
<b>D. Provision for Taxation</b>	nil	nil	nil
<b>E. Profit after Taxation</b>	1608.00	1405.00	15838.00
<b>F. Balance available for Appropriations</b>	1608.00	1405.00	15838.00
<b>G. APPROPRIATIONS:</b>			
Proposed Dividend	700.00	700.00	nil
Balance carried to Balance Sheet	908.00	705.00	15838.00

**B. ASSETS AND LIABILITIES**

The Assets and Liabilities of the Company at the end of each year on 31.03.94, 31.03.95 and 31.03.96 as set out below have been arrived at after making such, regrouping and adjustments as are, in our opinion, appropriate and are subject to the notes given below :

	(Rupees)		
	As at 31-03-1994	31-03-1995	31.03.96
<b>A. Fixed Assets</b>			
Gross Block	3000.00	5000.00	305000.00
Less : Depreciation	155.00	413.00	413.00
<b>NET BLOCK</b>	2845.00	4587.00	304587.00
<b>B. Investments</b>	nil	nil	nil
<b>C. Loans</b>	nil	nil	nil
<b>D. Current Assets, Loans and Advances :</b>			
Debtors	nil	nil	nil
Cash & Bank Balances	4080.00	5030.00	674741.00
Loans & Advances	nil	nil	39484827.00
Work-in-progress	nil	nil	38899.00
<b>E. Current Liabilities &amp; Provisions :</b>			
Liabilities & Provisions	950.00	1200.00	700.00
<b>F. NET CURRENT ASSETS</b>	3130.00	3830.00	40197767.00
<b>G. Preliminary Expenses</b>	15633.00	13896.00	12159.00
<b>TOTAL</b>	<b>21608.00</b>	<b>22313.00</b>	<b>40514513.00</b>

**REPRESENTED BY :**

A. Shareholders Fund			
Paid up share capital	700.00	700.00	25500700.00
Share application money	20000.00	20000.00	14478047.00
Reserves and Surplus	908.00	1613.00	17451.00
(Balance of profit & loss account)			
B. Loan Funds	nil	nil	518315.00
<b>TOTAL</b>	<b>21608.00</b>	<b>22313.00</b>	<b>40514513.00</b>

**NOTES ON ACCOUNTS :**

- Depreciation has been calculated under Straight Line Method at the rates in force from time to time specified in schedule XIV of the Companies Act, 1956.  
Depreciation for the year ended on 31st March, 1996 has not been provided.
- Investments are valued at cost plus Stamped duty & Brokerage.
- There are no contingent liabilities.
- Other Income consists of Consultancy, Interest, Dividend, etc.
- The authorised Share Capital of the Company was Rs. 100000 divided into 10000 Equity Shares of Rs.10/- each was increased to Rs.55000000 divided into 5500000 Equity Shares of Rs.10/- each on 01.11.1995.

**DIVIDEND**

We further report that in respect of each financial year the dividends (subject to deductions of Tax) declared by the Company were as under :

Year/Period ended	No. of Equity Shares (Rs 10/- each)	Rate of Dividend (%)	Amount of Dividend (In Rs.)
31.03.94	70	100	700
31.03.95	70	100	700

**SIGNIFICANT ACCOUNTING POLICIES**

- System of Accounting**  
The Company adopts the accrual concept in the preparation of the accounts.
- Inflation**  
Assets and Liabilities are recorded at historical cost to the Company. These are not adjusted to reflect the changing value in the purchasing power of money.
- Fixed Assets**  
Fixed Asset are capitalised at cost inclusive of legal and / or installation expenses.
- Depreciation**  
Depreciation on all fixed assets is provided on straight line basis as per schedule XIV of the Companies Act 1956.

For R. K. Dungarwal & Co.  
Chartered Accountants

Sd/-

DATE : 20.05.96  
PLACE : Indore

R. K. Jain  
(Proprietor)

**OTHER FINANCIAL INFORMATION**

Details regarding Loans and Advances as at 31.03.96 :

	(Rs. in lacs)
1. Aryaman Financial Services Limited	0.25
2. Atit Investment & Finance (Indore) Pvt Ltd.	143.84
3. M/s Mangilal Bhuralal Deori	100.00
4. M/s Gautam Steels	25.00
5. M/s Pashupati Buildings	125.75
<b>TOTAL</b>	<b>394.84</b>

The loan and advances given by the company are in the ordinary course of business and none of the beneficiaries of the loans and advances are in any way related with the Promoter/Director of the company.

The allotment of shares to the promoters shall be restricted only to the extent of their contribution in the present issue and the excess application money will be refunded to them.

## **C. STATUTORY & OTHER INFORMATION**

### **MINIMUM SUBSCRIPTION**

The minimum subscription 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 90% of the issue size.

IF THE COMPANY DOES NOT RECEIVE THE MINIMUM SUBSCRIPTION OF 90% OF THE ISSUED AMOUNT ON THE DATE OF CLOSURE OF THE ISSUE, THE COMPANY SHALL FORTHWITH REFUND THE ENTIRE SUBSCRIPTION AMOUNT RECEIVED. FOR DELAY BEYOND 78 DAYS, IF ANY, IN REFUND OF SUCH SUBSCRIPTION, THE COMPANY SHALL PAY INTEREST AS PER SECTION 73 OF THE COMPANIES ACT, 1956.

### **EXPENSES OF THE ISSUE**

The expenses to this issue payable by the company, inclusive of Brokerage, Fees to the Lead Managers and Registrars to the Issue, Stamp Duty, Printing, Advertising and Marketing Expenses, Registration Fees, Legal Charges, Bank Charges, Professional Fees for the issue of Equity Shares and Auditor's fees are estimated not to exceed Rs.11.95 lakhs and the same will be met from the proceeds of this issue.

### **FEES PAYABLE TO LEAD MANAGERS TO THE ISSUE**

The fees payable to the ARYAMAN FINANCIAL SERVICES LIMITED, Lead Managers to the Issue as per the MOU dated 14.11.95 signed between them and the company, a copy of which is kept open for inspection.

### **FEES TO REGISTRARS TO THE ISSUE**

The Registrars to the Issue will be paid as per the terms and conditions of MOU dated 09.01.96 entered into between the company and the Registrar, a copy of the offer letter by the Registrar is kept open for inspection.

### **UNDERWRITING COMMISSION**

Since the issue is not underwritten, no underwriting commission is payable.

### **BROKERAGE**

Brokerage will be paid by the company at the rate of 1.50% on the nominal value of the Equity Shares on the basis of allotments made against applications bearing the stamp of a Member of any recognised Stock Exchange in India in the Brokers Column in the Application Form. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of allotments made against applications procured by them provided the relative form of applications bear their respective stamps in the Brokers column.

### **PREVIOUS ISSUE**

The company has not issued any shares or debentures to the public since the date of its incorporation.

### **PREVIOUS COMMISSION AND BROKERAGE**

Save for the underwriting commission and brokerage payable in terms of this Prospectus, no such sums have been paid since the date of incorporation of the Company or are payable as commission or brokerage to any person for subscribing or agreeing to subscribe or for procuring or agreeing to procure subscriptions for any shares / debentures of the Company.

### **ISSUE OTHERWISE THAN FOR CASH**

The company has not issued any shares to anyone for a consideration other than cash.

### **ISSUE AT PREMIUM OR DISCOUNT**

No shares or debentures have been issued by the Company at a premium or at a discount since its incorporation.

## **PREFERENCE SHARES AND DEBENTURES**

The Company has not issued any Debentures or Preference Shares since the date of its incorporation.

### **OPTION TO SUBSCRIBE**

Except as otherwise stated in this Prospectus, the Company has not entered into nor does it, for the 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 / debentures of the company.

### **PURCHASE OF PROPERTY**

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

- (a) the contract for the purchase or acquisition whereof was entered into in the ordinary course of the Company's business, the contract not being made in contemplation of the issue nor the issue in consequence of the 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 and / or directors had or have any direct or indirect interest or in respect of any payment made thereof.

### **REVALUATION OF ASSETS**

The Company has not done Revaluation of its Fixed Assets.

### **CAPITALIZATION OF RESERVES**

The company has not capitalised any reserves.

### **CLASS OF SHARES**

The Authorised Share Capital of the Company is Rs. 5,50,00,000/- divided into 55,00,000 Equity Shares of Rs. 10/- each.

### **INTEREST OF DIRECTORS AND PROMOTERS**

All the Directors are interested to the extent of the fees, if any, payable to them for attending meeting of the Board or committee thereof, as well as to the extent of other remuneration, if any, payable to them under the articles. The Directors are also interested to the extent of the shares, if any, already held by them. The Directors may also be regarded as interested in the shares that may be held by or that may be subscribed and allotted to them or the Companies in which they are interested as Directors and/or Members as well as to their friends, relatives and associates. The Promoters, including signatories to the Memorandum of Association are interested in the Company to the extent of their respective share holding therein and the dividends they may get on such shares.

### **PAYMENT OR BENEFIT TO PROMOTERS/OFFICERS OF THE COMPANY**

No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any promoter of the company and no amount of benefit other than normal remuneration or reimbursement of expenses incurred for the business of the Company has been paid or given or is intended to be paid or given to any officer of the Company.

## MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

### NUMBER OF DIRECTORS

Subject to section 252 of the act and as provided in Article 154, the number of Directors (excluding debentures, ex-office and alternate directors) shall not be less than three and more than twelve.

However, subject to the provisions of the Act and these Articles the Company may by ordinary resolutions from time to time increase or reduce the number of Directors within the limits fixed by these Articles.

### FIRST DIRECTORS OF THE COMPANY

**Articles 155 provides that** the following persons will be the 1st Directors of the Company.

1. Shri Shantilal Jain
2. Smt. Manohar Devi Jain
3. Smt. Jayshri Jain

### ALTERNATE DIRECTORS

**Article 157 provides that** the Board of the Company may appoint an Alternate Director to act for the Director (hereinafter called "The Original Director") during his absence for a period not less than 3 months from the State in which the meetings of Board are ordinarily held. An alternate Director appointed under the Article shall not hold office for a period longer than that permissible to the original director in whose place he has been appointed and shall vacate the office if and when the original director returns to that state. If the term of the original director is determined before he returns to that state or any provisions in the act or in these Articles for the automatic re-appointment of the retiring director in default of other appointment shall apply to the original director and not to the alternate director.

### CASUAL VACANCIES

**Article 159 provides that** subject to the provisions of the sections 264 and 284 (6) of the Act, If any Director appointed by the Company in General Meeting vacates office as a Director before his term of office expires in normal course, The Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill such casual vacancy. Any person so appointed shall hold office the date upto which the Director in whose place he is appointed would have held office, if it had not been vacated by him. 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 these Articles.

### ADDITIONAL DIRECTORS

**Articles 160 provides that** subject to sections 260 and 264 that the Board have power at any time and from time to time to appoint any qualified person to be an Additional Director, but so that the total number of Directors shall not any time exceed maximum fixed under Article 154. Any such additional Director shall hold office only upto the date of the next Annual General Meeting.

### SHARE QUALIFICATIONS OF DIRECTORS

**Article 163 provides that** no share qualification will be necessary for holding the office of the Director of the Company.

### APPOINTMENT AND REMUNERATION OF THE MANAGING DIRECTOR

Mr. Jyoti Prakash Bapna has been appointed as the Managing Director of the company in the Extra-ordinary General Meeting held on 01.11.95 for a period of five years with effect from 01.11.95 on remuneration by way of salary and perquisites which shall be as under:

#### Remuneration

**Salary :** Rs.5000/- per month (Rupees Five Thousand Only) yearly increment of Rs.1000.

**Commission :** 1% of the net profit of the company subject to 50% of salary or Rs. 45000 whichever is less.

#### Perquisites

**House Rent Allowance :** 50% of the salary over and above 10% payable by the managerial personnel himself.

Leave Travel Concession for himself and family once in a year in accordance with the rules specified by the company.

**Medical Reimbursement :** Expenses for self and family subject to the ceiling of one month's salary in a year or three months salary over a period of three years.

Personal Accident Insurance of an amount, the premium of which does not exceed Rs.1000/-.

Club Fee subject to a maximum of two clubs. This shall not include admission in life membership.

Contribution to Provident Fund, Superannuation Fund or Annuity fund to the extent either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

Encashment of leave at the end of the tenure.

Provision of Car for use of company's business and Telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the individual managerial personnel's account.

### REMUNERATION OF DIRECTORS

**Article 164 provides that** subject to the provision of the Act the Managing and/or Wholetime Director of the Company may be paid remuneration either by way of monthly payment or a percentage of net profits of the Company or partly by the former and partly by the latter.

Subject to the provisions of the act, a Director who is neither a Managing or a Wholetime Director may be paid remuneration either (a) by way of a monthly, quarterly or yearly payment with the approval of the Central Government or (b) by way of commission by special resolution authorises such payment.

The fee payable to each Director other than the Managing and/or Wholetime Director for attending the meeting of the Board or committee thereof shall be such amount not exceeding Rs. 500/- (Rupees Five Hundred Only).

The Board may allow and pay to any Director attending a meeting of the Board or any committee thereof such sum as the Board may consider fair compensation for travelling, Boarding, Lodging and other expenses, in addition to his fee for attending such meeting as above specified.

If any Director is being willing shall be called upon to perform extra services or to make special exertions for any of the purposes of the Company or as a member of a committee of the Board then subject to sections 198, 309 & 314 of the Act, the Board may remunerate the Directors so doing either by a fixed sum or by percentage of profits or otherwise and such remuneration be in addition to or in substitution of any other remuneration to which he may be entitled.

### EX-OFFICIO NOMINEE DIRECTOR

**Article 156 provides that** notwithstanding anything to the contrary contained in these Articles, so long as monies remain owing by the Company to the Public Financial Institutions as defined in section 4 A of the Act and any financial institution owned or controlled by the Central Government or the State Government or the Reserve Bank of India (RBI) or two or more of them or by Central Government or State Government by themselves (each of the above is hereinafter in this Article is referred to as "the corporation") out of any loans/debenture assistants granted by them to the Company or so long as the Corporation holds or continues to hold debentures/shares in the Company as a result of underwriting or by 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, Wholetime or non-Wholetime (Which

Director(s) is/ or hereinafter referred to as "Nominee Director(s)" on the Board of the Company and to remove from such office any person(s) in his or their place(s). The Board of Directors of the Company shall have no power to remove the Nominee Director(s) of the Company from the office. Also at the option of the Corporation, such Nominee Director(s) shall not be liable to retire by rotation of Directors. Subject as aforesaid, the Nominee Director(s) shall be entitled to same rights and privileges and 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 the money remains owing by the Company to the Corporation or so long as the Corporation holds or continues to hold debentures/shares in the Company as a result of underwriting or by private placement or the liability of the Company arising out of Guarantee is outstanding and the Nominee Director(s) so appointed in exercise of the said power shall ipso facto vacate such office immediately the money owing by the Company to the Corporation are paid of or on the Corporation ceasing to hold debenture/shares in the Company or on the satisfaction of the liability of the Company arising out of the Guarantee furnish by the Corporation. The Nominee Director(s) appointed under these Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meeting of the Committee of which the Nominee Director(s) is/are member(s) as also the minutes of such meetings. The corporation shall also be entitled to receive all such notices & minutes. The Company shall pay the Nominee Director(s) sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, Commission, moneys and remuneration in any form is payable to the Directors of the Company, the Fees, Commissions, Moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly paid by the Company directly to the Corporation.

Provided also that in the event of the Nominee Director(s) being appointed as the Wholetime Director(s), such Nominee Director(s) shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually are exercised or available to Wholetime Director in the Management of the affairs of the Company. Such Wholetime Directors shall be entitled to receive such remuneration Fees, Commission & Moneys as approved by the Corporation.

## POWER OF DIRECTORS

### General Powers of the Board

**Article 196 provides that** the control of the Board may exercise all such powers of the Company and to do all such Acts and things as or not by the Act or any other Act or Memorandum or by the Articles of the Company required to be executed by the Company in General Meeting, but subject nevertheless to these Articles to the proviso of the Act or any other Act and to such regulations being not inconsistent with the aforesaid regulations or the provisions as may be prescribed by the Company in General Meeting, but no regulation made by the General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made:

- a) Sell, lease, or otherwise dispose off the whole or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, of the Whole or substantially the whole of the undertaking.
- b) Remit or give time for the payment of any debts due by the Director.
- c) Invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking and without which it cannot be carried on or can be carried only with difficulty or only after a considerable time.
- d) Borrow moneys from time to time where moneys to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not

set apart for any specific purpose, provided further that the powers specified in Section 292 of the Act shall be exercised only at the meeting of the Board, unless the same be delegated to the extent therein stated.

- e) Contribute to charitable and other funds not directly related to the business of the Company or the welfare of the Employees, any amounts the aggregate of which will, in any financial year exceed Fifty Thousand Rupees or 5% of its average net profit as determined in accordance with the provisions of the Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.
- f) A receipt signed by Managing Director or Whole Time Director or by a person authorised by the resolution of Directors to give receipt for any moneys, funds or property lent or payable or belonging to the Company, shall be an effectual discharge on behalf of and against the Company for the moneys, funds or properties which in such receipt shall be acknowledged to be received, and the person paying any such moneys shall not be bound to see the application thereof or be answerable for the mis-application, thereof.
- g) To open and operate upon and overdraw Bank accounts, to sign, make issues, negotiate, discount, endorse, accept, or otherwise deal in all types of negotiable instruments including cheques, promissory notes, hundies, bills of exchange and bearer bond arranged for credits in cash or kinds, specifying the Bank or Banks with whom the cash credit account and any other account in whatever name called is to be opened and the limit of such accounts.
- h) To incur from time to time such expenses and layout sum or sums of money as Directors may deem expedient for the purpose of working the workshops or factories or for improving the business of the Company from time to time, to erect and fix new machinery or plant, on or in any of the lands, building and premises for the time being in possession or property of the Company and time to time removal of all or any of the machinery, plant or stores of the Company being in or upon any lands, buildings and premises of the Company, to other lands, buildings or premises wherever situated of the Company.
- i) To effect all types of Insurance which in the opinion of the directors ought to be effected for the benefit of the Company and in particular to ensure the property of the Company against loss or damage by fire or otherwise, and also to ensure to against any standing charges and to ensure any anticipated profits of the Company or of any transaction entered into by the Company, and to sell, assign, surrender or discontinue any policies of Insurance effected in pursuance of this power.
- j) To give any person employed by the Company a commission on the profits of any particular business or transaction and such commission shall be treated as part of the working expenses of the Company. Provided further, that the power specified in Sec.293 of the Act subject to these Articles is exercised only at meeting of the Board unless the same being delegated to the extent therein stated.

### BORROWING POWERS

Subject to the provisions of sections 58-A, 292 & 293 of the Act and of the Companies (Acceptance of Deposit) Rules, 1975 and of these articles or any statutory modification thereof for the time being in force, the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposits from the public, directors (including their relatives), employees and from members either in advance or calls or otherwise and generally raise or borrow or secured the payment of any sum or sums of money for the purpose of the Company provided however, that where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans to be obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific

purpose), the Board of Directors shall not borrow such money without the sanction of the Company in general meeting.

#### MANAGING DIRECTOR/WHOLETIME DIRECTOR

**Article 201 provides that** subject to the provisions of the act and these articles the Board shall have power to appoint and reappoint and will appoint from time to time Managing Director of the Company out of the Directors being on the Board only for a fixed time not exceeding five years upon such terms and conditions as the Board thinks fit, upon such remuneration as may be determined by the Board subject to the provisions of the act and may from time to time remove or dismiss him from office and appoint another in his place.

**Article 202 provides that** the board may also vest in the Managing Director either by way of resolution or an agreement to this effect such of the powers, authorities and functions hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period and upon such conditions and subject to such restrictions as may be determined or specified by the Board.

**Article 203 provides that** the Managing Director shall not, in any event exercise the following powers :

- a) Make calls on shareholders in respect of money unpaid on the shares in the Company;
- b) Issue debentures, and except to the extent mentioned in a resolution passed at the Board meeting under section 292 of the act, shall also not exercised powers to;
- c) Borrow money otherwise than on debentures;
- d) Invest the funds of the Company; and
- e) Make loans.

**Article 205 provides that** a Managing Director shall not, while he continues to hold that office be subject to retirement by rotation. If he ceases to hold office he shall ipso facto ceases to be the Managing Director.

**Article 206 provides that** subject to the provisions of the Act and of these Articles, the Board may from time to time with sanction of Central Government as may be required by law appoint and or re-appoint one or more of the Director to be the Wholtime Directors of the Company out of the Directors for the time being on the Board either for a fixed term or permanently upon such terms & conditions as the Board thinks fit and on such remuneration as may be determined by the Board subject to the provision of the Act.

**Article 207 provides that** the Board may also vest in the Wholtime Directors either by a way of resolution or an agreement to this effect such of the powers, authorities and functions hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period and upon such conditions and subject to such restrictions as may be determined or specified by the Board. The Board has the powers to revoke withdraw alter or vary any of all such powers and/or remove or dismiss him or them and appoint another or others in his/ their places again out of the Directors for the time being in the Board.

**Article 208 provides that** the subject to the provisions of the section 255 of the Act, a Wholtime Director(s) shall not, while he/they continue(s) to hold that office be liable to retirement by rotation (Subject to the provisions of any contract between him/ they and the Company) but he/they shall be subject to the same provisions as to resignation and removal as the other Directors and if he ceases to hold office of Director(s), he/they shall ipso facto ceases to be the Wholtime Director(s).

**Article 204 provides that** the Company shall not appoint or employ or continue employment during the tenure as the Managing or Wholtime Director;

- a) Is in an undischarged insolvent, or has at any time being adjudged as insolvent.
- b) Suspends or has any time suspended payment of his creditors.
- c) Is or has at any time been convicted by a court of an offence involving moral turpitude.

#### VOTING RIGHTS AND RESTRICTIONS THEREON

**Article 135 provides that** save as hereinafter provided, on a show of hands, every member present in person and being a holder of an equity share shall have one vote and every person present either as proxy on behalf of the holders as an equity or a representative as a body corporate in accordance with these Articles, being a holder in equity, if he is not entitled to vote in his own right, shall have one vote.

**Article 141 provides that** where there are joint registered holders of any share, any one of such person may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting either personally or by proxy that be of the said persons so present whose names stands first on the register of the members shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any shares stands shall for the purposes of article be deemed joint holders thereof.

**Article 143 provides that** instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing if such appointer is a body corporate be under its common seal of the hand of its officer or attorney duly authorised.

**Article 148 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 of lien but the directors may by resolution passed at the meeting of the board waive the operation of these Articles.

**Article 149 provides that** any objection to the admission or rejection of a vote, either on a show of hands, or, a pole made in due time, shall be referred to the Chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive;

**Article 150 provides that** no objection shall be raised to the qualification of any vote 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.

**Article 151 provides that** where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a member (not being a officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove as scrutineers from the office and filled the vacancies in the office of the scrutineers arising from such removal or from any other cause

#### DIVIDENDS

**Article 216 provides that** the Company in general meeting may declare a dividend to be paid to the members according to their respective rights and interest in the profits and, subject to the provisions of the Act, may fix the time for payments.

**Article 217 provides that** subject to the provisions of section 205 of the Act and the rules made thereunder, the profits of the Company subject to any special rights relating thereto created or authorised to be created by these articles and subject to the provision of these articles shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively and subject to the provisions of the act may fix the time for payment. When a dividend has been so declared, the warrant in respect thereof shall be posted within 42 days from the date of the declaration to the shareholders entitled to the payment of the same.

**Article 218 provides that** subject to the provisions of section 205-A of the Act, when a dividend is declared but not paid or claimed as the case may be, within 45 days from the date of declaration, the total amount of unpaid or unclaimed dividend

shall be transferred to a special account within 7 days from the date of expiry of said period of 45 days.

**Article 219 provides that** no dividend shall be declared or paid otherwise by the Company for any financial year out of the profits for the year arrived at after providing for depreciation in accordance with the provisions of section 205 of the Act, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed or out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that;

- a) If the Company has incurred any loss in any previous financial year(s), it shall before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the previous financial year or other previous financial year or year(s).
- b) If the Company has incurred any loss in any previous financial year or year(s) the amount of loss or an amount which is equal to the amount provided for depreciation for that year or these year(s) which ever is less, shall be set off against the profits of the Company for any previous financial year or year(s) arrived at in both cases after providing for depreciation in accordance with the provision of Section 205(2) of the Act or against both.

Provided further, that no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above except after the transfer to the reserves of the Company of such percentage of its profit for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with the Section.

**Article 220 provides that** the Board may from time to time pay to the members such interim dividend as in their judgement the position of the Company justifies.

**Article 224 provides that** all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall not rank for dividend as from a particular date such shares shall rank for dividend accordingly.

**Article 225 provides that** any one of several person who are registered as a joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares.

**Article 230 provides that** the Company shall not forfeit any unpaid or unclaimed dividends and such dividends shall be dealt with in accordance with provision of Section 205-A, 205-B & 206-A of the Act.

**Article 232 provides that** any general meeting declaring a dividend may, on the recommendation of Directors make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the member, be set off against the calls.

**Article 234 provides that** notice of any dividend, whether interim or otherwise shall be given to the persons entitled to share in the manner hereinafter provided.

**Article 235 provides that** all dividends & other dues to member shall be deemed to be payable at the registered office of the Company. Unless otherwise directed, any dividend, interest or other money payable in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the holder or in the case of joint holders who is the first named in the register in respect of the joint holding or to such person and at such address as the holder or joint holder as the case may be, may direct and every cheque or warrant so sent shall be made payable at par to the order of the persons to whom it is sent.

**Article 236 provides that** unless otherwise directed, any dividend may pay by cheque or warrant sent through the post to the registered address of the member's or person entitled, or in the case of joint holders to that one of them first named in the register in respect of joint holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transit or for any dividend lost by the member or of person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.

**Article 240 provides that** subject to the provisions of the Act, no member shall be entitled to receive payments of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividends payable to any member all sums of money so due from him to the Company.

## LIEN

**Article 51 provides that** the Company shall have a first & paramount lien upon all the shares (other than fully paid-up shares) registered in the name of such member (whether solely or jointly with others) and upon the proceeds of sale thereof for the amount of calls, interest, expenses or any other moneys payable to the Company at a fixed time in respect of any shares held by him, whether solely or jointly with others; and such lien shall extend to all dividends and bonus from time to time declared in respect of such shares. 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.

## MODIFICATION OF RIGHTS

**Article 111 provides that** whenever the Capital (by reason of issue of preference share or otherwise) is divided into different class of shares, all or any of the rights and privileges attached to each class may subject to provisions of sections 106 and 107 of the act be modified, commuted, affected, abrogated, varied or dealt with by agreement between the Company and any persons purporting to contract on behalf of that class provided such agreement is (a) consented to in writing by the holders at least three-fourth of the issued shares of that class, (b) sanction by a resolution passed at a separate General meeting of that class in accordance with section 106 of the Act and all the provisions hereinafter contained as to a General Meeting shall apply mutatis mutandis to every such meeting, except that the quorum shall be members holding or representing by proxy, one-fifth of the nominal amount of the issued shares of the class. The Article is not by implication to curtail the power of modification which the Company would have if this article were omitted. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar of Companies.

## FORFEITURE OF SHARES

**Article 53 provides that** if any member fails to pay the whole or any part of any call or instalment of a call on or before the day appointed for the payment of the same or any such extensions thereof the Board may any time thereafter during such times the call for such instalment remains unpaid, give notice to the member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.

**Article 54 provides that** the notice shall name a day (not being less than 30 days from the date of notice) and a place or places on and at which such call or instalment and such interest thereon at such rate not exceeding 18% per annum as the Directors shall determined from the day on which such call or instalment ought to have been paid and the 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 appointed, the shares in respect of which such call was made or instalment is to be payable will be liable to be forfeited.



**Article 55 provides that** if the requirement of any such notice as aforesaid are 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 instalments, interest and expenses, due in respect thereof, be forfeited by a resolution of the board to that effect. Such forfeiture shall include all dividend, declared or any other money payable in respect of the forfeited shares and not actually paid before the forfeiture.

**Article 57 provides that** any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed off, either to the original holder or to any other person, upon such terms and in such manner as the board shall think fit.

**Article 58 provides that** any member whose shares have been forfeited, shall cease to be a member in respect of the forfeited shares but shall notwithstanding the forfeiture, be liable to pay and shall forth with pay to the Company on demand all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of forfeiture, together with interest thereon from the time of forfeiture until payment, at such rate not exceeding 18% per annum as the board may determine and the board may enforce payment of such moneys or any part thereof, if it thinks fit, but shall not be under obligation to do so.

**Article 60 provides that** a declaration in writing that the declarant is the Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

**Article 61 provides that** upon any sale after forfeiture or for enforcing a lien in perperated exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the applications of the purchase money, and after his name has been entered in the register in respect of such shares the validity of the shares shall not be impeached by any person, and the remedy of any person aggrieved by sale shall be in damages only and against the Company exclusively.

#### TRANSFER OF SHARES

**Article 72 provides that** the instrument of transfer of any share shall be in writing and in the prescribed form under the Companies (Central Government) General Rules & Forms, 1956 and in accordance with the requirement of Section 108 of the Companies Act and the Company, the transferor and the transferee of the shares to comply with the provisions of the Act.

**Article 78 provides that** the Company shall not register a transfer of shares in the Company 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 and specifying the name, father's/husbands name, address and occupation, if any, of the transferee has been delivered to the Company along with the certificate relating to the shares, or if no such share certificate is in existence along with the letter of allotment of the shares, provided that where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit; provided further, that nothing in this article shall prejudice any power of the Company to register as share holder any person to whom the right to any shares in the Company has been transmitted by operation of law.

**Article 91 Provides that** subject to the provisions of section 111 of the Act and section 22-A of the Securities Contract (Regulation) Act 1956 or any statutory modifications thereof for the time being into force, the directors may any at time in their absolute discretion decline to register or acknowledge a transfer of any share giving reasons thereof and in particular may so decline in any case in which the Company has a lien upon the shares desired to be transfer or any call or instalment

regarding any of them remain unpaid or unless the transferee is not approved by the directors and such refuser shall not be effected by the fact that the proposed transferee is already a member, the registration of transfer shall be conclusive evidence of the approval of the directors of the transferee. Provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person(s) indebted to the Company or any account whatsoever except where the Company has a lien on a shares.

**Article 83 provides that** if the Company refuses to register the transfer of shares or debentures or transmission of any right therein the Company shall, within one month from the date on which the instrument of transfer or intimation of transmission was delivered with the Company, sent notice of refusal to the transferee and transferor or to the person giving the intimation of the transmission as the case may be giving reason for such refusal and there upon the provision of section 111 of the Act and statutory modification or re-enactment thereof for the time being in force shall apply.

**Article 85 provides that** the Directors shall have power on giving not less than seven days previous notice by advertisement as required by the Act, to close the transfer books of the Company for such period or periods of time, not exceeding in the whole forty five days in each year, but not exceeding 30 days at a time as they may deem fit.

#### TRANSMISSION OF SHARES

**Article 86 provides that** in the case of shares registered in the name of one person the executor or administrator of a deceased member or holder of a Succession Certificate (whether European, Hindu, Mohammedan, Parsi or otherwise) shall be the only person recognised by the Company as having any title to his shares and the Company shall not be bound to recognise such executor or administrator or holder of a Succession Certificate unless such executor or administrator, shall have first obtained probate or Letters of Administration, or their legal representation as the case may be, from a duly constituted Court in India or from any authority empowered by any law to grant such other legal representation, PROVIDED that in case, where the Board in their absolute discretion think fit, the Board may dispense with the production of Probate or Letters of Administration or other Legal representation and under the next article, register the name of any person who claims to be absolutely entitled to the share standing in the name of a deceased member as a member, upon such terms as to indemnity or otherwise as the Directors may deem fit.

**Article 87 provides that** in case of death of any one or more of the persons named in the Register of Members, as the Joint Holder of any share, the survivor or survivors shall be only the persons recognised by the Company as having any title or interest in such shares, but nothing herein contained shall be taken to release the estate of deceased Joint Holder from any liability on shares held by him with any other person.

**Article 88 provides that** every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless as indemnity is given to the Company with regard to such registration which the Board at their discretion shall consider sufficient provided nevertheless that there shall not be any obligation on the Company or the Board to accept any indemnity.

**Article 89 provides that** subject to the provisions of the Act and these Articles any person becoming entitled to a share in consequence of death, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents may with the consent of the directors (which they shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the board may think sufficient may require, either be registered himself as the holder of the share or elect to have some person nominated by him, and approved by the board, registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing to his nominee an instrument of transfer of the share in accordance with the provision herein

contained and, until he does so, he shall not be free from any liability in respect of the share. This article is herein referred to as the "Transmission Article".

**Article 90 provides that** subject to the provisions of these articles, the Board shall have the same right to refuse to register the person entitled by transmission to any share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.

**Article 91 provides that** subject to the provisions of the act and these articles, the Directors shall have the same rights to refuse to register a person entitled by transmission to any share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.

**Article 93 provides that** the person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as he were the registered as a member in respect of the share he entitled in respect of it, to exercise any right confirmed 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 shares and if notice is not complied with within sixty days, the Board may thereafter withhold the payment of all dividends, bonus or other moneys payable in respect of the share until the requirements of the notice have been complied with.

**Article 94 provides that** the Company shall incur no liability or responsibility whatsoever in consequences of its registering or giving effect to any transfer of shares made or purporting to be made by an apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or such notice prohibiting registration of such transfers, and may have entered such notice or refund thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice to give effect thereto if the Board shall so think fit.

#### INDEMNITY

**Article 287 provides that** subject to the provisions of Section 201 of the Act every Director, Manager, Officer or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as auditor shall be indemnified out of the funds of the Company against all claims and it shall be the duty of the Directors out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or becomes liable to, by reason of any contract entered into or act or thing done, about the execution or discharge of his duties or supposed duties except such if any, as he shall incur or sustain through or by his own willful act, neglect or default including expenses and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such director, manager, officer or auditor in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

#### WINDING UP

**Article 283 provides that** if the Company shall be wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid-up at the commencement of the winding up on the shares held by them respectively. If in a winding up, the assets available for distribution amongst the members shall be more than sufficient

to repay the whole of the capital 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 and the preference shareholders shall have prior rights to repayment of capital and dividend due.

**Article 284 provides that** if the Company shall be wound up whether voluntarily or otherwise, the liquidators may, with the sanction of Special Resolution, divide among the contributories in specie or kind the whole or any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any kind of them as the Liquidator with the like sanction shall think fit.

#### MATERIAL CONTRACTS AND INSPECTION OF DOCUMENTS

##### A. MATERIAL CONTRACTS

The following contracts mentioned in Paragraph "A" below (not being contracts entered into in the ordinary course of business carried on by the Company more than two years before the date of this Prospectus) which are or may be deemed to be material, have been entered into by the Company. The contracts together with the documents referred to in Paragraph "B" below, copies of which have been delivered to the Registrars of the Companies for registration and may be inspected at the Registered Office of the Company between 11.00 a.m. and 2.00 p.m. on any working day from the date of Prospectus until the closure of the subscription list.

##### A. MATERIAL CONTRACTS

1. Copy of Letter No. AFSL/RG/95/1003 dated 14th November, 1995 from Aryaman Financial Services Limited offering their services for acting as Lead Managers to the Issue and Company's acceptance of the same.
2. Memorandum of Understanding (MOU) between the Company and Aryaman Financial Services Limited dated 14th November, 1995.
3. Copy of letter dated 1.11.95, from Synergy Computers offering their services to act as Registrars to the Issue and Company's acceptance thereof.
4. Memorandum of Understanding (MOU) between the Company and Synergy Computers dated 9th January, 1996.
5. Copy of letter dated 20.10.95 from R.K. Dungarwal & Co. offering their services to act as Advisor to the Issue and Company's acceptance thereof.

##### B. DOCUMENTS FOR INSPECTION

1. Copy of Memorandum & Articles of Association of the Company.
2. Copy of Certificate of Incorporation dated 29.04.1993 Certificate of Commencement of Business dated 20.12.1995.
3. Copy of the initial listing application dated 19/01/96 filed with Madhya Pradesh Stock Exchange at Indore.
4. Copy of the Special Resolution passed at Extra-ordinary General Meeting held on 01.11.1995 u/s. 293 (1) (a) and 293 (1) (d) of the Companies Act, 1956.
5. Copy of the Special Resolution passed at Extra-ordinary General Meeting held on 01.11.95 u/s. 81 (1A) of Companies Act, 1956 and Board Meeting dated 9th January, 1996.
6. Copies of Consents from Lead Manager to the Issue, Registrars to the Issue, Advisors to the Issue, Bankers to the Company, Bankers to the Issue, Company Secretary and Directors referred to in this Prospectus to act in their respective capacities.
7. Copy of Auditors Certificate certifying Tax Benefits as mentioned in the Prospectus.

8. Copy of the Auditor's Report as mentioned in the Prospectus.
9. Copy of Balance Sheet and Profit and Loss accounts of the Company for the 2 financial years.
10. Consent from Auditors for inclusion of Auditors Report and Tax Benefits Certificate in the Prospectus.
11. Copy of resolution passed at Board Meeting held on 9/01/96 authorising the Registrars to the Issue for signing and realising stockinvests.
12. Copy of Resolution passed at the Extra-ordinary General Meeting held on 1.11.95 appointing Mr. Jyoti Prakash Bapna as Managing Director of the Company
13. Power of Attorney in favour of Mr. Ramesh Singh Yadav for signing Prospectus and making amendments thereto.
14. Copy of agreement between the Company and Shri Mangilal Bhuralal owner of the land dated 1.11.95.
15. Copy of SEBI Acknowledgement Card No. IMID/RR/2977/2575/96 dated 8th April, 1996.

### **PART - III**

#### **DECLARATION**

We, the Directors declare that all the relevant provisions of the Companies Act, 1956, and the Guidelines issued by the Government have been complied with and no statement made in the prospectus is contrary to the provisions of the companies Act, 1956, Rules made thereunder and the SEBI guidelines.

#### **SIGNED BY DIRECTORS**

\* **Mr. Jyoti Prakash Bapna**

\* **Mr. Ghanshyam Soni**

\* **Smt. Pusplata Soni**

\* (Signed by their Constituted Attorney **Mr. Ramesh Singh Yadav**)

**Place** : INDORE

**Date** : 06.06.96