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S-CAP

SME CAPITAL MARKET WATCH

Compliance Harbinger for Efficiency in **COST & GOODWILL**



SARHI

An initiative by :
SARHI CAPITAL ADVISORS PRIVATE LIMITED
SEBI Registered Category I - Merchant Banker



PREFACE



With new Company Law 2013, the compliance for companies becomes the first priority. Yes, the good governance and good compliant businesses do earn better goodwill among all stake holders and in a way brings the costs down and efficiencies up.

Corporate Social Responsibility (CSR) formally get in the act and the law encourages the corporate (profitable) to contribute directly towards the society.

On the other side, SMEs in India contribute around 12 per cent to the gross domestic production (GDP). They also account for around 45 per cent of industrial production, 40 per cent of exports and 15 per cent of employment in the country. Indian SME figures pale when one looks at the contribution of SMEs to the GDP of developed countries such as the US and UK. SMEs in these countries contribute 40 to 60 per cent of the GDP and provide employment to over 50 per cent of the work force. This highlights the fact that Indian SMEs are undernourished.

It has to be watched and observed, whether the new laws only increase the transparency and goodwill for the companies doing small businesses or it increases extra burden and more expenses for the smaller businesses.

With electoral results on the corner, expectation on monsoon, roaring capital markets, I am sure the coming month will be quite watchful.

All the best!

Deepak Sharmaa
Group Managing Director

Sarthiangels.com

A FACILITATIVE PLATFORM FOR CREATING A VIBRANT ENTREPRENEURIAL ECO SYSTEM IN INDIA

SALIENT FEATURES

- Sarthi Angels is a section 25 non-profit organisation
- Provides a platform to connect the budding entrepreneurs with Angels
- Provides Incubation Services to entrepreneurs
- Our endeavor is to create a conducive environment for Entrepreneurs & provide value investment opportunities to Angels

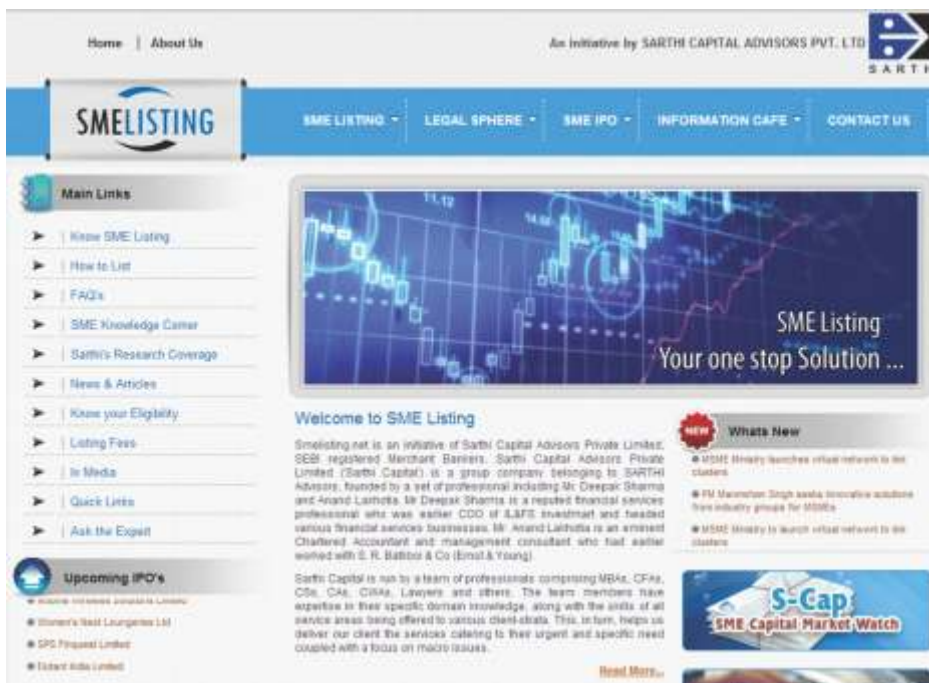


BRIDGING THE GAP BETWEEN ENTREPRENEURS AND ANGELS

A ONE STOP COMPREHENSIVE SOLUTION TO SME LISTING

Smelisting.net

Knowledge Portal



SALIENT FEATURES

- Comprehensive content on procedural and regulatory aspects.
- Eligibility Calculator to gauge your eligibility for SME IPO.
- Knowledge Corner that provides regulatory & market insights.
- A platform to interact with the experts on SME Listing & related topics.
- Latest happenings in SME world
- An in-depth research on listed SMEs & prospective IPOs.

& many more...



CONTENTS

ARTICLES	1 - 12
<hr/>	
The New Portico of CSR	
Capital Raising - <i>Way to go Under Companies Act 2013</i>	
Secretarial Audit	
INTERVIEW	13 - 14
<hr/>	
Sangeeta Modi	
RESEARCH COVERAGE	15 - 16
<hr/>	
HPC Biosciences Ltd.	
Oceanaa Biotek Industries	
DEVELOPMENTS	17 - 19
<hr/>	
Market Developments	
Other Developments	
IN THE CLASSROOM	21 - 22
<hr/>	
Domestic Transfer Pricing	
MISCELLANEOUS	23
<hr/>	
What's in Press?	
Quotes	
MARKETS	24 - 25
<hr/>	
Market Watch	
SME Market Statistics	
EVENTS	25 - 26
<hr/>	
Upcoming Events	
Media Coverage	

THE NEW PORTICO OF CSR: PURPOSE, PEOPLE AND PROFITS

INTRODUCTION:

In most developed nations, Corporate Social Responsibility (CSR) initiatives are centered on issues such as environmental sustainability, alternative energy, clean technology, and social welfare. Driving these activities, more often than not, is a company's desire to appeal to strong consumer sentiment. Corporate Social Responsibility is not a new concept in India, however, the Ministry of Corporate Affairs, Government of India has recently notified the Section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 "hereinafter CSR Rules" and other notifications related thereto which makes it mandatory (with effect from 1st April, 2014) for certain companies who fulfill the criteria as mentioned under Sub Section 1 of Section 135 to comply with the provisions relevant to Corporate Social Responsibility. In the Indian context, the origin of CSR can be traced from the Vedic literatures such as the Valmiki Ramayana, the Mahabharata (includes the Bhagavad-Gita) and the Puranas. The evolution of corporate social responsibility in India refers to changes over time in India of the cultural norms of corporations' engagement of corporate social responsibility (CSR), with CSR referring to way that businesses are managed to bring about an overall positive impact on the communities, cultures, societies and environments in which they operate. The fundamentals of CSR rest on the fact that not only public policy but even corporates should be responsible enough to address social issues. Thus, companies should deal with the challenges and issues looked after to a certain extent by the states.

TYPES OF CORPORATE SOCIAL RESPONSIBILITY:

CSR can encompass a wide variety of tactics, from giving non profit organizations a portion of a company's profits, to giving away a product or service to a worthy recipient for every sale made. Here are just a few of the broad categories of social responsibility businesses are practicing:

Environment:

One primary focus of corporate social responsibility is the environment. Businesses, both large and small, have a large carbon footprint. Any steps they can take to reduce those footprints are considered both good for the company and society as a whole. Examples include everything from curbing pollution to developing clean energy solutions.

Philanthropy:

Businesses also practice social responsibility by donating to national and local charities. Whether it involves giving money or time, businesses have a lot of resources that can

benefit charities and local community programs.

Ethical labour practices:

By treating employees fairly and ethically, companies can also demonstrate their corporate social responsibility, this is especially true of businesses that operate in international locations. Research shows that consumers will turn on companies extremely quickly if they are found operating sweatshops or violating other ethical labour practices.



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EXAMPLES OF CORPORATE SOCIAL RESPONSIBILITY

Well known leading Fashion Apparel brand Being Human is known for its various CSR measures pertaining to education and medical support. Similarly many news channel at the time of the natural calamities volunteer to donate a sum equal to that of what has been donating by the public to its fund. Sportsperson also join the initiatives of the corporate in raising funds through various sporting events. And any discussion on CSR without Tata group will remain incomplete. Their initiatives at Jharkhand, Kerala and Assam are worth going through for any Corporate desiring of establishing CSR mechanism.

CA 2013

There are many big entities who have been actively engaged in the CSR activities but unfortunately the number is relatively less. In order to encourage more entities to participate in the process of development of the society via-CSR, the Government of India has actually implemented the concept of CSR in the new Companies Act 2013, On 27th February, 2014, the Government of India has notified the rules for CSR spending u/s 135 of the New Companies Act 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 effective from 1st April 2014. Turning the CSR from voluntary activities to the mandated responsibilities, also governed by the bundle of regulations as follows:

Eligibility Criteria:

Company (includes foreign company with branches or project in India) having:

· *Minimum net worth of Rs. 500 Cr*

or

· *Turnover up to Rs. 1000 Cr*

or

· *having a net profit of Rs .5Cr*

during any financial year, are covered by this provision.

Composition of CSR Committee

The Company should constitute a Corporate Social Responsibility Committee as follows:

1. The Committee shall consist of minimum 3 (three) including 1 (one) Independent Director, however in case of Private Company or the Company, which is not required to appoint Independent Director on board, or Foreign Company the committee can be formulated with (2) two directors.
2. The CSR Policy shall be formulated in accordance with Schedule VII and the CSR Committee will be responsible for framing the policy, finalizing the amount to be spent on CSR, monitoring & implementation of the Scheme.
3. If Company ceases to fulfill the eligibility criteria for three consecutive years, then the company is not required to comply until the company will meet the eligibility criteria once again.

The CSR Rules provides the manner in which CSR committee shall formulate, monitor the policy and manner of understanding for CSR activities.

Under the rules, the Government has also fixed a threshold limit of 2% of the "Average" Net Profits of the block of previous three years on CSR activities and if Company fails to spend such amount, disclosures are to be made for the same. But an exemption has been given to the Companies that do not satisfy the above threshold for three consecutive years.

Ambit of CSR Areas:

The activities that can be undertaken by a company to fulfil its CSR obligations include eradicating hunger, poverty and malnutrition, promoting preventive healthcare, promoting education and promoting gender equality, setting up homes for women, orphans and the senior citizens, measures for reducing inequalities faced by socially and economically backward groups, ensuring environmental sustainability and ecological balance, animal welfare, protection of national heritage and art and culture,



measures for the benefit of armed forces veterans, war widows and their dependents, training to promote rural, nationally recognized, Paralympic or Olympic sports, contribution to the prime minister's national relief fund or any other fund set up by the Central Government for socio economic development and relief and welfare of SC, ST, OBCs, minorities and women, contributions or funds provided to technology incubators located within academic institutions approved by the Central Government and rural development projects. For the purpose of undertaking the CSR activities the Company should give preference to the local areas where it operates.

The below activities doesn't include under the CSR activities of the Company.

1. Business run in the normal course.
2. Outside the territory of the India or abroad.
3. For the welfare of the employees and their families.
4. Political party contribution of any amount directly and indirectly as defined u/s 182 of the Act.

The above CSR activities shall be undertaken by the Company, as per its stated CSR policy, in consonance with the new or ongoing projects excluding activities undertaken in pursuance of its normal course of business. The Board of Directors may decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society.

Yearly Compliances:-

1. The Annual Report of the Company shall include a comprehensive Report on CSR in the format as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014, containing particulars on Overview of CSR Policy, Composition of the Committee, Avg. Net Profit, prescribed expenditure and details of its spending, reason in case of failure etc.
2. The disclosure on CSR in Board Report should also be available on the Company's Website.

3. The activities included in the CSR Policy and the prescribed expenditure being undertaken/ spent shall be ensured by the Board, in the respective manner.

This means all the Companies falling in the aforesaid criteria needs to ensure CSR compliance but it is debatable to say that the same is for welfare of the society or the companies are doing it just to avoid penalties. CSR stands to support the Company's Vision as well as directions to

what Organization stands for and will sustain its clients. An ISO 26000 is the accepted worldwide standard for Corporate Social Responsibility (CSR).

CSR term has been reevaluated with an aim to embrace responsibility for the Company's actions and encourage a positive impact through its activities on the environment, consumers, conscience, corporate citizenship, social performance, employees, communities and all stakeholders.

CONCLUSION

As discussed above, CSR is not a new concept in India. Ever since their inception, corporates like the Tata Group, the Aditya Birla Group and Indian Oil Corporation just to name a few, have been involved in serving the community. Through donations and charity events, many other organizations have been doing their part for the society. The basic objective of CSR in these days is to maximize the company's overall impact on the society and stakeholders. CSR policies, practices and programs are being comprehensively integrated by an increasing number of companies throughout their business operations and processes. A growing number of corporates feel that CSR is not just another form of indirect expense but is important for protecting the goodwill and reputation, defending attacks and increasing business competitiveness. Companies have specialised CSR teams that formulate policies, strategies and goals for their CSR programs and set aside budgets to fund them. These programs are often determined by social philosophy which have clear objectives and are well defined and are aligned with the mainstream business. The programs are put into practice by the employees who are crucial to this process. CSR programs ranges from community development to development in education, environment and healthcare etc. For example, a more comprehensive method of development is adopted by some corporations such as Bharat Petroleum Corporation Limited, Maruti Suzuki India Limited, and Hindustan Unilever Limited. Provision of improved medical and sanitation facilities, building schools and houses, and empowering the villagers and in process making them more self-reliant by providing vocational training and a knowledge of business operations are the facilities that these corporations focus on. Many of the companies are helping other peoples by providing them good standard of living.

On the other hand, the CSR programs of corporations like 'GlaxoSmithKline Pharmaceuticals focus on the health aspect of the community. They set up health camps in tribal villages which offer medical check-ups and treatment and undertake health awareness programs. Some of the non-profit organizations which carry out health and education programs in backward areas are to a certain extent funded by such corporations. Also Corporates increasingly join hands with Non-governmental organizations (NGOs) and use their expertise in devising programs which address wider social problems. For example, a lot of work is being undertaken to rebuild the lives of the tsunami affected

victims. This is exclusively undertaken by SAP India in partnership with Hope Foundation, an NGO that focuses mainly on bringing about improvement in the lives of the poor and needy. The SAP Labs Center of HOPE in Bangalore was started by this venture which looks after the food, clothing, shelter and medical care of street children. SR has gone through many phases in India. The ability to make a significant difference in the society and improve the overall quality of life has clearly been proven by the corporates. Not one but all corporates should try and bring about a change in the current social situation in India in order to have an effective and lasting solution to the social woes. Partnerships between companies, NGOs and the government should be facilitated so that a combination of their skills such as expertise, strategic thinking, manpower and money to initiate extensive social change will put the socio-economic development of India on a fast track. In an age in which environmental and social issues are top of mind for many consumers, businesses can no longer exist in a bubble. Today's shoppers aren't just looking for the best price and quality – they expect the companies they patronize to do good with their dollars and make a positive impact on the world around them. To this end, many organizations are now making social responsibility a top priority. At last any CSR initiative should be taken considering that it fulfils the factor of - Diversity & Inclusion; Environment Sustainability; Global Enrichment; Governance; Organizational Stakeholders health; Philanthropy; Supply Chain integrity. Each of these factors are important in themselves but the same can be achieved through a holistic, broad interpretation of CSR and can companies instill responsibility into their everyday actions and decisions.

All Pride

Our vision is to create a just & sustainable India.



CAPITAL RAISING

-WAY TO GO UNDER COMPANIES ACT, 2013



Capital raising means procurement of funds to finance a project. An Entrepreneur needs to infuse capital in the business for running the business successfully. Raising capital for the business is one of the biggest challenges an entrepreneur faces in the current business environment.

A Company can finance its business by following two ways:

- **Equity** : Equity means stock or any other security representing an ownership interest. Equity financing essentially refers to the sale of an ownership interest to raise funds for business purposes. It involves not just the sale of common equity, but also the sale of other equity or quasi-equity instruments such as preferred stock, convertible preferred stock and equity units that include common shares and warrants. Equity financing is distinct from debt financing, which refers to funds borrowed by a business.

- **Debt** : Debt is an amount of money borrowed by one party from another. In return for lending the money, the individuals or institutions become creditors and receive a promise that the principal and interest on the debt will be repaid. Debt financing means borrowing money and not giving up ownership. It gives the borrowing party permission to borrow money under the condition that it is to be paid back at a later date, usually with interest.

A company that wants to raise capital by issuing shares has several options. If a company is not listed on a stock exchange, it can go for an initial public offering (IPO). For a company that is already listed on an exchange, an alternative route is to launch an additional share issue or a rights issue. Under the provisions of Section 23 of Companies Act, 2013, issuance of securities can be done in following ways:

Issuance of Securities by Public Company

- Public Offer • Private Placement
- Rights Issue or Bonus Issue

Issuance of Securities by Private Company

- Private Placement • Rights Issue or Bonus Issue

Public Offer

Chapter III, Part I of the Companies Act, 2013 deals with Public Offer which is applicable exclusively for public company. A Public Offer includes initial public offer, further public offer to the public or offer for sale to the public by the existing shareholder.

Type of Prospectus

RED HERRING PROSPECTUS	A company proposing to make an offer of securities may issue a red herring prospectus prior to the issue of a prospectus. A red herring prospectus contains substantial information pertaining to the company's operations and prospects, but does not include key details of the issue such as its price and the number of shares offered.
SHELF PROSPECTUS	A company may file a shelf prospectus with the Registrar at the stage of the first offer of securities which shall indicate the period of validity of such prospectus which shall be one year from the date of opening of the first offer of securities under that prospectus, and in respect of a second or subsequent offer of such securities issued during the period of validity of that prospectus, no further prospectus is required. Instead, there is a single prospectus for multiple, undefined future offerings.

Rights Issue/Further issue of Share Capital

Right issue is when a company issues its existing shareholders a right to buy additional shares in the company. The offer shall be made by notice specifying the number of shares offered. The company will also set the time limit for the shareholders to buy the shares which shall not be less than 15 days and not exceeding 30 days from the date of the offer. Unless the articles of the company otherwise provide, the offer aforesaid shall be deemed to include a right to renounce the shares in favour of any other person. After the expiry of the time limit specified in the notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner which is not dis-advantageous to the shareholders and the company.



Offer for Sale by existing shareholder

The existing shareholders of a company, in consultation with the board of directors, may offer a part of their holding of shares to the public. The document by which the offer of sale to the public is made will be treated as the prospectus issued by the company. The selling shareholders shall be liable for reimbursing the company all expenses incurred by it. Offer of Sale shall not be governed by the provisions with respect to minimum subscription, minimum application value, utilization of proceeds etc.

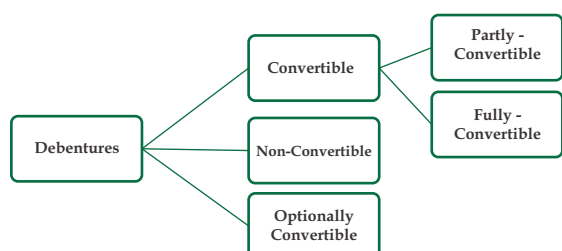
Private Placement

The Companies Act, 2013 has made significant changes in the provisions relating to private placement of securities, which was an important route for raising the funds by the companies. Chapter III, Part II of the Act, 2013 deals exclusively with Private Placements which is applicable to both public company and private company.

Any offer of securities or invitation to subscribe to securities to 200 persons or less (excluding qualified institutional buyers and employees) in a financial year is a private placement under section 42(2) of the Companies Act 2013. It is important to note that provisions for private placement apply to the issue of "securities" and not "shares". Thus the new provisions have widened the scope and cover a whole host of instruments such as shares, bonds, debentures and other marketable securities etc. Under the provisions of Section 42 of Companies Act, 2013, the offer letter and application form shall be circulated to all the proposed allottees. All monies payable towards subscription of securities by private placement shall be paid through cheque or demand draft or other banking channels but not by cash and also all the securities under private placement are to be allotted within a period of 60 days from the receipt of application money. If the company is not able to allot the securities within the specified period, the application money is to be refunded within a period of 15 days from completion of 60 days time. The money raised by the issue of offer or invitation shall be kept in a separate bank account and cannot be used until allotted. Under the private placement mechanism, the value of offer per person shall not be less than investment size of Rs. 20,000 of face value of securities.

Debentures:

The Companies Act, 2013 states "Debenture" includes debenture stock, bonds or any other instrument of a company evidencing a debt, whether constituting a charge on the assets of the company or not. Debentures may be Secured or Unsecured. Also, Debentures may be classified as depicted below –



The issue of debentures with an option to convert such debentures into shares, wholly or partly, shall be approved by a special resolution passed at a general meeting. The companies shall not issue any debentures carrying any voting rights.

The companies can issue Secured debentures subject to the following conditions:-

- (a) The date of its redemption shall not exceed ten years from the date of issue. A company engaged in the setting up of infrastructure projects may issue secured debentures for a period exceeding ten years but not exceeding thirty years;
- (b) Such issue shall be secured by the creation of a charge, on the properties or assets of the company, having a value which is sufficient for the due repayment of the amount of debentures and interest thereon. The security for the debentures by way of a charge or mortgage shall be created in favor of the debenture trustee on-
 - (i) any specific movable property of the company (not being in the nature of pledge); or
 - (ii) any specific immovable property wherever situate, or any interest therein.
- (c) A debenture trustee shall be appointed by the company before the issue of prospectus or letter of offer for subscription of its debentures and not later than sixty days after the allotment of the debentures, execute a debenture trust deed to protect the interest of the debenture holders.

The company shall appoint debenture trustees and the names of the debenture trustees shall be stated in letter of offer inviting subscription for debentures and also in all the subsequent notices or other communications sent to the debenture holders. A written consent shall be obtained before the appointment of debenture trustee or trustees, from such debenture trustee or trustees who are proposed to be appointed and a statement to that effect shall appear in the letter of offer issued for inviting the subscription of the debentures.

A trust deed in Form No. SH.12 or as near thereto as possible shall be executed by the company issuing debentures in favor of the debenture trustees within sixty days of allotment of debentures.

The company shall create a Debenture Redemption Reserve for the purpose of redemption of debentures, in accordance with the conditions given below-

- (a) The Debenture Redemption Reserve shall be created out of the profits of the company available for payment of dividend;
 - (b) The company shall create Debenture Redemption Reserve equivalent to at least 50% of the amount raised through the debenture issue before debenture redemption commences.
- © Every company required to create Debenture Redemption Reserve shall on or before the 30th day of April in each year, invest or deposit, as the case may be, a sum which

shall not be less than fifteen percent, of the amount of its debentures maturing during the year ending on the 31st day of March of the next year, in any one or more of the methods as prescribed in Companies (Share Capital and Debentures) Rules, 2014.

- (d) The amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above:
- (e) In case of partly convertible debentures, Debenture Redemption Reserve shall be created in respect of non-convertible portion of debenture issue in accordance with this sub-rule.
- (f) The amount credited to the Debenture Redemption Reserve shall not be utilized by the company except for the purpose of redemption of debentures.

No company shall issue a prospectus or make an offer or invitation to the public or to its members exceeding five hundred for the subscription of its debentures, unless the company has, before such issue or offer, appointed one or more debenture trustees and the conditions governing the appointment of such trustees shall be such as prescribed. A company shall pay interest and redeem the debentures in accordance with the terms and conditions of their issue. Every holder of securities of a company may, at any time, nominate, in the prescribed manner, any person to whom his securities shall vest in the event of his death.

The Central Government may prescribe the procedure, for securing the issue of debentures, the form of debenture trust deed, the procedure for the debenture-holders to inspect the trust deed and to obtain copies thereof, quantum of debenture redemption reserve required to be created and such other matters.

Acceptance of Deposits by Companies:

Companies often raise capital by inviting their shareholders, employees and the general public to deposit their savings with the company. Public deposits can be raised by companies to meet their medium-term as well as short-term financial needs. A Company may accept deposits from its members subject to the passing of resolution in general meeting and rules prescribed in consultation with Reserve Bank. The Companies Act permits such deposits subject to the following conditions:

- A circular shall be issued to its members including a statement showing the financial position of the company, the credit rating obtained, the total number of depositors and the amount due towards deposits in respect of any previous deposits accepted by the company.
- A copy of the circular along with such statement shall be with the Registrar within thirty days before the date of issue of the circular.
- Deposit shall be kept in a scheduled bank in a separate bank account to be called as deposit repayment reserve account, which shall not be less than fifteen per cent of the amount of its deposits maturing during a financial year and the financial year next following

- Deposit insurance shall be provided in such manner and to such extent as may be prescribed
- Company should not have committed any default in the repayment of deposits accepted either before or after the commencement of this Act or payment of interest on such deposits
- Security shall be provided for the due repayment of the amount of deposit or the interest thereon including the creation of such charge on the property or assets of the company

Provided that in case of unsecured or partially secured deposits, it shall be so quoted in every circular, form, advertisement or in any document related to invitation or acceptance of deposits.

In case a Company fails to repay the deposit or any interest thereon, the depositor may apply to the Tribunal for an order directing the company to pay the sum due or for any loss or damage incurred by him as a result of such non-payment and for such other orders as the Tribunal may deem fit. The deposit repayment reserve account shall be used for repayment of deposits only.

Charge:

All the companies borrow money for the purpose of its business. When they borrow money the lender normally insists for securities.

A charge on a property means that the property has a lien on it. Such lien is due to the fact of an undischarged debt for which the property stands mortgaged. Whenever any security is given for the purpose of obtaining loan a charge is created in favour of the lender. It means to have a right over the property to recover amounts to the extent entitled.

A company creating a charge on its property or assets or any of its undertakings, whether tangible or otherwise, and situated in or outside India shall register the particulars of the charge in Form No. CHG-9 (for debentures including rectification) and Form No. CHG-1 (for other than debentures) with the Registrar within thirty days of its creation. Registrar may allow extension for such registration to be made within a period of three hundred days of such creation on payment of such additional fees. The Registrar shall issue a certificate of registration of such charge to the company and, as the case may be, to the person in whose favour the charge is created.

The provisions relating to registration of charges shall be applicable to a company acquiring any property subject to a charge within the meaning of section 77 of the Companies Act, 2013 or any modification in the terms or conditions or the extent or operation of any charge registered under the aforesaid section. The Registrar shall keep a register containing particulars of the charges registered in respect of every company. A company shall give intimation to the



Registrar of the payment or satisfaction in full of any charge registered in Form No. CHG-4 within a period of thirty days from the date of such payment or satisfaction.

Where a company fails to register the charge within the time limit, the person in whose favour the charge is created may apply to the Registrar for registration of the charge along with the instrument created for the charge, and the Registrar may, on such application, within a period of fourteen days after giving notice to the company, unless the company itself registers the charge or shows sufficient cause why such charge should not be registered, allow such registration on payment of prescribed fees.

Prohibition on issue of shares at Discount (Section 53):

Except as provided in section 54 i.e. issue of sweat equity shares, any share issued by a company at a discounted price is void.

In case of contravention, company and every officer in default shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees and imprisonment for a term which may extend to six months or with both

Issue of Sweat Equity Shares (Sec. 54)

Sweat equity shares means such equity shares as are issued by a company to its directors or employees at a discount or for consideration, other than cash, for providing their know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called. These shares are issued to directors or employees of the company in recognition of contribution made by them.

Conditions for the issuance of sweat equity shares

Sweat equity shares must be of a class of shares already issued

The issue must be authorised by a special resolution

The resolution must specify the number of shares, the current market price, consideration, if any, and the class or classes of directors or employees to whom such equity shares are to be issued

At least one year has elapsed since the date of commencement of business

If equity shares of the company are listed, the sweat equity shares must be issued in accordance with SEBI Regulations.

The rights, limitations, restrictions and provisions as are applicable to equity shares shall be applicable to the sweat equity shares issued and the holders of such shares shall rank pari passu with other equity shareholders.

Issue of Bonus Shares (Sec. 63)

Conditions for the issuance of bonus shares

Bonus shares can be issued out of Free Reserve, Securities Premium Account or Capital Redemption Reserve Account provided that no issue of bonus shares shall be made by capitalising reserves created by the revaluation of assets.

Articles of the company must contain provisions for issue of bonus shares

Bonus shares must be authorised in the general meeting of the company on the recommendation of the Board

Company should not have defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it

Company should not have defaulted in respect of the payment of statutory dues of the employees, such as, contribution to provident fund, gratuity and bonus

Partly paid-up shares, if any outstanding on the date of allotment, should be made fully paid-up

The bonus shares shall not be issued in lieu of dividend.

Issue and redemption of preference shares (Section 55) :

A company limited by shares shall not issue any preference shares which are irredeemable. A company may issue preference shares which are redeemable within a period not exceeding twenty years from the date of their issue if authorised by its articles. However a company may issue preference shares for a period exceeding twenty for infrastructure projects.

Conditions for issuance of preference shares

Preference shares shall be redeemed only out of the profits of the company or out of the proceeds of a fresh issue of shares made for the purposes of such redemption

Only fully paid preference shares shall be redeemed

If preference shares are proposed to be redeemed out of the profits of the company, a sum equal to the nominal amount of the shares to be redeemed, shall be transferred to the Capital Redemption Reserve Account

Where a company is not in a position to redeem any preference shares or to pay dividend on such shares, it may issue further redeemable preference shares equal to the amount due with the consent of the holders of three-fourths in value of and with the approval of the Tribunal

On the issue of further redeemable preference shares, the unredeemed preference shares shall be deemed to have been redeemed

Capital Redemption Reserve account may be applied by the company, in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares.

Civil liability for mis-statements in prospectus (Section 35)

(1) Where a person has subscribed for securities of a company acting on any misleading statement included in the prospectus and has sustained any loss or damage as a consequence thereof, the company and every person who:-



- Is a director
- Has agreed to be named and is named in the prospectus as a director
- Is a promoter
- Has authorised the issue of the prospectus, and
- Is an expert referred to in sub-section (5) of section 26, shall, without prejudice to any punishment to which any person may be liable under section 36, be liable to pay compensation to every person who has sustained such loss or damage.

2) **Proviso:** No person shall be liable if he proves that

- He withdrew his consent before the issue of the prospectus, and it was issued without his authority or consent or
- On becoming aware of its issue, he forthwith gave a reasonable public notice that it was issued without his knowledge or consent

(3) Where it is proved that a prospectus has been issued with intent to defraud the applicants for the securities of a company, every person referred to in sub sec (1) shall be personally responsible, without any limitation of liability.



Criminal liability for mis-statements in prospectus (Section 34)

Where a prospectus includes any untrue or misleading statement or where any inclusion or omission of any matter is likely to mislead:

Every person who authorizes the issue of such prospectus shall be liable under section 447 and shall be treated as Fraud.

Proviso: No person shall be liable if he proves that

such statements or omission was immaterial
or

he had reasonable grounds to believe that the statement was true or the inclusion or omission was necessary

To sum up it can be said that Capital raising needs careful management and appropriate timing from a value investing point of view to maximize shareholder value in compliance with laws. A company may raise funds for different purposes depending on the time periods ranging from very short to fairly long duration. The financial needs of a company depend on the nature and size of the business. Before undertaking the complex, expensive and time-consuming preparations and incurring the risks involved, the upside and downside of this critical move must be fully assessed. Thus, capital raisings by companies need to be carefully considered mainly because they could have a devastating effect on value.

-Shubhra Agrawal



Preface

The multiplicity of laws, rules, regulations, etc. has necessitated introduction of a compliance management system to ensure compliances of laws applicable to a company. Secretarial Audit (SA) being a part of Legal Compliance system, is an indispensable tool in the hands of corporates, which enables them to identify how robust the legal compliance system of the organization is. Secretarial Audit is an independent appraisal of legal practices, system and procedure.

Historically the scope of audit was restricted to obtaining a Compliance Certificate under section 383A of the Companies Act 1956, however the ambit of the Secretarial Audit is much wider under the Companies Act, 2013. Secretarial Audit has been made mandatory for all the listed companies and unlisted public companies which meet the criteria of Section 204 of the Companies Act, 2013.

The Objective of the Secretarial Audit is to ensure transparent, ethical and responsible governance of the company, which leads to timely communications and improve the quality along with speed of compliances. Mainly the Secretarial Audit reduces the risk of consequences of non-compliance, and thus is cost-effective.

Concept of Secretarial Audit:

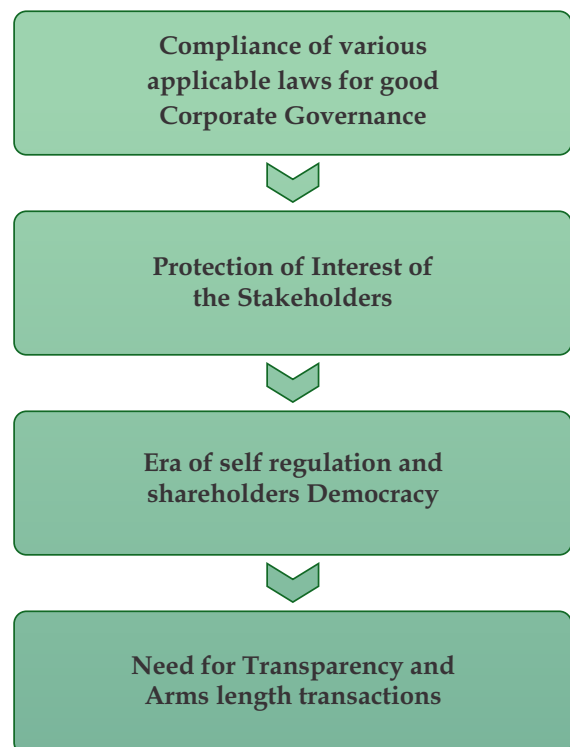
Secretarial Audit is a process to check compliance with the provisions of various laws and rules/regulations/procedures, maintenance of books, records etc. by an independent professional to ensure that the company has complied with the legal and procedural requirements and also followed due processes. It is an essential mechanism to monitor compliance with the requirements of stated laws and processes.

The Companies Act, 1956 provided for compliance certificate to be issued by a Company Secretary in practice.

To widen the scope of such Compliance Certificate, the concept of Secretarial Audit has now been introduced. The Board of Directors of the company are required to explain in its Board Report, every qualification, reservation or adverse remark or disclaimer made by the Company Secretary in his Secretarial Audit Report.

A qualification in the Secretarial Audit Report may imply a non-compliance of legal requirement under Companies Act and other laws and would, therefore, be significant, especially from a regulatory perspective.

Rationale of Secretarial Audit



Objective and Benefits of Secretarial Audit

To Ensure transparent, ethical and responsible governance of the company.

Timely communication.

To empower the Board with robust compliance mechanisms.

Control Checks.

Reduces Litigation.

Cost Efficient.

Beneficiaries of Secretarial Audit

The major beneficiaries of Secretarial Audit include:

1. Promoters

Secretarial Audit will assure the Promoters of a company that those in-charge of its management are conducting its affairs in accordance with requirements of laws.

2. Management

Secretarial Audit will assure the Management of a company that those who are charged with the duty and responsibility of compliance are performing their duties competently, effectively and efficiently.

3. Non-executive directors

Secretarial Audit will assure the Non-executive Directors that appropriate mechanisms and processes are in place to ensure compliance with laws applicable to the company, thus mitigating any risk from a regulatory or governance perspective; so that the people not in-charge of the day-to-day management of the company are not likely to be exposed to penal or other liability (and consequential risk and embarrassment) on account of non-compliance with law.

4. Government authorities/regulators

Being a pro-active measure, Secretarial Audit has a salutary effect of substantially reducing the burden of the law-enforcement authorities and enhances governance and level of compliance.

5. Investors

Secretarial Audit will assure the Investors that the company is conducting its affairs within the applicable legal framework.

6. Other Stakeholders

Financial Institutions, Banks, Creditors and Consumers are enabled to measure the law abiding nature of Company management.

Significant Changes in Companies Act 2013 – Secretarial Audit

A) Applicability: Sec 204

- i) As per section (204)(1), Secretarial Audit is applicable to all Listed Company
- ii) Every Public Company meeting the following threshold limits:
 - Every Public company having a turnover of Rs. 250 Crore or more (Rule 9(b) Chapter XIII (Appointment and Remuneration Rules 2014)
 - Or
 - Every Public Company having a paid up share capital of Rs 50 Crore or more (Rule 9 (b) Chapter XIII (Appointment and Remuneration Rules 2014)

B) Secretarial Audit Report to be placed before the Shareholders

As per the section 134 (f) (ii), the Board of Directors in the Board Report, to be placed in the General Meeting as per section 134 (3) shall attach a statement giving explanation on every qualification, reservation or adverse remark or disclaimer made by the Company Secretary in practice in his secretarial audit report.

C) Panel Action

If a company or any officer of the Company or the Company secretary in practice, contravenes the provisions of this section, the Company, every officer of the Company or the Company Secretary in practice, who is in default shall be punishable with fine which shall not be less than Rs. 1 lakh but which may extend to Rs. 5 lakh.

D) Duty to Report Fraud

As per the Section 143(12), while conducting the audit of the Company, if Secretarial Auditor has reason to believe that an offence involving fraud is being or has been committed against the Company by officers or employees of the Company, he shall immediately report the matter to the Central Government

As per the Section 143 (15), if PCS does not comply with section 143(12), he shall be punishable with fine of (Rs. 100000 to Rs. 2500000)

Scope of Secretarial Audit:

The audit process if properly devised ensures timely compliance and eliminates any un-intended non compliance

of various applicable rules and regulations To serve the very purpose of secretarial audit the scope of audit should not be limited to Companies Act but the ambit of the audit should include various other Acts, Rules and regulation which are as follows:

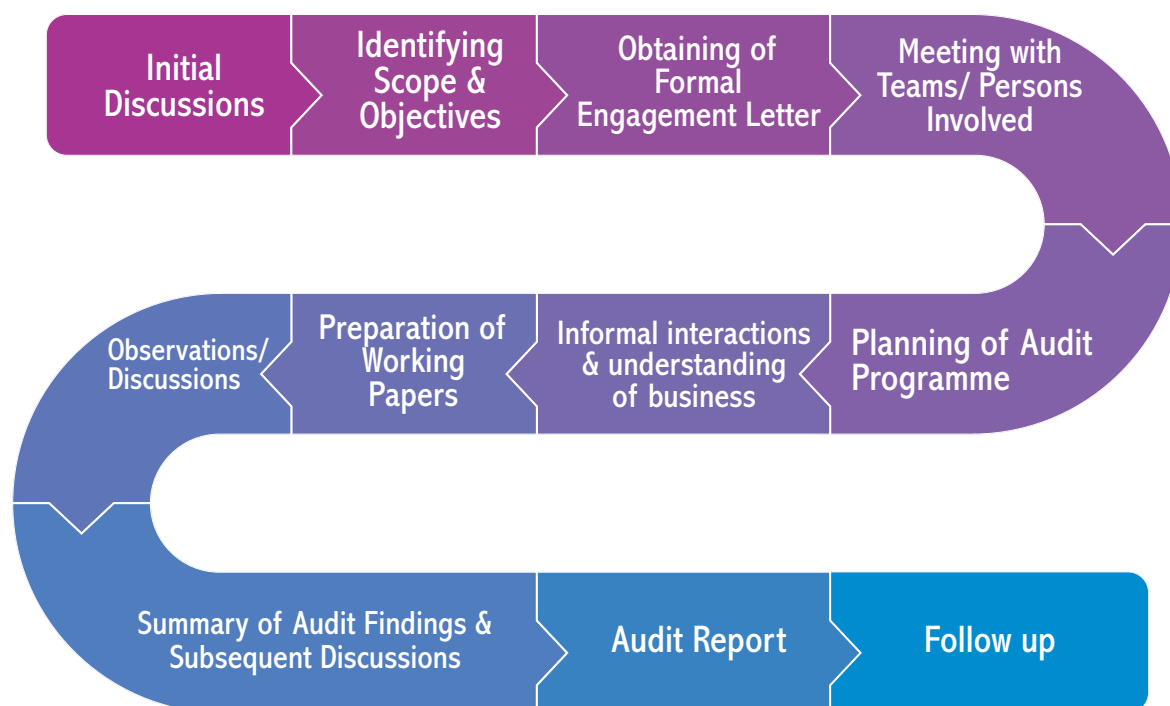
1. **Companies Act, 2013 & the prescribed Rules**
2. **Securities and Exchange Board of India Act, 1992 (SEBI Act)**
 - *The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011*
 - *The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992*
 - *The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009*
 - *The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999*
 - *The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008*
 - *The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client*
 - *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009*
 - *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998*
3. **The Securities Contract (Regulation) Act, 1956**
4. **Reserve Bank of India Act, 1934**
5. **Depositories Act, 1996**
6. **Foreign Exchange Management Act, 1999**
7. **Competition Act, 2002**
8. **Listing Agreement (Debt & Equity)**
9. **Income Tax Act 1961**
10. **Secretarial Standards**
11. **Accounting Standard**
12. **Service Tax Rules (Finance Act)**
13. **Arbitration Act, 1940**
14. **Arbitration and Conciliation Act, 1996**
15. **Finance Act, 2013**
16. **Indian Contract Act, 1872**
17. **Industrial Dispute Act, 1947**
18. **The Environment Protection Act, 1986**
19. **Patents Act, 1970**
20. **Copyright Act, 1957**

21. **Trade Mark Act, 1999**
22. **Reserve Bank of India Act, 1934**
23. **Bombay Shop & Establishment Act, 1948**
24. **Customs Act, 1962**
25. **Central Excise Act, 1944**
26. **Information technology Act, 2000**

and any other law specifically applicable to the Company

Scope under the Companies Act, 2013 for Secretarial Audit

- Memorandum of association
- Articles of association
- Certificate of Incorporation
- Latest audited balance sheet
- Constitution of Board/ Committees
- Appointment remuneration of KMPs, Managerial personnel
- Inter-corporate Loans, investments, guarantees
- Charges
- Directors report and Financial statements
- Forms, returns, resolutions filed with MCA and Central government
- Allotment of securities pursuant to ESOPs
- Appointment of auditors,
- Common seal
- Register of Members
- Deposits, if any
- Minutes of the Board meetings
- Minutes of Annual General Meeting/ Extra Ordinary General Meeting
- Minutes of Committees
- Loan agreement
- Register of Contracts, Companies and Firms in which Directors are interested
- Copies of contracts made between the company and any of the related parties
- Transfers and transmission of shares/ debentures
- Closure and maintenance of Registers of members/ debenture holders
- Declaration of dividends
- Payment of interest on debentures
- Redemption of debentures
- Related Party transaction

Process of Secretarial Audit**Concluding Remarks**

The enactment of various laws, rules and regulations by the regulators has necessitated introduction of a compliance management system to ensure compliances of laws applicable to a company. It helps to ensure timely corrective measures when non-compliance is detected. Proactive Secretarial Audit on a continuous basis would help the company in initiating corrective measures and strengthening its compliance mechanism and processes.

Secretarial Audit is tool by which, company assures Compliance Management method which includes the Compliance Programme, Audit (Internal & Statutory), Compliance Report etc. In other word it can be referred as complete Compliance Solution.

The rationale behind inculcation of Secretarial audit as a part of Management Practices is not only to provide the organization with an assurance that all essential laws, rules, regulations and provisions of law as applicable on the company and any particular event or action thereto have been duly complied with but also to impart necessary confidence in its stakeholders that there interest is being taken care of. Secretarial Audit is an important device in evaluating the compliance mechanism of the company as well it keeps a check on the internal control system of the organization.

Corporate actions manifesting good Corporate Governance are vital for the healthy, vibrant and ever growing corporate sector in global economy. In developing economies, inclusive growth of all segments of society is more than imperative. Such actions adopting effective management tools like Secretarial Audit can go a long way in fulfilling these objectives.

- Karishma Shah &
Sudeep Mendjoge

Sangeeta in a candid interview shares her perspectives on the key challenges faced by PEs in India and her views on SME Segment.

Over the last 2 decades how has the industry fundamentally changed and, while the current industry struggles to return to the fundraising and investment environment as seen prior to the global financial crisis, what key lessons have PEs in India learned?

Yes obviously a lot of things have changed over the last few years. The late 90s and early 2000s say a very different investment environment than from today. Earlier it was characterised by technology investing with smaller investment size. Total annual investments in the country at the time were less than a billion dollars, with typically 60 to 100 transactions. Few of the international fund houses had teams in India. Especially in the late 90s – Development Financial Institutions (DFIs) had a meaningful role to play. You had two main categories of funds – those seeded by DFIs and US technology funds.

Today the number of transactions has grown five fold, whereas size of investment has grown about 10 fold. It is not just volume and size; there is a reasonably developed eco system as well. Investment bankers, lawyers, due diligence agencies, all have a reasonably good understanding of a PE fund's requirements. Over the last decade, especially so among the domestic funds, there is a growing trend of partnerships of professionals vis a vis institutional funds.

Most importantly, even an entrepreneur has decent understanding of PE trends and terms.

It is difficult to enumerate lessons, they are many. It is an exciting industry because we continue to learn through the years, in terms of exits, value add, working with entrepreneurs and adapting to economic environments.

46% of Indian Industrial Production is contributed by SMEs. What is your view on SME growth in India?

Yes, we are a very entrepreneurial nation, and SME businesses survive inspite of the difficult business environment in India. I believe that capital continues to be a constraint for SME's, especially for the "small" part of the SMEs. Many of them have limited negotiating power with customers, and get squeezed on liquidity in economic downturns, making them more vulnerable to economic cycles. A lot of them do not have access to formal equity raising avenues, and are reliant on bank finance. As the country awaits election result, we are hopeful of a stable political environment, which in turn should hopefully improve the economic environment and growth potential for SMEs.

Indian Promoters are difficult to deal with....what do you have to say on this?

I think we have been singularly fortunate as an investment team, in the transactions we have invested in. Largely, we have worked with first generation entrepreneurs, many of them professionally qualified. It has been a very satisfying experience for us in terms of the engaging with underlying businesses. Many of our previous portfolio entrepreneurs are now investors. So as PE professionals, we have no business complaining about promoter quality.

However on a macro basis, Indian PE is largely providing growth capital for minority stakes, so the promoter still calls the shots. It is important to spend time due diligencing the promoter, and many funds turn down attractive deals because of promoter quality. More importantly, the deal structure and exit rights should have alignment with promoter interests.

Post investment, typically it takes 12 – 18 months to build a meaningful understanding with the promoter. SME businesses pose an interesting opportunity; there is actually a lot of value that a fund manager can add, if it gains promoter confidence. On the flip side, the first 6 – 9 months are spent in putting in information systems, processes where you are seen as "taking" rather than contributing. So it is a delicate balance that you need to achieve. Once you are past this stage, and are able to contribute meaningfully to the business, that's when it gets interesting.

The most common factor plaguing the Indian PE industry is the exit options. What is your views and what you foresee on the successful exit options for PEs?

A lot has been written about the lack of exits in the PE industry. This again is predominantly because the PE industry has invested in minority growth transactions, unlike the West, where investments are largely in control transactions. Many minority transactions are dependent on IPOs for exit, whereas control transactions are largely exited through strategic sales and secondary sales.



Sangeeta Modi is a co-founder and Managing Partner of Access Asset Managers, which manages Access India Fund. The fund invests in unlisted mid cap businesses in India, aiming to invest about \$ 10 Mn per transaction, for significant minority stakes. The fund targets mainly consumer facing businesses, and aims to work actively with its portfolio companies.

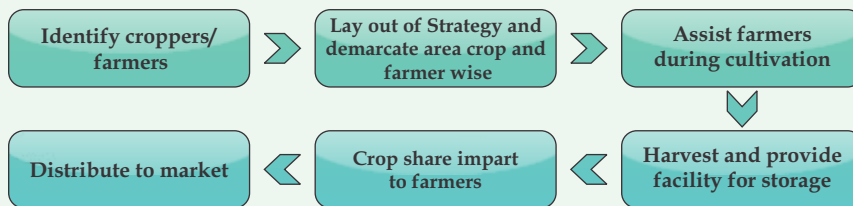
Sangeeta has over 20 years' experience in debt and equity investing, of which 10 years are in private equity. Prior to Access, Sangeeta worked as a Partner with Aureos India, sponsored Commonwealth Development Corporation, of UK, also investing in MSE businesses. Prior to Aureos, she has about ten years of credit experience at GE capital and American Express Bank.

Sangeeta is a management graduate from the Indian Institute of Management, Bangalore, and holds a Bachelor's Degree in Economics and Statistics from St Xavier's College, University of Mumbai.

HPC Biosciences Limited

HPC Bioscience Limited (HPC) was incorporated on 29th January, 2002 in New Delhi. HPC is engaged into the agriculture operations of cultivation, processing and distribution of agriculture commodities like wheat, paddy, sugar cane, fruits, vegetables and flowers. It has also entered into the operations of wood plantation, wherein it is planting Bamboos, Poplar, Eucalyptus and Kadam. HPC has orchards comprising of trees producing Mango, Guava and varieties of flowers which are grown for commercial production. Its agricultural operations are conducted in the farm and spreads across 400.66 acres of land. HPC has commenced agriculture operations since 2011 and entered into a contract farming agreement with landowner, wherein it has implemented the format of acquiring agriculture rights of agriculture lands in consideration of share in crops grown. The company's farm is located in a village namely Anandpur, Pant Nagar, District Udham Singh Nagar, Uttarakhand.

Process:



Key Growth Drivers:

- The company has transformed into organic farming. Due to the awareness of the general public and their preference towards the organic crops, the company's revenue will boost in the years to come
- The company has location advantage of the farm land. The farm land of the company is situated at village Anandpur, Pant Nagar, District Udham Singh Nagar and Uttarakhand, where water is available in plenty and the climate is conducive for farming. Man power in the form of skilled farmers and unskilled workers are easily available in the proximity of the farm, which reduces the overall business risk
- HPC has extensive array of Agri Products. It cultivates wide range of agriculture products which differentiate it from other agriculturist and agriculture companies
- The company has cost advantage against the other peers and it does not export any agri products, which gives it a scope to tap various geographies and increase its revenue base by acquiring more international clients over the period of time

Key Challenges:

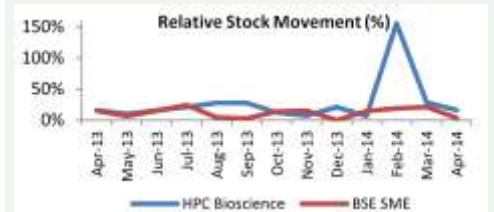
- Competition can affect profitability which could have a material adverse effect on business, financial condition and results of operation
- The land at which HPC presently carry out or agriculture operations is contracted land and any discontinuance of same may disrupt its agriculture operations and may adversely affect the operations, finances and profitability of the company
- The company does not have long term commitments with its customers for purchases of crops and hence, any change in the buying pattern can lead the company's profitability southwards
- As the company is involved in agricultural production, which is heavily dependent on the monsoons, any adverse movement can reduce the company's profitability
- Crops are perishable in nature, any inability on the part to deliver crops at the right time in the markets could have a material adverse effect on the business, results of operation and financial condition

STOCK INFO

Sector	Other Agriculture Products
BSE code	535217
No of shares (Mn)	15.96
CMP (Rs.)	598.15
M.Cap (Rs. Cr)	954.65
Book Value (Rs.)	10.40
52 week High/Low	652 / 49.85
Face Value (Rs.)	10

SHAREHOLDING (%)

Promoters	31.92
Bodies Corporate	14.04
Others	64.04



RELATIVE VALUATION

HPC Bioscience's operating income grew at a CAGR of 216% over a period of FY09-13 to Rs. 32 mn led by strong growth across all the segments. As the company is more focused on the contracted land by agreeing the partnership with the landlords and hence, any immaterial movement in the business relationships can impact the top line as well as bottom line of the company. HPC has started cultivation of wheat from FY13, which has contributed around 14% to the company's top line. Vegetables are contributing the most into the operating revenue of the company. It was contributing around 51% in FY12, which has reduced to 42% in FY13 because of adding wheat into the company's business portfolio and limited land available for the cultivations, hence could not expand the capacity of production.

FINANCIALS (₹ in Lacs)

Y/E	2013	2012	2011
Sales	364.40	289.83	0.07
EBITDA%	86.5	109.6	(71.4)
PAT%	81.0	105.2	(71.4)
ROCE%	38.1	63.5	(0.6)
RONW%	38.1	63.5	(1.0)
ROA %	38.1	63.5	(0.6)
Debtors days	53	22	NA
Creditors days	NA	NA	NA
Debt/ Equity	0.0	0.0	0.7
EPS	4.0	4.7	0.0

Oceanaa Biotek Industries Limited

Oceanaa Biotek Industries Ltd. (OBIL) was incorporated on October 28th, 2005 promoted by Mr. A. Joseb Raj and Mrs. Vimalla Joseb. Oceanaa is presently engaged in the business of trading in Aquaculture products. It is setting up specialized food analysis laboratory to perform consumer food testing for food producers worldwide. OBIL's focus is to offer the market a state-of-the-art laboratory that is certified and accredited to the highest standards. The vision of the company is to be the best food testing facility in India offering both Indian and International clients scientific and up-to-date technology. The trading business of the company is located at registered office premise and the proposed food analysis facility is located at the group company factory premises at Marakkanam, Pudukkuppam village, Villupuram District and Tamil Nadu. The proposed food analysis will contribute the major part of income once it is start operational.

Process

METHODS USED FOR FOOD ANALYSIS

FOOD QUALITY ANALYSIS			FOOD SAFETY ANALYSIS					
Nutritional Analysis	Minerals	Additives	Microbiology	Allergen Testing	Pesticide Residue	Heavy Metals	Drug Residues	Acryl Amide

Key Growth Drivers:

- The Increase in the personal disposable income led consumers to switch for the high grade food products, which is backed by the food testing laboratories and hence, lying more growth opportunities in the years to come
- India is the second largest producer of food items next to China, which led foreign players to depend on India for the food related items. This has increased the dependence of food testing laboratories to maintain the global standard of all food products in the liberalized world
- In the liberalized world, the companies are dependent on imports and exports of food products, which have to be certified by food testing laboratories. This will increase the top and bottom line of the company few years down the line
- Rising business competency and product innovation is also major growth driver for food testing industry
- The company has 10,000 sq. ft factory premises at the Marakkanam factory, Villupuram District, Tamil Nadu, which can be used to expand its operations in the forthcoming period

Key Challenges:

- As the company is associated with food testing verticals and hence, any violation on the testing side can affect the operations of the company as government can impose a ban to carry its operations
- The company does not have long term contracts with its clients and hence, any adverse movement in the business relationships can impact the profitability of the company
- OBIL's performance is highly co-related with the technologies as the company is involved into the testing verticals and hence, any technology obsolescence can affect the company's performance
- The company's assets are not protected with insurance coverage and hence, any damage or loss of the assets can affect the profitability of the company
- The operation of the company is focused for the social benefits and hence any changes in the political, economic and social changes can impact the operating performance of the company.

STOCK INFO.

Sector	Healthcare Services
BSE code	538019
No of shares (Mn)	5.22
CMP (Rs.)	10.20
M.Cap (Rs. Cr)	5.32
Book Value (Rs.)	10.43
52 week High/Low	9.30 / 10.20
Face Value (Rs.)	10

PRE-ISSUE SHAREHOLDING (%)

Promoters	59.75
Bodies Corporate	2.11
Others	38.14

RELATIVE VALUATION

OBIL's operating income grew at a CAGR of approximately 129% over a period of FY09-13 to Rs. 63.58 lacs led by strong growth across the business verticals. The company has more trade payable cycle than receivables and hence, giving it an edge to maintain its working capital requirements better than the other peers available in the market. OBIL does not have debt as well as high capital intensive assets invested into the business and hence, less tax shield available for depreciation and interest payment but has increased its net profit margin over the years. In addition to operating a fully accredited and certified food testing laboratory, the company is offering wide range of courses aimed at training employees, students, professionals etc. This will increase the profitability of the company in the years to come.

FINANCIALS (₹ IN CRS)

Y/E	Sep'13	Mar'13	Mar'12
Sales	63.58	34.00	1.00
EBITDA%	42.8	12.2	(117.0)
PAT%	29.2	8.4	(144.0)
ROCE%	8.3	1.4	18.8
RONW%	5.7	0.9	23.1
ROA %	5.2	0.9	(211.8)
Debtors days	44	3	NA
Creditors days	64	53	NA
Debt/ Equity	0.0	0.0	0.0
EPS	0.6	0.1	(14.4)



Market Developments

- Women's Next Loungeries engaged in the business of designing, manufacturing, branding and marketing of lingerie wear, honeymoon set, intimate wear, etc. opened the issue for subscription on 28th March 2014. The issue was subscribed 1.1 times out of which Retail category was subscribed by 1.12 times while Non Retail Investors was subscribed by 1.12 times.
- R&B Denims engaged in the business of Manufacturing and Sale of quality Denim Textile opened the issue for subscription on 28th March 2014. The issue was subscribed 1.19 times out of which Retail category was subscribed by 1.19 times while Non Retail Investors was subscribed by 1.20 times.
- Tarini International Limited engaged in the business of providing financial and technical consultancy related to Hydro Power generation, Transmission and Distribution and Infrastructure filed a draft prospectus for a public issue of Rs. 16.31 crore. Equity shares are proposed to be listed on the SME Platform of the BSE. The company intends to use issue proceeds to finance long term incremental working capital requirements, for interior and renovation of their registered office, for brand building, general corporate expenses and to meet the expenses of the issue.
- Carewell Industries Limited engaged in the business of marketing the mosquito repellent coils under the brand "ROOSTER" filed a draft prospectus for a public issue of Rs. 4.96 crore. Equity shares are proposed to be listed on the SME Platform of the BSE. The company intends to use issue proceeds to meet additional working capital requirements, for brand building and meeting public issue expenses.
- Legacy Mercantile Limited engaged in the business of manufacturing, trading, buying, selling, factoring, importing, exporting, etc. of textile, fabrics, cotton, silk, jute, woolen, garments, yarns, synthetics goods, fibrous materials and allied products including decorative hand and machine-made readymade garments, mats, rugs, blankets, shawls, etc. filed an Information Memorandum. Equity shares are proposed to be listed on the Institutional Trading Platform of the BSE SME Exchange.
- Supernova Advertising Limited, an Out-of-Home (OOH) advertising company engaged in the business of providing non Digital OOH media solutions for their clients filed an Information Memorandum. Equity shares are proposed to be listed on the Institutional Trading Platform of the BSE SME Exchange.
- Premier Chennai Properties Limited engaged in the business of real estate/ property development which includes location identification, site selection, land acquisition, planning outsourcing, construction activity and marketing filed an Information Memorandum. Equity shares are proposed to be listed on the Institutional Trading Platform of the BSE SME Exchange.
- Currently 62 companies are listed on SME platforms of BSE and NSE and 6 companies on BSE and NSE ITP Platform.

FORTHCOMING IPOs

Name of the Company	Exchange	Issue Size (Rs. crore)	Issue Price (Rs. Per Share)
Tarini International	BSE	16.31	41
Carewell Industries	BSE	4.96	15
GCM Capital Advisors	BSE	9.00	20
Shareway Securities	BSE	4.99	14
Starlit Power Systems	BSE	2.95	18
Sirohia & Sons	BSE	3.60	12
Dhanuka Commercial	BSE	4.44	10
SPS Finquest	BSE	25.08	75
Oasis Tradelink	BSE	6.00	30
Ekdant India	BSE	4.03	10
Anubhav Infrastructure	BSE	9.00	15
Prabhat Telecoms (India)	BSE	26.60	80

small
Many parts can make a whole.
INVEST THAT MONEY TO
REACH YOUR
BIG GOAL.



SYSTEMATIC INVESTMENT PLAN (SIP)

Little by little, it can build up to a whole lot more. It all depends on fitting the small parts together with the right plan. SIP allows you to **put aside fixed amounts at regular intervals** over a pre-set term.

By cashing in on the **power of compounding** over a period, it rewards you for your disciplined & responsible approach.

Benefits of Systematic Investment Plan (SIP)

Allows you to invest small fixed sum of money at regular intervals - **light on the wallet**

SIP makes volatility work in your favour - **reduces risk**

Benefit of Rupee Cost Averaging - **get more units at lower NAV, less units at higher NAV**

Power of compounding comes into play - **the early you start higher are the returns**

Imparts time - tested discipline to investing - **key to financial success**

An Investor Education and Awareness Initiative by Taurus Mutual Fund

TAURUS
Mutual Fund

Mutual Fund investments are subject to market risks, read all scheme related documents carefully

Invest regularly to achieve your dreams.

HDFC MF Systematic Investment Plan (SIP) is a simple, convenient and disciplined plan that helps you meet your financial goals by investing a fixed sum regularly. It invests a minimum of ₹ 500 monthly, irrespective of market conditions thus reducing the risk of investing a large sum at a high price. SIP adopts Rupee Cost Averaging wherein more units are purchased when prices are low and fewer when prices are high. So, don't let an unpredictable market compromise your dreams anymore.

Toll Free No.: 1800 3010 4767

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MUTUAL FUND
Systematic Investment Plan
www.hdfcfund.com

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

OTHER DEVELOPMENTS

Cloud adoption among SMEs to grow at 20%: EY-Assocham

As small and medium enterprises in the country turn tech-savvy, they are expected to propel cloud adoption at a CAGR of 20 per cent between 2012 and 2016. The demand for cloud services by SMEs is particularly high in the areas of disaster recovery, remote database management and e-mail hosting, says a report by Ernst & Young.

According to the report titled 'SMAC- the next growth driver for SMEs in India', greater adoption is also leading to a significant shift in the number of providers offering cloud-based services. The total number of channel partners catering to SMEs in India increased by 10-15 per cent year-on-year in 2013, while the number of cloud channel partners increased by 25-30 per cent.

Bank funding a concern for MSMEs in key sectors - CRISIL

CRISIL has analysed the funding pattern of micro, small, and medium enterprises (MSMEs) in the pharmaceutical, engineering, and auto-component sectors from 2010-11 to 2012-13 (refers to the financial year, April 1 to March 31). The analysis indicates that the share of bank and institutional funding for MSMEs in these sectors is dwindling, and such enterprises are increasingly relying on their own resources to fund business growth.

Distributed widely across several geographic clusters, these MSMEs contribute significantly to the country's foreign exchange and leverage their easy access to a skilled and semi-skilled workforce to provide sizeable employment opportunities. As per CRISIL's study, MSMEs in the pharmaceuticals, engineering, and auto-component industries respectively employ an average of 143, 88, and 80 persons per unit.

CRISIL's study indicates that the share of bank and institutional funding to MSMEs in the engineering and pharmaceutical sectors declined by six per cent and three per cent, respectively, in the analysis period. Similarly, trade credit for these two sectors declined by three per cent and seven per cent, respectively. Bank funding for auto-component MSMEs declined by one per cent, albeit with a seven per cent slide in trade creditors. All these MSMEs are relying more than ever on fresh capital infusion, internal accruals, and unsecured loans from promoters, as in the case of enterprises operating in traditional sectors with low value-addition

MSME Ministry urges releasing of loan to Khadi Village Board

The Ministry of Micro, Small & Medium Enterprises has appealed to the government to waive the outstanding



principal amount of Rs 296 crore due from the former All India Khadi and Village Industries Board.

A loan of Rs 738 crore had been

released to the All India Khadi and Village Industries Board in 1955, before it was taken over by the Khadi & Village Industries Commission, which is under the MSME Ministry.

According to K H Muniappa, the minister of state for micro, small and medium enterprises (MSME), KVIC has already paid about Rs 1,170 crore -- Rs 441 crore from the principal amount and Rs 728 crore as interest on the loan.

Muniappa, speaking on the sidelines of an awards function here, urged the government to waive the remaining outstanding principal amount of about Rs 296 crore.

Flipkart seeks to utilise SME space in India to expand its seller base

Aiming to cash in on the growing Internet penetration and maturing online user base in India, local online marketplace Flipkart has embarked on an ambitious programme to help sellers enhance service offerings as well as expand its reach across the country.

The Bangalore-based company seeks to utilise the small and medium enterprise (SME) space in the country to expand its seller base to 12,000 covering 30 cities in less than a year.

The firm has roped in third-party partners to train its existing sellers and those coming on-board on how to enhance the quality of their catalogues, packaging and other services for product quality and better customer satisfaction.

UP SMEs looking to tap solar energy

The Small and Medium Enterprises (SME) in Uttar Pradesh are looking at tapping solar energy to deal with persistent power cuts and insulate against rising electricity tariffs.

To see the future, you must sometimes turn to the past.

As Asia's oldest exchange and India's first, the BSE has played an important role in India's financial history. Building on that rich past, the BSE is committed to being an important part of India's future. Today, the BSE trades on a variety of market segments and offers several advanced technology services. With the technologies now in place and an innovation-driven strategy to move forward, a bright new future is just around the corner.

Market Segments: Equities • Delivery-based Derivatives • Securities Lending & Borrowing
• Mutual Fund Platforms • Exchange-traded Funds.

Technology Services: Internet-based Trading • Co-location Services • Mobile-based Trading
• Real-time Risk Management • Smart Order Routing.



Introduction

Transfer Pricing in India was introduced in 2001 for curbing tax avoidance by laying down norms for computation of income arising from international transactions or specified domestic transactions (“SDTs”) having regard to the “arm's length price”. The Indian Transfer Pricing Regulations (TP Regulations) comprise Sections 92 to 92F of the Income-tax Act, 1961 (“the Act”) and Rules 10A to 10T of the Income Tax Rules, 1962 ('the Rules') which guides computation of the transfer price and suggests detailed documentation procedures.

In the year 2010, the honorable Supreme Court of India recommended, while discussing the case of CIT vs Glaxo Smithkline Asia Pvt Ltd that transfer pricing provisions be extended to domestic transactions to reduce the burden of litigation. The Finance Act, 2012 expanded the scope of TP regulations by insertion of a new section 92BA in the Indian Income tax Act, 1961 to include SDTs within its ambit. The regulations came into effect with effect from assessment year 2013-14. SDTs would include transactions entered into by domestic related parties, or by an undertaking with another undertaking of the same tax payer. In addition the Finance Act, 2012 also introduced Section 92CC and 92CD read with Rules 10F to 10T and 44GA to provide the Advance Pricing Agreement Regime in the Indian transfer pricing environment.

Transfer Pricing Regulation

OECD Guidelines defines “Transfer Prices” as “the prices at which an enterprise transfers physical goods and intangibles or provide services to associated enterprises”. Thus, Transfer Pricing is a term used to refer to all inter company pricing arrangements between related enterprises. It is understood that that due to the special relationship between the two entities, the transfer price may be different from “Arms length price” which would be the price at which such transaction would be conducted if it were between two unrelated entities in uncontrolled conditions. The practice of transfer pricing seeks to ensure that such transfer prices are either at arms length price or within such ranges as specified by the local transfer pricing regulations. The regulation states that any international transaction undertaken between associated enterprises would be subject to transfer pricing regulations and the transfer price charged/paid should be at arm's length

Transfer Pricing provisions were introduced to prevent shifting of profits by MNCs from high tax rate jurisdiction to low tax rate jurisdictions to minimize tax cost at group level.

International Transactions

As per the act, a transaction between two or more associated enterprises, either or both of whom are non residents is called an international transaction. The term has a wide definition which encompasses a range of transaction of both revenue and capital nature. Further, the term also covers arrangements between two or more associated enterprises for cost sharing in connection with benefits and facilities

provided to or by any of such enterprises. The transfer pricing regulation becomes applicable for

- Purchase, sale, transfer, lease or use of tangible as well as Intangible property
- Capital financing, including borrowings, lending, guarantees, deferred payments, etc arising during the course of business
- Provision of services
- Transaction of business restructuring or reorganization, irrespective of whether it has bearing on the profit, income, losses or assets of such enterprises at the time of the transaction or at any future date

Specified Domestic Transactions

Applicability of transfer pricing provisions was earlier limited to International Transactions only. With effect from 01.04.2013, the scope of Transfer Pricing provisions has been extended to “Specified Domestic Transactions” and is applicable since A.Y. 2013-14. This principally has impact in two ways.

- i. The pricing of the domestic transactions will need to comply with the arm's length principle by application of one of the prescribed methods.
- ii. There will be compliance and documentation obligations for such specified domestic transactions. With the applicability of TP provisions on Specified Domestic Transactions, now it is the obligation on the taxpayer to report/document & substantiate the Arm's Length nature of such transaction.

Provision Applicability of Domestic Transfer Pricing

The provisions of domestic transfer pricing come into effect in the following cases:

- i. **Section 40A - Expenditure paid or to be paid to related party as defined under section 40A(2)(b)**

The coverage of section 40A(2)(b) is very wide and covers persons related to the assessee under several relationships. Thus the assessee and the accountant should ensure that all relevant expenditure transactions with all specified persons as mentioned in section 40A(2)(b) should be carefully identified and included in transfer pricing documentation and accountant's report.

- ii. **Section 80IA - Inter unit transfer of goods and services as referred to in section 80IA(8)**

The above provision entitles the assessing officer to compute profits and gains of eligible business based on market value of goods and services transferred between an eligible and a non-eligible business only if the consideration for such transfer (if any) as recorded in the books of accounts of the eligible business does not correspond to the market value of the goods or services.

- iii. **Section 80IA - Transaction between the tax payer and any other person owing to close**

connection as referred to in section 80IA(10) where more than ordinary profits are earned by business unit claiming tax holiday/deduction

Section 80-IA (10) applies to transactions between the assessee and any other person which results in excessive profits in the hands of the assessee: either owing to close connection with other person; or for any other reason.

The dealings between taxpayer and other person get covered by section 80-IA(10) provided the course of business between them is so arranged that the transaction produces more than ordinary profits in the eligible business.

iv. Section 10AA - Any transaction under Chapter VIA or Section 10AA to which the provisions of 80IA apply.

The following profit linked incentive provisions under Chapter VI-A are also governed by provisions of section 80-IA(8) and section 80-IA(10) and hence will be subject to Domestic TP:-

- 80-IAB- Deductions in respect of profits and gains by an undertaking or enterprise engaged in development of Special Economic Zone.
- 80-IB- Deduction in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings
- 80-IC- Special provisions in respect of certain undertakings or enterprises in certain special category States
- 80-ID- Deduction in respect of profits and gains from business of hotels and convention centres in specified area
- 80-IE- Special provisions in respect of certain undertakings in North-Eastern States

Arm's Length Price:

The Arm's Length Price (ALP) in relation to specified domestic transaction would be determined by any of the following methods:

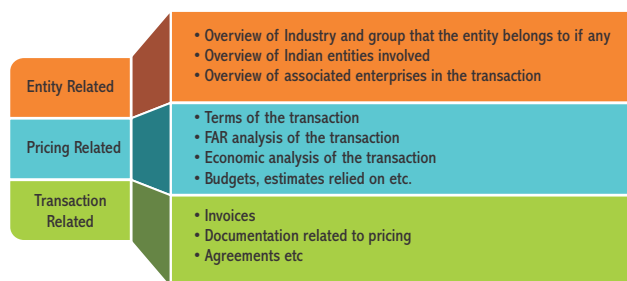
- Comparable uncontrolled Price method: ALP is determined by comparing the price charged for goods or services transferred in a controlled transaction with the price charged for goods or services transferred in a comparable uncontrolled transaction in comparable circumstances
- Resale price method: In this method the ALM is determined by comparing resale price margin (i.e.the gross margin) that the reseller earns from the controlled transaction with the gross margin from comparable uncontrolled transactions.
- Cost Plus method: ALM in such method is determined by comparing the mark-up on costs that the manufacturer or service provider earns from the controlled transaction with the mark-up on costs from comparable uncontrolled transactions.
- Profit split method: The AML is determined by evaluating the allocation of the combined profit or loss attributable to one or more controlled transactions with reference to the relative value of each controlled taxpayer's contribution to that combined profit or loss.
- Transaction net margin method: The ALM is determined by comparing the net profit on costs or sale that the manufacturer or service provider earns from the

controlled transaction with net profit on costs or sale from comparable uncontrolled transactions

- Other Method as per Rule10AB: This method of calculating ALM is used where the price which would be charged for similar transaction between unrelated parties is available (based on the valuation reports, genuine quotes available from independent parties, etc)

Maintenance of documents for specified domestic transactions

In the event that transaction undertaken by an entity happens to satisfy the conditions that subject it to transfer pricing regulations, the entity has to maintain contemporaneous documentation (if value of transactions exceed Rs 1 crore) with respect to the transactions under review. The documentation includes but is not limited to :



Taxpayer needs to maintain mandatory detailed transfer pricing documents for all specified domestic transactions.

Further, taxpayer needs to obtain report (3CEB) from chartered Accountant u/s 92E and furnish to tax department.

Penalties on non-compliance of Transfer Pricing Regulations

Particulars	Penalties if not complied with
Failure to furnish report under Section 92E	Rs 1,00,000 [Section 271BA]
Reporting of each SDT and international transaction entered into with related party in Form 3CEB	2% of the value of each transaction not reported [Section 271AA]
Maintenance of Transfer Pricing Documentation	2% of the value of each transaction [Section 271AA]
Maintenance and furnishing of correct information / documents before AO and CIT(A)	2% of the value of each transaction for false reporting [Section 271AA]
Concealment of particulars of income and furnishing inaccurate particulars thereof	Penalty ranging from 100% to 300% of the amount of tax sought to be evaded if adjustment is made by the Revenue authorities [Explanation 7 to Section 271(1)(c)]
Failure to furnish information or documents as required under section 92D(3)	Penalty @ 2% of the value of the transaction for each such failure [Section 271G]

Conclusion

The subject of transfer pricing has gained importance in the last few years and it is considered to be one of the most litigated subject matter in the taxation domain. With the insertion of transfer pricing in domestic transactions the subject matter of transfer pricing assumes greater importance. Now such transactions covered under the transfer pricing are referred to as related party transactions under the Companies Act 2013 and SEBI Listing Agreement wherein greater regulatory restriction has been provided to undertake such transactions. It is pertinent to take note of Section 188 of Companies Act 2013 wherein the concept of related party and arms length transaction has been discussed. The entities must now plan their transactions keeping a composite approach wherein the provision of Income Tax Act, Companies Act 2013 and SEBI Regulations are required to be complied with.

What's in Press?

70% of SAP's business will come from SMEs in next 2 years

Small and medium businesses, which already make up half of SAP India's estimated annual revenue of Rs 7,500 crore, will account for 70% of sales in the next two years, Managing Director Ravi Chauhan said.

The aggressive push by SAP India, the wholly-owned subsidiary of the world's biggest business software company, will focus on letting SMEs rent solutions delivered through the internet in what is known as a cloud-based service rather than the traditional method of on-premise computer infrastructure owned by companies.

"Today, we have very competent Rs 200-500-crore business houses who are doing cutting-edge work. We are going after this mid-market," said Chauhan, who was appointed as head of SAP India last month.

SMEs' share in the country's gross domestic product is about 17% and the sector employs about 40% of the organised workforce. SAP India, which counts conglomerates Reliance, Mahindra & Mahindra and Essar as its clients, also counts thousands of small businesses among its customers.

Although the Indian economy has under-performed in recent years, Chauhan said companies across industries invest substantially in IT infrastructure as they try to boost

efficiency, thereby helping providers like SAP scale up their presence. "I don't have data (on market share) but if I see the recent wins, there has been substantial investment made by customers in technology," said Chauhan, specifically referring to the automobile industry.

Chauhan said hosting applications on the cloud has many advantages as small businesses need not invest in people and money to set up infrastructure to manage their IT requirements. "It would take 9-24 months to start seeing time to value if you are rolling out SAP in the traditional way. In cloud, you are up and running in weeks. (This is) very relevant to large section of market," Chauhan told ET in an interview.

Getting business on the cloud in India is a strategy that mirrors the company's global push as SAP booked 758 million euro (Rs 6,300 crore) in sales from cloud

subscriptions and support in 2013, more than double it did in 2012, while sales of traditional software for installation on computers was essentially unchanged.

"Finally, the headache of managing this huge IT infrastructure is not your own. If you are a car parts manufacturer, you concentrate on your business," said Chauhan. The wrinkle in the SAP story in India is the slow migration of many of its customers to its realtime analytics platform, HANA that is the fastest product in the company's history to generate \$1 billion in revenue.

"It's a new technology.... You look at the pros and cons and move at a pace where they are comfortable. We don't expect these shifts to happen in a hurry," said Chauhan.

Early on Monday, SAP executive board member, Vishal Sikka, who is credited with developing HANA, resigned citing personal reasons. Sikka, who joined the company in 2002 and was brought on SAP's executive board in 2010, led the development of HANA, and was a key executive in bringing the product to market. The company said Sikka was not available for a comment.

Source: The Economic Times

Quotes



Ajay Thakur, Head-SME, BSE

"MSME, especially in Punjab, Chandigarh, Himachal Pradesh and Haryana need to diversify their focus from wealth creation model to value creation model and hence realise the importance of getting listed on the stock market to be able to raise funds easily and compete globally. Listing on stock exchanges is the only way forward for the small players, if they wish to enhance their brand image, gain market presence, expand their roots, maximise returns and introduce corporate governance which is very critical but lacking in the present market structure, especially in this region."



R Chandrashekhar, NASSCOM President

"Small and medium enterprises (SMEs) will play a leading role in implementation of social, mobility, analytics and cloud (SMAC) technologies which will help the country in growing revenues by increased marketing to new customers and bringing operational efficiency. SMEs will thrive if key enablers powered by SMAC technologies are created in integrated ecosystems to support their multiple needs of knowledge accessibility, financial independence and risk mitigation, targeted marketing reach and sales, operational excellence, efficient services provisioning, real time insights and decision making"



Ashok Reddy, Chairman, Karnatka Vikas Grameena Bank

"The Micro, Small and Medium Enterprises (MSME) need a push as the manufacturing sector including the infrastructure and services sector is a key generator of jobs"



MARKET WATCH

Particulars	Bothra Metals & Alloys	Tiger Logistics	RJ Biotech	RCI Industries & Technologies	B C Power	eDynamics Solutions	RCL Retail	SRG Housing	Eco-friendly	Sunstar Realty
A. Valuation / Market Cap	(₹ Crore)									
Pre Issue Net Worth	20.82	16.34	11.64	25.63	10.29	8.55	5.60	4.90	8.606	5.54
Issue Size	12.21	7.52	5.00	11.52	10.37	15.60	5.80	7.00	7.515	10.62
Market Capitalization*	37	29	34	43	21	467	22	38	699	433
B. Price Pattern	(₹ per Share)									
Issue Price	25.00	66.00	20.00	40.00	18.00	25.00	10.00	20.00	25.00	20.00
CMP (Face Value Rs. 10)*	20.25	69.00	36.00	39.90	18.20	215.55	18.50	48.00	288.90	183.30

Particulars	Channel Nine	Max Alert	Samruddhi Realty	HPC Biosciences	SI VI Shipping	Womens Next	Ace Tours Worldwide	Newever Trade	Looks Health	Captain Polyplast
A. Valuation / Market Cap	(₹ Crore)									
Pre Issue Net Worth	5.56	7.10	4.39	4.80	3.09	2.02	8.71	17.53	0.75	7.36
Issue Size	11.67	8.00	2.60	15.75	6.86	6.50	8.00	6.30	7.20	5.94
Market Capitalization*	748	108	35	898	18	17	37	74	62	33
B. Price Pattern	(₹ per Share)									
Issue Price	25.00	20.00	12.00	35.00	25.00	65.00	16.00	10.00	40.00	30.00
CMP (Face Value Rs. 10)*	482.05	118.00	42.00	563.05	33.00	71.10	29.70	31.00	103.40	45.00

Particulars	Esteem Bio	Satkar Finlease	VKJ Infradevelopers	Subh Tex	Ashapura Intimates	Comfort Comtrade	Sanco Industries	Veto Switch Gear	Thejo Engineering	Mitcon Consultancy	Opal Luxury
A. Valuation / Market Cap	(₹ Crore)										
Pre Issue Net Worth	8.56	21.16	5.40	16.43	10.98	4.43	16.43	32.70	25.8	54.42	11.82
Issue Size	11.25	13.51	12.75	3.50	21.00	6.00	4.32	25.00	19.00	25.01	12.00
Market Capitalization*	832	103	91	24	246	18	15	101	34	67	43
B. Price Pattern	(₹ per Share)										
Issue Price	25.00	18.00	15.00	10.00	40.00	10.00	18.00	50.00	402.00	61.00	120.00
CMP (Face Value Rs. 10)*	557.85	54.45	51.30	22.30	126.45	30.00	18.00	60.50	200.00	55.50	128.25

*Closing prices as on 7th May, 2014

* Source: BSE & NSE Websites

UPCOMING EVENTS

Name of Event	Place	Date	Organizer
Technology Transfers & Joint Ventures Opportunities for SMEs	Mumbai	20th June 2014	SME Chamber of India
Roundtable on Government Procurement Policy – Advantages for SMEs	Mumbai	June 2014	SME Chamber of India
India SME Banking Conclave	Mumbai	July 2014	SME Chamber of India
Improving access to Finance Stimulating Growth for MSMEs	Hotel Le Meridien, New Delhi	25 June 2014	ASSOCHAM
SME Finance & Investment Summit	Mumbai	August 2014	SME Chamber of India
India SME Manufacturing Summit	Mumbai	August 2014	SME Chamber of India
India SME Manufacturing Excellence Awards	Mumbai	August 2014	SME Chamber of India
Streamlining Export & Trade Finance for SMEs	Mumbai	August 2014	SME Chamber of India
SME Export Excellence Awards	Mumbai	August 2014	SME Chamber of India

Sr No	Company	Closing#	%Returns*	52 Week Low	52 Week High
1.	Ace Tours	29.70	85.63%	19.50	47.25
2.	Agrimony Commodities	9.10	-9.00%	8.60	15.75
3.	Alacritiy Securities	6.73	-55.13%	6.10	13.25
4.	Amrapali Capital	53.65	-46.35%	39.00	103.00
5.	Anisha Impex	11.60	16.00%	11.60	19.50
6.	Anshus Clothing	3.80	-85.93%	3.60	18.50
7.	Ashapura	126.45	216.13%	55.00	135.00
8.	BC Power	18.20	1.11%	17.15	21.00
9.	BCB finance	25.20	0.80%	25.05	25.35
10.	Bothra Metals	20.25	-19.00%	18.25	34.20
11.	Bronze Infra	15.50	3.33%	5.80	17.75
12.	Captain Polyplast	45.00	50.00%	33.00	46.00
13.	Channel Nine	482.05	1828.20%	31.80	508.00
14.	Chemtech	14.95	-0.33%	14.25	15.50
15.	Comfort Commtrade	30.00	200.00%	23.00	45.95
16.	Eco Frendly	288.90	1055.60%	22.62	288.90
17.	eDynamics	215.55	2055.50%	25.40	221.55
18.	Esteem Bio	557.85	2131.40%	57.20	645.00
19.	GCM Comm	9.31	-53.45%	7.55	21.25
20.	GCM Securities	510.00	2450.00%	99.40	520.00
21.	HPC Biosciences	563.05	1508.71%	49.85	652.00
22.	India Finsec	12.78	27.80%	9.55	19.40
23.	Jointeca Education	18.50	23.33%	10.95	19.80
24.	Jupiter Infomedia	28.60	43.00%	24.75	29.50
25.	Karnimata Cold Storage	22.15	10.75%	20.30	30.00
26.	Kavita Fabrics	40.50	1.25%	33.60	45.25
27.	Kushal Tradelink	37.50	7.14%	33.05	53.25
28.	Lakhotia Polymers	35.90	2.57%	33.85	36.60
29.	Looks Health	103.40	158.50%	92.05	437.00
30.	Max Alert	118.00	490.00%	90.00	125.00
31.	Money Masters	10.90	-27.33%	10.90	19.65
32.	Newever Trade	31.00	210.00%	12.20	36.85
33.	Oceanaa Biotek	10.20	2.00%	9.30	10.20
34.	Onesource Techmedia	6.60	-52.86%	3.95	13.00
35.	Polymac Thermoformers	42.00	20.00%	34.75	42.00
36.	R&B Denims	14.00	40.00%	22.55	48.45
37.	RCI Industries	39.90	-0.25%	10.30	49.85
38.	RCL Retail	18.50	85.00%	21.00	48.75
39.	RJ Biotech	36.00	80.00%	16.62	49.95
40.	Samruddhi Realty	42.00	250.00%	19.00	25.00
41.	Sangam Advisors	20.10	-8.64%	19.90	54.45
42.	Satkar Finlease	54.45	202.50%	11.90	12.45
43.	Shri Krishna Prasadam	12.45	24.50%	26.10	43.35
44.	SI VI Shipping	33.00	32.00%	5.70	14.80
45.	Silverpoint Infra	7.10	-52.67%	33.00	110.00
46.	SRG Housing	48.00	140.00%	20.00	25.05
47.	SRG Securities Finance	20.00	0.00%	6.91	21.10
48.	Stellar Capital	6.91	-65.45%	12.00	25.65
49.	Subhtex	22.30	123.00%	35.60	210.75
50.	Sunstar Realty	183.30	816.50%	24.50	26.90
51.	Suyog Telematics	25.40	1.60%	7.00	13.50
52.	Tentiwal Wires	10.00	-23.08%	57.00	81.00
53.	Tiger Logistics	69.00	4.55%	9.45	14.90
54.	Unishire Urban Infra	12.75	27.50%	23.10	52.20
55.	VCU Data	27.00	8.00%	15.55	60.15
56.	VKJ Infradevelopers	51.30	242.00%	64.60	72.45
57.	Women's Next	71.10	9.38%	10.55	15.43
58.	Mitcon	55.50	-9.02%	37.95	60.00
59.	Opal	128.25	-1.35%	97.60	131.90
60.	Sanco	18.00	0.00%	16.55	19.00
61.	Thejo	200.00	-50.25%	199.00	405.00
62.	Veto	60.50	21.00%	50.25	65.50

*Absolute returns since IPO. # Closing prices as on 7th May, 2014 *Source: BSE & NSE Websites

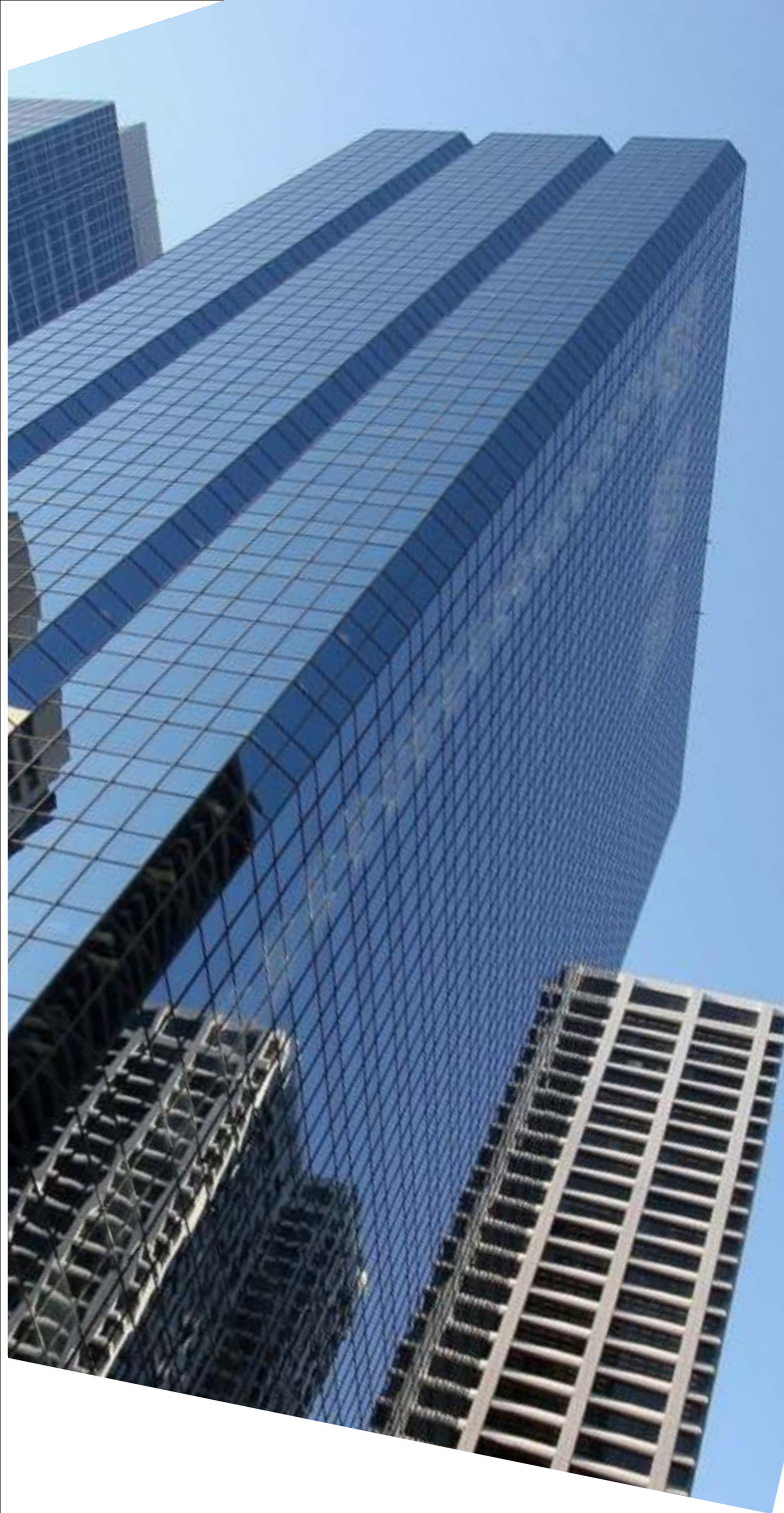
	Closing#	% Returns YTD
BSE SME IPO	844.41	512.87%
TSE MOTHERS	702.95	69.37%
CHINEXT PRICE INDEX	1,290.03	82.89%
FTSE AIM All Share Index	811.11	13.28%
TSX Venture Composite	1001.04	-19.26%
Hong Kong GEM Index	484.18	26.91%

Closing Values as on 7th May, 2014



Sarthi in association with Apex Financial Services organized a presentation cum interactive discussion on ITP and SME Listing at Faridabad on April 21, 2014. Seen here is Mr. Aanand Lakhotiaa, Director, Sarthi Group, giving a presentation on Listing on SME Exchange.





S A R T H I
Bridging the Gap

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