



SPAISA CAPITAL LIMITED

Spaia Capital Limited was originally incorporated as a public limited company under the provisions of the Companies Act, 1956 as “India Infoline Finance Holdings Limited” pursuant to a certificate of incorporation dated July 10, 2007 issued by the RoC (as defined below). Thereafter, our Company obtained the certificate for commencement of business on July 19, 2007 from the RoC. The name of our Company was subsequently changed to “IIFL Capital Limited” and a fresh certificate of incorporation dated November 6, 2007, consequent upon change of name, was issued by the RoC. Thereafter, the name of our Company was changed to “Spaia Capital Limited”, and a fresh certificate of incorporation, consequent upon change of name, was issued by the Registrar of Companies, Tamil Nadu at Chennai (where the registered office of our Company was located), on August 12, 2015. For further details of the change in name and registered office of our Company, see “History and Certain Corporate Matters” on page 100.

Registered and Corporate Office: IIFL House, Sun Infotech Park, Road No. 16V, B-23, MIDC, Thane Industrial Area Wagle Estate, Thane 400 604, Maharashtra, India

Corporate Identification No.: L67190MH2007PLC289249, **Registration No.:** 289249

Tel: +91 22 4103 5000 **Fax:** +91 22 2580 6654

Contact Person: Roshan Dave, Company Secretary and Compliance Officer

E-mail: csteam@5paia.com; **Website:** www.5paia.com

PROMOTERS OF OUR COMPANY: NIRMAL BHANWARLAL JAIN AND VENKATARAMAN RAJAMANI

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY

ISSUE OF UP TO 12,739,022 EQUITY SHARES WITH A FACE VALUE OF ₹ 10 EACH AT A PRICE OF ₹ 80 PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ 70 PER EQUITY SHARE) (“RIGHTS EQUITY SHARES”) FOR AN AMOUNT UP TO ₹ 1,019.12 MILLION ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF SPAISA CAPITAL LIMITED (THE “COMPANY” OR THE “ISSUER”) IN THE RATIO OF ONE RIGHTS EQUITY SHARE FOR EVERY ONE FULLY PAID-UP EQUITY SHARE HELD BY SUCH ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE “ISSUE”).

THE ISSUE PRICE OF EACH RIGHTS EQUITY SHARE IS 8 TIMES THE FACE VALUE OF THE EQUITY SHARE.

FOR FURTHER DETAILS, SEE “TERMS OF THE ISSUE” ON PAGE 270.

GENERAL RISKS

Investment in equity and equity related securities involves a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The Rights Equity Shares being offered in the Issue have not been recommended or approved by Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Letter of Offer. The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act of 1933 (“Securities Act”) and are being offered and sold outside the United States to non – U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act (“Regulation S”). **Investors are advised to refer to “Risk Factors” on page 12 before making an investment in this Issue.**

ISSUER’S ABSOLUTE RESPONSIBILITY

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

LISTING

The equity shares of 5paia Capital Limited are listed on the BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”). We have received “in-principle” approval from BSE as well as from NSE for listing the equity shares arising from the Issue vide its letter dated [●] and [●] respectively. For the purposes of the Rights Issue, the Designated Stock Exchange is NSE.

LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE	
<div>KEYNOTE</div> <div>Keynote Corporate Services Limited</div> <div>The Ruby, 9th Floor</div> <div>Senapati Bapat Marg, Dadar (West)</div> <div>Mumbai 400 028</div> <div>Tel: +91 22 3026 6000-3</div> <div>Fax: +91 22 3026 6088</div> <div>E-mail: mbd@keynoteindia.net</div> <div>Website: www.keynoteindia.net</div> <div>Contact Person: Pooja Sanghvi/Akhil Mohod</div> <div>SEBI Registration No: INM 000003606</div>		<div>LINKIntime</div> <div>Link Intime India Private Limited</div> <div>C101, 247 Park, LBS Marg,</div> <div>Vikhroli (West),</div> <div>Mumbai 400 083</div> <div>Tel: +91 22 4918 6000, +91 22 4918 6200</div> <div>Fax: +91 22 4918 6195</div> <div>E-mail: 5paia.rights@linkintime.co.in</div> <div>Website: www.linkintime.co.in</div> <div>Contact Person: Sumeet Deshpande</div> <div>SEBI Registration No.: INR000004058</div>	
ISSUE PROGRAMME			
ISSUE OPENS ON	LAST DATE FOR RECEIPT OF REQUEST FOR SPLIT APPLICATION FORMS		ISSUE CLOSES ON
[●]	[●]		[●]

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Draft Letter of Offer, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this section and references to any statute or regulations or acts or policies shall include amendments thereto, from time to time.

In this Draft Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to “our Company”, “the Company” and “the Issuer”, are references to 5paisa Capital Limited. References to “we”, “us” and “our” are references to 5paisa Capital Limited along with its Subsidiary on a consolidated basis. References to “you” are to the prospective investors in the Issue.

Company related terms

Term	Description
Articles/ Articles of Association	The articles of association of our Company, as amended
Associates	With reference to any company, the associate of that company would mean any other company within the meaning of section 2(6) of the Companies Act
Audit Committee	The audit committee of our Board
Board/ Board of Directors	Board of Directors of our Company including any committees thereof, as the context may refer to
Corporate Office	Our corporate office located at IIFL House, Sun Infotech Park, Road No. 16V, B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane – 400 604
Equity Share(s)	Equity shares of our Company having a face value of ₹ 10 each, unless otherwise specified in the context thereof
Equity Listing Agreement/ Listing Agreement	Uniform listing agreements entered into under the SEBI Listing Regulations and the erstwhile equity listing agreements entered into between our Company and the Stock Exchanges, as the context may refer to
5PCL ESOS 2017	5paisa Capital Limited Employee Stock Option Scheme 2017
5PCL ESOTS 2017	5paisa Capital Limited Employee Stock Option Trust Scheme 2017
Group Companies	Such companies, partnership firms and trusts as covered under the applicable accounting standards and also other companies, partnership firms and trusts as considered material by our Board pursuant to a policy on materiality of group companies approved by our Board on September 12, 2018. The Group Companies are listed out in “Group Companies” on page 124
Independent Directors	Independent directors on the Board, and eligible to be appointed as an independent director under the provisions of the Companies Act and the SEBI Listing Regulations. For details of the Independent Directors, see “Our Management” on page 107
KMPs	Key managerial personnel of our Company as disclosed in “Our Management” on page 107
Memorandum/ Memorandum of Association	The memorandum of association of our Company, as amended
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board
Promoter/Promoters	Nirmal Bhanwarlal Jain and Venkataraman Rajamani. For details see “Our Promoter and Promoter Group” on page 120
Promoter Group	Promoter group of our Company as determined in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations
Registered Office	The registered office of our Company located at IIFL House, Sun Infotech Park, Road No. 16V, B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane – 400 604
Registrar of Companies/ RoC	Registrar of Companies, Mumbai located at 100, Everest, Marine Drive, Mumbai 400 002
Restated Consolidated Financial Information	The restated consolidated statement of assets and liabilities as at Financial Year ended March 31, 2018 and the restated consolidated statement of profits

Term	Description
	and losses and restated consolidated statement of cash flows for the Fiscal ended March 31, 2018 of 5paisa Capital Limited
Restated Financial Information	Collectively, the Restated Standalone Financial Information and the Restated Consolidated Financial Information
Restated Standalone Financial Information	The restated standalone statement of assets and liabilities as at the Fiscals ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 and the restated standalone statements of profits and losses and restated standalone statement of cash flows for the Fiscals ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 of 5paisa Capital Limited
Scheme of Arrangement	Scheme of arrangement between IIFL Holdings Limited and our Company sanctioned by the National Company Law Tribunal, Mumbai Bench vide order dated September 6, 2017
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Board.
Statutory Auditors/ Auditors	The statutory auditors of our Company, V. Sankar Aiyar & Co., Chartered Accountants
Subsidiary	5paisa P2P Limited, the subsidiary of our Company, in accordance with the Companies Act, as disclosed in " <i>History and Certain Corporate Matters</i> " on page 100

Issue related terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to this Issue in accordance with SEBI ICDR Regulations and the Companies Act
Allot/ Allotted/ Allotment	Unless the context requires, the allotment of Rights Equity Shares pursuant to the Issue
Allotment Date	Date on which the Allotment is made
Allottee(s)	Person(s) who are Allotted Rights Equity Shares pursuant to the Allotment
Applicant	Eligible Equity Shareholder(s) and/or Renouncees who make an application for the Rights Equity Shares pursuant to the Issue in terms of the Letter of Offer, including an ASBA Applicant
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used by an ASBA investor to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
ASBA Account	Account maintained by an ASBA Investor with an SCSB which will be blocked by such SCSB to the extent of the appropriate amount in relation to an application in an ASBA Account maintained with the SCSB
ASBA Applicant/ ASBA Investor	<p>Eligible Equity Shareholders proposing to subscribe to the Issue through ASBA process and:</p> <ul style="list-style-type: none"> (a) Who are holding the Equity Shares in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/ or additional Equity Shares in dematerialized form; (b) Who have not renounced their Rights Entitlements in full or in part; (c) Who are not Renouncees; and (d) Who are applying through blocking of funds in a bank account maintained with SCSBs. <p>All (i) QIBs, (ii) Non-Institutional Investors, and (iii) other investors whose application value exceeds ₹ 200,000, can participate in the Issue only through an ASBA process</p>

Term	Description
Bankers to the Issue	[●]
Composite Application Form / CAF	The form used by an Investor to make an application for the Allotment of Rights Equity Shares in the Issue
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that would be issued for the Rights Equity Shares Allotted to each folio
Controlling Branches/ Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries and/or such other website(s) as may be prescribed by the SEBI / Stock Exchange(s) from time to time
Designated Stock Exchange	NSE
Designated Branches	Such branches of the SCSBs which shall collect the CAF or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Draft Letter of Offer	This Draft Letter of Offer dated September 14, 2018, filed with SEBI and which does not contain complete particulars of the Issue Price and Issue Size in terms of the number of Rights Equity Shares proposed to be offered in the Issue and issued by our Company in accordance with the SEBI ICDR Regulations
Equity Shareholder(s)/ Shareholders	The holders of Equity Shares of our Company
Eligible Equity Shareholder(s)	Holders of Equity Shares of our Company as on the Record Date, i.e. [●]. Please note that investors eligible to participate in this Issue exclude certain overseas shareholders. For further details, see “ <i>Notice to overseas Investors</i> ” on page 7
Investor(s)	Eligible Equity Shareholders and/or Renouncees applying in the Issue
Issue/ Rights Issue	Issue of up to 12,739,022 Equity Shares of face value of ₹ 10 each at a price of ₹ 80 per Equity Share including a premium of ₹ 70 per Equity Share for an amount up to ₹ 1,019.12 million on a rights basis to the Eligible Equity Shareholders in the ratio of one Rights Equity Share for every one fully paid-up Equity Share (1:1) held by the Eligible Equity Shareholders on the Record Date
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	₹ 80 per Rights Equity Share
Issue Proceeds	Gross proceeds of the Issue
Issue Size	The issue of up to 12,739,022 Rights Equity Shares up to ₹ 1,019.12 million
Lead Manager	Keynote Corporate Services Limited
Letter of Offer	The final letter of offer to be filed with the Stock Exchanges after incorporating the observations received from the SEBI on this Draft Letter of Offer
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, see “ <i>Objects of the Issue</i> ” on page 67
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
Non-Institutional Investors	Investor, including any company or body corporate, other than a Retail Individual Investor and a QIB
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1) (zd) of the SEBI ICDR Regulations
Record Date	Designated date for the purpose of determining the Shareholders eligible to apply for Rights Equity Shares in the Issue, that is [●]
Registrar to the Issue/Registrar	Link Intime India Private Limited
Renouncees	Any persons who has / have acquired Rights Entitlements from the Eligible Equity Shareholders

Term	Description
Retail Individual Investor	Individual Investors who have applied for Rights Equity Shares and whose Application Money is not more than ₹ 200,000 (including HUFs applying through their karta)
Rights Entitlement	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date
Rights Equity Share(s)	The Equity Share(s) offered in this Issue
SAF(s)	Split Application Form(s)
SCSB(s)	A Self Certified Syndicate Bank, registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries and/ or such other website(s) as may be prescribed by the SEBI / Stock Exchange(s) from time to time
Share Certificate	The certificate in respect of the Rights Equity Shares allotted to a folio in a physical form
Stock Exchanges	BSE and NSE, where the Equity Shares are presently listed and traded
Wilful Defaulter	Company or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes any company whose director or promoter is categorised as such
Working Days	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business.

Conventional, General and Industry Terms or Abbreviations

Term	Description/ Full – Forms
₹ / Rs. / Rupees / INR	Indian Rupees
AGM	Annual General Meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
AS / Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India as notified under the Companies (Accounts) Rules, 2014
Bn / bn	Billion
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Companies Act	Companies Act, 2013, to the extent in force pursuant to the notification of sections of the Companies Act, 2013, along with the relevant rules made thereunder
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DP / Depository Participant	A depository participant as defined under the Depositories Act
DP ID	Depository Participant Identification
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
EUR	Euro
FCNR Account/ FCNR	Foreign currency non-resident account
FDI	Foreign Direct Investment

Term	Description/ Full – Forms
FDI Policy	Consolidated Foreign Direct Investment Policy notified by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India under D/o IPP F. No. 5(1)/2017-FC-1 dated the August 28, 2017, effective from August 28, 2017
FEMA Act/ FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
FII(s)	Foreign institutional investors as defined under the SEBI FPI Regulations
Financial Year / Fiscal / FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
FSI	Floor Spacing Index
FVCI	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
GDP	Gross Domestic Product
GIR	General Index Register
GoI or Government	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
HNI	High Net Worth Individual.
ICAI	The Institute of Chartered Accountants of India
ICD	Inter- Corporate Deposits
IFRS	International Financial Reporting Standards
Ind AS	Indian accounting standards converged with IFRS, as notified by the Ministry of Corporate Affairs vide Companies (Indian Accounting Standards) Rules, 2015 in its general statutory rules dated February 16, 2015
Indian GAAP	Generally Accepted Accounting Principles in India
IT Act	The Income Tax Act, 1961
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
Mn/ million	million
Mutual Fund(s)	Mutual Fund(s) means mutual funds registered under the SEBI (Mutual Funds) Regulations, 1996
MoU	Memorandum of Understanding
N.A. / NA	Not Applicable
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NR	Non-resident
NRE Account	Non-Resident External Account
NRI	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India' cardholder within the meaning of section 7(A) of the Citizenship Act, 1955
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue

Term	Description/ Full – Forms
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
RBI	The Reserve Bank of India
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Securities Act	U.S. Securities Act of 1933
SEZ	Special Economic Zone
State Government	The government of a state in India
STT	Securities Transaction Tax
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
U.S. / USA / United States	United States of America
VCFs	Venture capital funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be
YTM	Yield to maturity

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the Securities Contracts (Regulation) Act, 1956, the SEBI ICDR Regulations, the Depositories Act, 1996 and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in “*Terms of the Articles of Association*”, “*Statement of Tax Benefits*”, “*Regulations and Policies*”, “*Outstanding Litigations and Material Developments*” and “*Financial Information*” on pages 305, 76, 96 and 143, respectively, shall have the meanings given to such terms in these respective sections.

NOTICE TO OVERSEAS INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and CAFs and the issue of Rights Equity Shares, to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. We are making this Issue of Equity Shares on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer/Abridged Letter of Offer and CAFs to such shareholders who have provided an Indian address. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Letter of Offer/Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer/Abridged Letter of Offer and CAFs.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI. Accordingly, the Rights Entitlement or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and CAFs may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and CAFs will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and CAFs must be treated as sent for information only and should not be copied, redistributed or acted upon. Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and CAFs should not, in connection with the issue of the Rights Entitlements or Rights Equity Shares, distribute or send such document in, into the United States or any other jurisdiction where to do so would, or might contravene local securities laws or regulations. If this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and CAFs is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Entitlement or Rights Equity Shares referred to in this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and CAFs. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares in this Issue must provide an Indian address.

Any person who makes an application to acquire Rights Entitlement and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that he is authorised to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. We, the Registrar, the Lead Manager or any other person acting on behalf of us, reserve the right to treat any CAF as invalid where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF. Neither the delivery of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and CAFs nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer.

The contents of this Draft Letter of Offer, the Letter of Offer and Abridged Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Equity Shares. In addition, neither our Company nor the Lead Manager are making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act, 1933, as amended ("**Securities Act**"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("**United States**" or "**U.S.**") or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act ("**Regulation S**")), except in a transaction exempt from the registration requirements of the Securities Act. The Rights Entitlements referred to in this Draft Letter of Offer are being offered in India, but not in the United States. The offering to which Draft Letter of Offer, the Letter of Offer and Abridged Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights.

Accordingly, the Draft Letter of Offer / Letter of Offer / Abridged Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe, is in the United States when the buy order is made. Envelopes containing CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer, no payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. Our Company is making this issue of Equity Shares on a rights basis to the Eligible Equity Shareholders of our Company and this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer and CAF will be dispatched to Eligible Equity Shareholders who have an Indian address. Any person who acquires Rights Entitlement and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that, at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) does not have a registered address (and is not otherwise located) in the United States, and (iii) is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws, rules and regulations.

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

Rights Entitlement may not be transferred or sold to any person in the United States.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Certain Conventions

All references herein to ‘India’ are to the Republic of India and its territories and possessions and the ‘Government’ or ‘GoI’ or the ‘Central Government’ or the ‘State Government’ are to the Government of India, Central or State, as applicable. Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions.

In this Draft Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

Financial Data

Unless the context otherwise requires, our financial data in this Draft Letter of Offer is derived from the Restated Financial Information of our Company and its Subsidiary which have been prepared in accordance with Indian GAAP, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards prescribed by the Institute of Chartered Accountants of India, Companies Act, as applicable and other applicable statutory and / or regulatory requirements and restated in accordance with the SEBI ICDR Regulations.

Our fiscal year commences on April 1 of each calendar year and ends on March 31 of the following calendar year, so all references to a particular “fiscal year” or “Fiscal” are to the 12-month period ended on March 31 of that year.

Indian GAAP differs in certain significant respects from IFRS. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures based on the Indian GAAP financials presented in this Draft Letter of Offer should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Further, with effect from April 1, 2019, we are required to prepare our financial statements in accordance with Ind AS. Given that Ind AS is different in many respects from Indian GAAP under which our financial statements are currently prepared, our financial statements for the period commencing from April 1, 2019 may not be comparable to our historical financial statements. For details in connection with risks involving differences between Indian GAAP and other accounting principles and accounting standards and risks in relation to Ind AS, please see *“Risk Factors – Changes in the accounting standards used in the reporting of our financial statements due to new pronouncements, interpretations, migration to new standards or our own decision to change accounting policies may significantly affect our financial statements for the future years, and may materially and adversely affect our financial results, financial condition or Shareholders’ equity.”*, on page 22.

Certain figures contained in this Draft Letter of Offer, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal places. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Market and Industry Data

Unless stated otherwise, industry and market data used in this Draft Letter of Offer have been obtained or derived from publicly available information as well as industry publications and sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe that industry data used in this Draft Letter of Offer is reliable, it has not been independently verified and neither we, nor the Lead Manager nor any of their affiliates, jointly or severally, make any representation as to its accuracy or completeness. The extent to which the market and industry data used in this Draft Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and

numerous assumptions and is subject to change based on various factors, including those disclosed in the section “Risk Factors” on page 12. For further details, see “Risk Factors – Statistical and industry data in this Draft Letter of Offer may be inaccurate, incomplete or unreliable.” on page 22.

Currency of Presentation

All references to ‘INR’, ‘₹’, ‘Indian Rupees’, ‘Rs.’ and ‘Rupees’ are to the legal currency of India.

In this Draft Letter of Offer, our Company has presented certain numerical information in “million” units. One million represents 10,00,000, and one billion represents 1,00,00,00,000.

Exchange Rate

The following table provides information with respect to the exchange rate for the Indian rupee per US\$1.00. The exchange rates are based on the reference rates released by the Reserve Bank of India, which is available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

(in ₹)

Currency	As on June 30, 2018	As on March 31, 2018	As on March 31, 2017	As on March 31, 2016	As on March 31, 2015	As on March 31, 2014
1 US\$*	68.58	65.04	64.84	66.33	62.59	60.10

*Source: RBI reference rate at the end of the period (www.rbi.org.in) In case March 31 of any of the respective years is a public holiday, the previous working day has been considered.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'anticipate', 'believe', 'continue', 'can', 'could', 'intend', 'may', 'shall', 'should', 'will', 'would', 'future', 'forecast', 'guideline' or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. Forward-looking statements are not guarantees of performance and are based on certain assumptions, future expectations, describe plans and strategies contain projections of results of operations or of financial condition or state other forward-looking information.

Forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- Significant competition in our businesses;
- Information technology and failure of, or inadequacies of our IT systems;
- Operational risks associated with the financial services industry;
- Receipt of statutory and regulatory approvals; and
- Accuracy and completeness of information about clients and counterparties.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*" on page 12. Whilst we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Draft Letter of Offer or the respective dates indicated in this Draft Letter of Offer, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

SECTION II - RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only ones relevant to the country, the industry in which our Company operates in India, our Company or our Equity Shares. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have a material adverse effect on our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. Prospective investors should consult their tax, financial and legal advisors about the particular consequences of an investment in this Issue.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue, including merits and risks involved.

This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including considerations described below and in "Forward Looking Statements" on page 11. To obtain a better understanding of our business, you should read this section in conjunction with other sections of this Draft Letter of Offer, including "Business Overview", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Information" on pages 88, 79, 219 and 143, respectively, together with all other financial information contained in this Draft Letter of Offer. Unless otherwise stated, the financial data in this section is derived from and should be read in conjunction with our Restated Financial Information prepared in accordance with Indian GAAP and restated in accordance with the SEBI ICDR Regulations.

INTERNAL RISK FACTORS

1. We face significant competition in our businesses, which may limit our growth and prospects.

The Indian financial services industry is fragmented and typified by low barriers to entry. Most of our competitors have a broader range of products and services, greater financial and marketing resources, larger customer bases, greater name recognition, more senior professionals to serve their clients' needs and more established relationships with clients than we have. These larger and better capitalized competitors may be better able to respond to changes in the industry we operate, in to compete for skilled professionals, to fund internal growth, to withstand adverse market conditions and to compete for market share generally.

We compete with, amongst others, Indian and foreign brokerage houses, discount brokerage companies, public and private sector commercial banks, and asset managers. We compete on the basis of a number of factors, including execution, depth of product and service offerings, innovation, reputation, price and convenience. Our business, financial condition, cash flows, results of operations and prospects may be materially and adversely affected if we are not able to maintain our market position, sustain our growth, develop new products or target new markets.

Further, we extensively use technology in our business. In recent times, the Indian financial services industry is undergoing rapid and significant technological and other changes. Our competitors could utilise technology, big data and innovation to simplify and improve the client experience, increase efficiencies, redesign products, improve client targeting, alter business models more effectively than or to effect disruptive changes in the Indian financial services industry. If we do not anticipate, innovate, keep pace with, and adapt to, technological and other changes impacting the Indian financial services industry, it could harm our ability to compete in the market, decrease the attractiveness of our products to clients and materially and adversely affect our business, financial condition and results of operations.

2. The operation of our businesses is highly dependent on information technology and we are subject to risks arising from any failure of, or inadequacies in, our IT systems.

Our operations rely heavily on the effectiveness of our IT systems and their ability to record and process accurately a large number of transactions on a daily basis and in a timely manner. A prolonged disruption of,

or failure of, our information processing or communications systems would limit our ability to process transactions. This would impair our ability to service our clients and execute trades on behalf of clients, which could materially and adversely affect our competitiveness, financial condition, cash flows and results of operations.

Our system for processing securities transactions is automated and we rely heavily on the ability of our trading system to handle a large number of transactions. While we regularly monitor and upgrade the capacity of our trading system, in anticipation of high volumes of transactions, we cannot assure you that we will be able to process all trading orders at a time of increased demand, including due to increased market volatility. If we are unable to efficiently process all trading orders received, we may lose clients, become subject to client complaints, litigation or regulatory action, face financial losses and this may adversely affect our reputation.

Although we back up our business data regularly and our infrastructure is on cloud, we may not currently have an adequate disaster recovery system. We cannot assure you that there will not be an unforeseen circumstance or that our disaster recovery planning is adequate for all eventualities.

The financial services industry is characterized by rapidly changing technology and the future success of our business will depend in part on our ability to effectively adapt to technological advances and to emerging industry standards and practices on a cost-effective basis. We rely heavily on technology and rely on our electronic brokerage platform and mobile app to provide a wide range of brokerage and distribution services. If we are unable to keep up with technological changes while our competitors invest in improved or better technologies, they may be able to offer clients better products and user experience. If we are unable to effectively compete on IT-enabled offerings, it could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

Our technology operations are also vulnerable to disruptions from human error, catastrophic events including natural disasters, lack of capacity during peak trading times or times of unusual market volatility, power failure, computer viruses, spam attacks, ransom ware, distributed denial of services attacks, unauthorized access, data leakage and other similar events. An external information security breach, such as hacker attacks, frauds, virus or worm infestation of our IT systems, or an internal problem with information protection, such as failure to control access to sensitive systems, could materially interrupt our business operations or cause disclosure or modification of sensitive or confidential information. Disruptions to, or instability of, our technology or external technology, or failure to timely upgrade our online or mobile brokerage platforms could harm our business, reputation and prospects.

The proper functioning of our internet-based trading system, order routing system, back office systems, settlement system, risk management system, together with the communications networks linking our IT systems with relevant exchanges and client interfaces, is critical to our business and our ability to compete effectively. Our business activities would be materially disrupted in the event of a partial or complete failure of any of these IT systems, communication networks or their backup systems and procedures.

3. *There are operational risks associated with the financial services industry which, if materialise, may have an adverse effect on our business, financial condition, cash flows, results of operations and prospects.*

We face various operational risks related to our business operations in the financial services industry, such as:

- human and systems errors, including the confirmation, entry or settlement of transactions;
- failure of technology in our processes, including risk management and settlement processes, causing errors or disrupting our operations;
- failure to implement sufficient information security, including cyber-security, and controls;
- failure to maintain appropriate deposits with exchanges;
- damage to physical assets;
- failure of our complex automated risk management systems due to incorrect or inadequate algorithms;

- inadequate due diligence in the sales process, including in client verification, non-adherence to anti-money laundering guidelines, KYC processes and client needs analysis; and
- failure to comply with other applicable laws, regulations, accounting norms or regulatory policies, including as a result of the adoption of widely followed market practices.

If any of the foregoing were to occur, it could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

We have established a system of risk management and internal controls consisting of an organizational risk management framework, policies, risk management system tools and procedures that we consider to be appropriate for our business operations, and we have continued to enhance these systems. However, due to the inherent limitations in the design and implementation of risk management systems, including internal controls, risk identification and evaluation, effectiveness of risk control and information communication, our risk management systems and mitigation strategies may not be adequate or effective in identifying or mitigating our risk exposure in all market environments or against all types of risks in a timely manner, or at all. Further, we may not be able to completely avoid the occurrence of or timely detect any operational failure.

We also face the risk of regulatory penalties in our brokerage business from the exchanges or regulators for failures of routine operational processes.

We may not be able to fully appreciate or identify operational risks related to the new products, services or solutions introduced by us from time to time. Accordingly, any risk management measures or controls implemented by us for such new products, services or solutions may not be adequate and we may be subject to liabilities arising therefrom. Further, any failure to change our risk management measures and controls to our developing business in a timely manner could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

4. *We require certain statutory and regulatory approvals for conducting our business and our failure to obtain, retain or renew them in a timely manner, or at all, may adversely affect our operations*

Our business requires us to obtain and renew from time to time, certain approvals, licenses, registrations and permits. In addition, we require certain approvals, licenses, registrations and permissions under various regulations, guidelines, circulars and statutes regulated by authorities such as the SEBI, the Stock Exchanges and certain other regulatory and government authorities, for operating our business. In particular, we are required to obtain a certificate of registration for carrying on certain of our business activities from SEBI and other such regulatory authorities. Government and regulatory licences and approvals may also be tied to conditions, some of which may be onerous to us and require substantial expenditures. There is no assurance in the future that the licences, approvals and permits applied for or held by us will be issued, approved or renewed in a prompt manner, or at all, under applicable law. Our failure to renew or obtain such licences and approvals in a timely manner, or at all, and comply with the provisions of the applicable laws and regulations could lead to suspension or cancellation of our registration or imposition of sanctions by the relevant authorities, including penalties.

If we are unable to make applications and renew or obtain necessary permits, licences and approvals on applicable terms, in a timely manner, at a reasonable cost, or at all, it could materially and adversely affect our financial condition and results of operations. For further details, see “*Government and Other Approvals*” on page 257.

5. *We depend on the accuracy and completeness of information about clients and counterparties for our business. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and financial performance.*

We significantly rely on information furnished to us by, or on behalf of, our clients (including in relation to their financial transactions and past credit history) for various aspects of our business operations, such as new client enrolment and servicing our clients. We may also rely on certain representations from our clients as to the accuracy and completeness of the information provided by them. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent such activities or detect inaccuracies in such information in a timely

manner, or at all, which may expose us to regulatory action or other risks, and may adversely affect our reputation, business prospects, financial condition and results of operations.

6. *The success of our business depends on our ability to attract and retain senior management and employees in critical roles, and the loss of their services could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.*

The success of our business depends on the continued service of our senior management and various professionals including information technology resources, relationship and finance professionals etc. As a result of ever-increasing market competition, the market demand and competition for experienced management personnel and qualified professionals has intensified. We encounter intense competition for qualified professionals from other companies in the financial services sector. Our Company invests significant time and money in training the professionals that are hired to perform the services provided to our customers. Our Company believes that there is also a significant competition in our industry among employers to attract these professionals with the skills necessary to perform the services we offer. The departure or other loss of our key professionals who manage substantial client relationships or who possess substantial experience and expertise could impair our ability to successfully carry out our operations. Our business and financial condition could suffer if we are unable to retain our senior management, or other high-quality personnel, including finance, internal controls and information technology, or cannot adequately and timely replace them upon their departure.

Moreover, we may be required to substantially increase the number of our professionals and specialists in connection with any future growth plans, and we may face difficulties in doing so due to the competition in the financial services industry for such personnel. Our failure to attract, hire, retain or replace competent personnel could materially impair our ability to implement any plan for growth and expansion. Competition for quality employees among business institutions may also require us to increase compensation, which would increase operating costs and reduce our profitability.

7. *Our insurance coverage could prove inadequate to cover our losses. If we were to incur a serious uninsured loss or a loss that significantly exceed the limits of our insurance policies, it could have a material adverse effect on our business, results of operations and financial condition.*

We have stock brokers indemnity insurance and directors and officer's liability insurance. We also maintain a group health insurance policy and a term life insurance plan. We maintain insurance coverage of the type and in the amounts that we believe are commensurate with our business operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage. In addition, there are various types of risks and losses for which we do not maintain insurance because they are either uninsurable or because insurance is not available to us on acceptable terms. We cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. In addition, even if such losses are insured, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, if at all. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

8. *All of our offices including our Registered and Corporate Offices, are held by us on lease or leave and license.*

Our Registered and Corporate Offices at Thane and our offices at Ahmedabad are not owned by us but are leased to us by our Group Companies IIFL Facilities Services Limited and IIFL Holdings Limited, respectively. In addition, we do not own our offices at Bengaluru from where we conduct our business operations and is leased to us by certain third parties. Upon expiration of the term of the relevant agreement for each such premise, we will be required to negotiate the terms and conditions on which the lease agreement may be renewed. We cannot assure you that we will be able to renew these agreements on commercially reasonable terms in a timely manner, or at all. Termination of our leases may occur for reasons beyond our control, such as breaches of lease agreements by the lessors' of our premises which is detrimental to our operations. If we or our current or future lessors' breach the lease agreements, we may have to relocate to alternative premises or shut down our operations at that site.

Further, some of our lease deeds for our properties may not be registered and further some of our lease deeds may not be adequately stamped and consequently, may not be accepted as evidence in a court of law and we may be required to pay penalties for inadequate stamp duty. Further, we may not be able to assess or identify all risks and liabilities associated with any properties, such as faulty or disputed title, unregistered encumbrances or adverse possession rights, improperly executed, unregistered or insufficiently stamped instruments, or other defects that we may not be aware of.

In the event that these existing leases are terminated, or they are not renewed on commercially acceptable terms or at all, we may suffer a disruption in our operations. If alternative premises are not available at the same or similar costs, size or locations, our business, financial condition and results of operations may be adversely affected.

9. *If research disseminated or advice provided by us contains errors, this could have a material adverse effect on our business, financial condition or results of operations.*

Our retail research team provides services to our retail clients across various sectors. Although due care and caution is taken in issuing research recommendations, the accuracy, adequacy or completeness of such information, which is based on information obtained from sources that we consider reliable, is not guaranteed. Errors or omissions in the information or for the results obtained from the use of such information may cause our research findings to be incorrect. Further, certain industry and market data may be subject to assumptions, and methodologies for assumptions vary widely among different data sources. Additionally, such assumptions may change due to various factors which are beyond our control. Accordingly, there is no assurance that our assumptions, or those relied upon by us, will be accurate or not change, which may affect the accuracy of our research findings. Incorrect research findings may expose us to client complaints, have a materially adverse effect on our brokerage and distribution businesses, and may subject us to regulatory action which may harm our reputation, which could subsequently have a material adverse effect on our business, financial condition or results of operations.

10. *We could be subject to claims by clients or actions by regulators or both for alleged mis-selling.*

We sell some of our third-party distribution products through employees. Our employees aid our clients in choosing the correct product, by explaining the benefits of such product and disclosing the product features and advising clients on whether to continue with a particular product or change products.

Under certain circumstances, the above processes might be considered inadequate or there might be misconduct on part of our employees. Such misconduct could include activities such as making non-compliant or fraudulent promises of high returns on investments and recommending inappropriate products or fund management strategies. Any case of mis-selling, or recurring cases of mis-selling, could result in claims and fines against us and could have a material adverse effect on our business, financial condition, cash flows, results of operations and reputation.

11. *There are outstanding legal proceedings against our Promoters and Group Companies, if determined, could have a material adverse impact on our business, results of operations and financial conditions*

There are certain outstanding legal proceedings against our Promoters and Group Companies pending at various levels of adjudication before courts, tribunals, authorities and appellate bodies. There can be no assurance that these legal proceeding will be decided in favour of our Promoters and Group Companies. Decisions in any of such proceedings adverse to our interests may have a material adverse effect on our business, future financial performance and results of operations. If the courts or tribunals rule against our Promoters and Group Companies, we may face monetary and/ or reputational losses. Furthermore, we may also not be able to quantify all the claims in which our Promoters and Group Companies are involved.

A classification of these legal and other proceedings is given in the following table:

Sr. No.	Outstanding Litigations	Number of matters	Amount involved in the matters , to the extent quantifiable (₹ in million)
1.	<i>Filed against our Promoters</i>		
	a. Civil	2	281.95
	b. Criminal	7	Nil

Sr. No.	Outstanding Litigations	Number of matters	Amount involved in the matters , to the extent quantifiable (₹ in million)
2.	<i>Filed by our Group Companies</i>		
	a. Civil	54	1,524.45
	b. Criminal	18,755	6,777.36
3.	<i>Filed against our Group Companies</i>		
	a. Civil	15	758.01 and EUR 26.53 million
	b. Criminal	22	104.80
	c. Statutory and Regulatory Actions	5	45.68
	d. Tax		
	Direct Tax	15	605.40
	Indirect Tax	8	440.86

For details of litigations outstanding as on the date of this Draft Letter of Offer, see “*Outstanding Litigations and Material Developments*” on page 240.

12. Our Company has incurred losses during the last three fiscal years

As set forth below, Our Company has incurred losses during last three Fiscals (as per the Restated Financial Information):

(₹ in million)

Particulars	Standalone			Consolidated
	As on March 31, 2018	As on March 31, 2017	As on March 31, 2016	As on March 31, 2018
Profit/(Loss) before interest, depreciation and taxation	(317.47)	(148.51)	(58.83)	(317.47)
Profit/(Loss) before tax	(332.09)	(163.80)	(76.99)	(332.09)
Net profit/ (Loss) for the year	(252.97)	(116.90)	(54.99)	(252.97)

13. Our Company has experienced certain negative cash flows from its operating, financing and investing activities in the previous Fiscals. Sustained negative cash flow in future could affect our growth and results of operations

Our Company has experienced negative cash flows, any further negative cash flows, if any in future could adversely affect our company’s results of operation and financial condition. The details of historic negative cash flows are summarized below:

(₹ in million)

Particulars (Consolidated)	Year Ended March 31, 2018
Cash Flow from Operating Activities	(506.58)
Cash Flow from Investing Activities	(48.69)

(₹ in million)

Particulars (Standalone)	Year Ended March 31, 2018	Year Ended March 31, 2017	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2014
Cash Flow from Operating Activities	(506.63)	(210.63)	(147.02)	164.01	(28.58)
Cash Flow from Investing Activities	(69.16)	19.81	212.64	(125.73)	39.54
Cash Flow from Financing Activities	(6.23)	868.75	(18.05)	(22.95)	(0.02)

For further details please see the section titled “*Financial Information*” on page 143.

14. Some of our group companies have incurred losses during the last three fiscal years

As set forth below, some of our Group Companies have incurred losses during last three fiscal years (as per their respective audited financial statements):

(₹ in million)

Sr. No.	Particulars	Profit / (Loss) after tax		
		As on March 31, 2018	As on March 31, 2017	As on March 31, 2016
1.	India Infoline Media and Research Services Limited	111.16	451.50	(172.00)
2.	IIFL Facilities Services Limited	131.28	21.77	(25.71)
3.	IIFL Management Services Limited	10.42	42.01	(28.15)
4.	IIFL (Asia) Pte Ltd (IIFL Asia)	(1.18)	(0.75)	(17.48)
5.	IIFL Inc.	(18.36)	(4.78)	1.43
6.	IIFL Capital (Canada) Limited	(2.10)	N.A.	N.A.
7.	Clara Developers Private Limited	(0.02)	(0.02)	(0.14)

15. Foreign investment in our shares may be restricted due to regulations governing aggregate FPI and NRI investment in our Company's paid-up Equity Share capital.

Under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 ("FEMA 20, 2017"), no single FPI can hold more than 10% of the paid up capital of an Indian company and the total equity share holding of all FPIs put together in a company is subject to a cap of 24% of the paid up capital of the company. The aggregate limit of 24% can be increased up to the applicable sectoral cap by passing a resolution by the board of the directors followed by passing a special resolution to that effect by the shareholders of the company. The investments by NRIs are governed by the Regulation 5(3) and Regulation 3(4) of the FEMA 20, 2017.

Our Board of Directors and the Shareholders of our Company have on May 10, 2018 and July 17, 2018, approved increasing the FPI and NRI investment limit to 100% and 24%, respectively, as allowed under Consolidated FDI Policy. Our Company has on August 1, 2018 informed RBI about the increase in limits with a request to take this on record and notify the increased limits. RBI is yet to notify by a press release the increased FPI and NRI limit. In case RBI delays to notify or does not notify the increased limits, restrictions may be imposed on the purchase of the Company's Equity Shares by FPIs and NRIs. The restrictions on the purchases of the Company's Equity Shares could negatively affect the price of our shares and could limit the ability of investors to trade our shares in the market. Also, renunciation to FPIs will be limited to the extent of limit available, in absence of the RBI notification on increase in the FPI and NRI limits in our Company.

16. The objects for which we propose to utilize Net Issue proceeds are not appraised by any Bank or Financial Institution and our management will have flexibility in applying the issue proceeds.

The fund requirements and deployment are based on internal estimates of our management and have not been appraised by any Bank or Financial Institution. Shareholders/investors shall rely on management's ability and experience to draw correct estimates considering the proposed business expansion. Non appraisal of estimates by external agencies such as Banks or Financial Institutions makes such estimates susceptible to change any time in future.

We intend to use the Issue proceeds in the manner as described in the section titled "Objects of the Issue" on page 67. We cannot assure you that the issue proceeds will be utilized in conformity with the cost or schedule of implementation as described under the said chapter. It is possible that utilization of issue proceeds may vary due to factors that may be beyond our control including factors that we do not currently foresee. We may have to revise our estimates from time to time on account of changes in planned spending and the initiatives which we may pursue. Our funding requirements for the objects and deployment schedule are based on current conditions and are subject to change in light of external factors which may not be in our control. This may also include rescheduling the proposed utilization of issue proceeds at the discretion of our management. Our Company may make necessary changes to such utilization in conformity with the provisions of the Companies Act and SEBI ICDR Regulations in relation to the change in the objects of the issue. Accordingly, shareholders /investors in the offer will need to rely on our management's judgment with respect to the use of proceeds. If we are unable to enter into arrangements for utilization of issue proceeds as expected in a timely manner, we may not be able to derive expected benefits from the proceeds of the issue and our business and financial results may suffer. As per SEBI Regulations we are required to appoint a Monitoring Agency for the Issue which will monitor the utilization of Issue proceeds.

17. *Pricing and other competitive pressures may impair the revenues and profitability of our brokerage business*

We derive a significant portion of our revenues from our brokerage business. Along with other brokerage firms, we have experienced intense competition in this business and we expect this trend towards alternative trading systems to continue. Though we are competitive with our pricing, we may face competition in future with new entrants coming up with aggressive pricing to capture market share with competitive pricing. In addition, we face pressure from our larger competitors, who may be better able to offer a broader range of complementary products and services to brokerage clients in order to win their trading business. We are unable to ascertain the likely impact of such competitive pressures on our results and operations. If we are unable to compete effectively with our competitors in these areas, brokerage revenues may decline and our business, financial condition and results of operations may be adversely affected.

18. *Any failure on our part to implement our business and growth strategies could cause disruptions to our business and could be detrimental to our long-term business outlook.*

The success of our business will depend largely on our ability to effectively implement our business and growth strategies. Implementation of our strategies is subject to and involves risks and difficulties which may be beyond our control and accordingly, there can be no assurance that we will be able to implement them in a timely manner or at all. Any inability on our part to manage or implement our strategy effectively could have an adverse effect on our results of operations and financial conditions. Further, our growth strategies could place significant demand on our management team and other resources and would require us to continuously develop and improve our operational, financial and other controls, none of which can be assured. Further, we operate in a competitive industry and on account of changes in market conditions, industry dynamics, technological improvements and any other relevant factors; our strategies may undergo substantial changes or modifications including limiting or foregoing growth opportunities, if any or we may not be able to execute our strategies in the future.

19. *Downturns or disruptions in the securities markets could reduce transaction volumes, and could cause a decline in the business and impact our profitability*

As a financial services company, our business is materially affected by conditions in the domestic and global equity, debt, currency and financial markets and economic conditions in India and throughout the world. Our revenue, level of operations and, consequently, our profitability are largely dependent on favorable market conditions, a conducive regulatory and political environment, investor sentiment and other factors that affect the volume of trading in India and the level of interest in Indian capital markets. A market downturn would likely lead to a decline in the volume of transactions that we execute for our customers and will result in decline in our revenues received from our business.

20. *Our growth will depend on our ability to develop our brand and failure to do so will have a negative impact on our ability to compete in the industry*

We believe that we need to continuously build our brand, particularly in our business of financial services. Promoting and positioning our brand will depend largely on the success of our marketing efforts and our ability to provide high quality services. Brand promotion activities may not yield increased revenues in the immediate future but would help establish our brand value and brand recall in the long term. Even if brand promotion helps in increasing revenue it may not offset the expenses we incur in building our brand. If we fail to promote and maintain our brand, our business, financial condition and results of operations could be adversely affected.

21. *We cannot assure you that we will be able to secure adequate financing in future on acceptable terms, in time or at all*

We may require additional funds in connection with future business expansion and development initiatives. In addition, to our existing available funds, we may require additional source of funding for meeting our future requirements, which may include entering into new debt facilities with lending institutions or raising additional debt through capital markets. If we decide to raise funds through incurrence of debt, we will be subject to certain interest obligations, and we may be subject to covenants which could restrict our ability to conduct our business and operations in the manner we desire. Such financing could also cause our debt equity ratio to increase or require us to create charges or liens on our assets in favour of the lenders. We cannot

assure you that we will be able to secure adequate financing in the future on acceptable terms, in time or at all. Our failure to obtain sufficient financing could result in the delay or abandonment of any of our business development plans and this may affect our business and future results of operations.

22. *Our Promoter, Group Companies and members of our Promoter Group are engaged, or are authorized by their constitutional documents to engage, in business activities which are similar to those undertaken by our Company and Subsidiary, which may result in conflicts of interest.*

Our Promoter, Group Companies namely IIFL Wealth Management Limited and IIFL Securities Limited, companies forming part of our Promoter Group, are authorised under their respective memorandums of association to carry on the business of brokerage services and advisory services. We are providing trading facilities on our website at www.5paisa.com. and through our mobile application named '5paisa Trading & Robo Advisory'. Our services are based on a 'do it yourself' model. As such our business is conflicting with the business of some of our Group Companies though we have a distinct business model. Presently we do not have any defined policy to address this conflict of interest. We cannot assure you that our Promoter, Directors, Group Companies or members of our Promoter Group, will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours. Any such present and future conflicts could have a material adverse effect on our reputation, business and results of operations.

23. *We are exposed to the risk arising from misconduct, fraud and trading errors by our employees*

We are exposed to the risk arising from misconducts or frauds such as indulgence in unauthorized transactions by employees, misreporting of and non-compliance with various statutory and legal requirements, improper use of confidential information and operational errors. It may not always be possible to deter employees from or otherwise prevent misconduct and the precautions we take to detect and prevent these activities may not always be effective. Any instance of employee misconduct, fraud or improper use or disclosure of confidential information could result in regulatory and legal proceedings which if unsuccessfully defended, could materially and adversely affect our business operations, future financial performance and/ or reputation.

24. *We have entered into, and will continue to enter into, related parties transactions*


We are involved in, and we expect that we will continue to be involved in related party transactions. Certain related-party transactions also require the approval of our Shareholders in accordance with applicable laws. There can be no assurance that such transactions will be approved. There can also be no assurance that we will be able to maintain existing terms, or in case of any future transactions with related parties, that such transactions will be on terms favourable to us. While we believe that all of our related-party transactions have been conducted on an arms' length basis and all such transactions are adequately disclosed in "Related Party Transactions" on page 141, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties.

It is also likely that we will enter into related-party transactions in the future. Any future transactions with our related parties could potentially involve conflicts of interest. Accordingly, there can be no assurance that such transactions, individually or in the aggregate, will not have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

25. *Our Company has not paid any dividend in the past. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures*

The amount of our future dividend payments, if any, is subject to the discretion of our Board, our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. There can be no assurance as to whether our Company will pay a dividend in the future and if so the level of such future dividends.

26. *Our application for registration of trademark of our brand name "5paisa" and the associated logo is pending before the Registrar of Trademarks, Mumbai.*

We use the brand name "5paisa" and the associated logo  in the ordinary course of our business and in our corporate name. The trademark relating to "5paisa" and the associated logo is filed by 5paisa with Registrar of Trademark under class 36. The application for trademark registration is presently pending before

the Registrar of Trademarks, Mumbai. In the event, we do not receive the trademark registration for “5paisa” and the associated logo, we may not be able to claim any intellectual right protection in relation to the same, which may materially and adversely affect our reputation, business operations and prospects.

Further, competitors or other companies may challenge the validity or scope of our intellectual property. This may not provide adequate protection for our intellectual property, particularly, with respect to our name and logo.

We may be required to spend significant resources to monitor and police our intellectual property rights. Effective policing of the unauthorized use of our products or intellectual property is difficult and litigation may be necessary in the future to enforce our intellectual property rights. Intellectual property litigation is not only expensive, but time-consuming, regardless of the merits of any claim, and could divert attention of our management from operating our business and harm our reputation. Despite our efforts, we may not be able to detect infringement and may lose competitive position in the market. Intellectual property rights may also be unavailable, unenforceable or limited, which could make it easier for competitors to capture market share.

In addition, we may not be able to prevent third parties from infringing our trademarks as imitation products being sold under our brand and sub-brands. If inferior quality products and services are sold by infringing our trademarks, then our brand name and reputation could be adversely affected. Further, we may not be successful in preventing those who have obtained our proprietary information through employment by us or by our manufacturing partners, from using our processes to produce competing products or leaking our proprietary information.

27. Our Company has issued certain Equity Shares in the last one year preceding the filing of this Draft Letter of Offer, for consideration other than cash

Our Company may have issued Equity Shares at a price lower than the Issue Price during the preceding one year before the date of filing of this Draft Letter of Offer details of which are given below:

Date of Allotment	No. of Equity Shares Allotted	Face Value (₹)	Nature of Allotment
October 20, 2017	1,27,39,022	10	Pursuant to the Scheme of Arrangement

Note: Upon the Scheme of Arrangement coming into effect and in consideration of the transfer and vesting of the 5paisa digital Undertaking into our Company, 17,716,500 Equity Shares of ₹10 each held by IIFL Holdings Limited in our Company were extinguished and cancelled and in lieu of the same, the equity shareholders of IIFL Holdings Limited as on October 18, 2017, were allotted one Equity Share of ₹10 each of our Company for every 25 equity shares of ₹2 each fully paid-up held by such equity shareholders in IIFL Holdings Limited. Accordingly, 12,739,022 Equity Shares were issued and allotted to the said eligible shareholders of IIFL Holdings Limited on October 20, 2017. The Equity Shares of our Company so issued pursuant to the Scheme were listed and admitted for trading on the Stock Exchanges on November 16, 2017.

28. We intend to use part of the proceeds of this Issue towards investments in our Subsidiary, which is yet to commence the business of P2P lending and cannot assure returns pursuant to such investments.

We intend to utilise a certain portion of the Net Proceeds towards investment in our Subsidiary i.e. 5paisa P2P Limited. Our Subsidiary is yet to commence business and has just received an in-principle approval from the RBI and hence we cannot assure returns or any dividends pursuant to such investments. For further information, see “Objects of the Issue” on page 67.

29. We rely on the Indian exchanges for a significant portion of our business.

Our brokerage business relies on the Indian exchanges, such as BSE, NSE and the clearing corporation to execute and settle all our clients’ transactions. Our electronic brokerage platform and our systems for retail brokerage clients are connected to the exchanges and all orders placed by our clients are fulfilled through the exchanges. Any disruption in the functioning of the exchanges or a disruption to our connection with the exchanges could have a material adverse effect on our business and results of operations.

To use the services of the exchanges, we are required to be registered as their members. This registration subjects us to various stock exchange regulations and periodic inspections by such exchanges. We cannot assure you that we will be able to strictly comply with such regulations or that such inspections would not find any violations by us. Failure to comply with such regulations could lead to fines, penalties, suspension of our registrations, and in extreme circumstances, termination of our registration. If our registration with the exchanges is terminated, we will be unable to provide brokerage services, which will have a material adverse effect on our business, financial condition and results of operations. In addition, our business operations are subject to regulatory limits on brokerage fee rates and net worth requirements imposed by exchanges.

30. *Security breaches of customers' confidential information that we store may harm our reputation and expose us to liability.*

We store customers' bank information, credit information and other sensitive data. Any accidental or wilful security breaches or other unauthorized access could cause theft and criminal use of this data. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity. If security measures are breached because of third party action, employee error, malfeasance or otherwise, or if design flaws in our software are exposed and exploited, and, as a result, a third party obtains unauthorized access to customer data, our relationships with customers will be severely damaged, and we could incur significant liability.

Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, we and our third-party hosting facilities may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, we may be required under applicable regulations to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause customers to lose confidence in the effectiveness of our data security measures. Any security breach, whether actual or perceived, would harm our reputation, and result in lost customers, which could in turn have a material adverse effect on our business, prospects, results of operations, financial condition or cash flows.

31. *Changes in the accounting standards used in the reporting of our financial statements due to new pronouncements, interpretations, migration to new standards or our own decision to change accounting policies may significantly affect our financial statements for the future years, and may materially and adversely affect our financial results, financial condition or Shareholders' equity.*

The financial statements included in this Draft Letter of Offer are based on our standalone and consolidated audited financial statements which are prepared in accordance with Indian GAAP and restated in accordance with the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

Further, our Company will be required to prepare financial statements under Ind AS from April 1, 2019. The transition to Ind AS in India is a recent requirement and the impact of these changes to our historical financial statements prepared in accordance with Indian GAAP is currently unclear and cannot be quantified. We cannot assure you that our financial condition, results of operation and cash flow will not be presented differently under Ind AS than under Indian GAAP. Further, when we adopt Ind AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. For further details, see "*Statement of Significant Differences Between Indian GAAP and Ind AS*" on page 232.

It is possible that in the future, changes to accounting standards or any other regulations governing us could change the current accounting treatment being followed by us. This may have a significant impact on presentation of our financial results and may result in volatility in the financial condition or Shareholders' equity of our Company. In any such event, our profit or loss for the preceding years might not be strictly comparable with the profit or loss for the period for which such accounting policy changes are being made.

32. *Statistical and industry data in this Draft Letter of Offer may be inaccurate, incomplete or unreliable.*

We have not independently verified data obtained from industry publications and other external sources referred to in this Draft Letter of Offer and therefore, while we believe them to be accurate, complete and reliable, we cannot assure you that they are accurate, complete or reliable. Such data may also be produced

on different bases. Therefore, discussions of matters relating to India, its economy, the financial services industry, are subject to the caveat that the statistical and other data upon which such discussions are based may be inaccurate, incomplete or unreliable. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy, adequacy or completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government sources and publications are also prepared on the basis of information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions that may prove to be incorrect. Accordingly, no investment decision should be made on the basis of such information.

33. *We may fail to detect money laundering and other illegal or improper activities in our business operations on a timely basis, which may have an adverse effect on our reputation, business operations, financial condition and results of operation.*

We are required to comply with applicable anti-money laundering laws and regulations. These laws and regulations require financial institutions to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Such policies and procedures require us to, among other things, establish or designate an anti-money laundering framework, conduct client identification in accordance with relevant rules, duly preserve client identity information and transaction records and report suspicious transactions to relevant authorities. Since, we handle large volumes of monetary transactions for a significant number of clients, the policies and procedures implemented by us for detecting and preventing the use of our brokerage platforms to facilitate money laundering activities may not comprehensively detect or eliminate instances of money laundering.

We are also required to implement effective surveillance controls and measures for ensuring that our electronic brokerage platform is not misused by our clients, sub-brokers, personnel at our dedicated dealer helpdesks or market participants to carry out manipulative trading activities. Failure of the surveillance control and measures implemented by us to detect illegal or improper activities undertaken through our platforms in a timely manner, or at all, could lead regulatory to actions against us and harm our reputation.

If the controls and measures implemented for detecting or eliminating money laundering or other improper or illegal trading activities are considered inadequate under applicable laws and regulations by any regulatory, governmental or judicial authority, we may be subject to penal action, freezing or attachment of our assets, imposition of fines, or both. We cannot assure you that our controls and measures implemented by us are adequate to detect or eliminate every instance of money laundering or illegal trading activities in a timely manner or at all. Any such lapse may adversely affect our reputation, business operations, financial condition and results of operations.

Our business and reputation could suffer if any parties use or attempt to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

34. *Any downgrade in credit ratings could increase interest rates for refinancing outstanding debt, which would increase financing costs, and adversely affect future issuances of debt and the ability to borrow on a competitive basis, which could adversely affect our business, financial condition, results of operations and cash flows*

Though our Company has not issued any short-term debt instruments, we had obtained short-term debt instrument ratings from CARE and ICRA. Such short-term debt instrument has been rated CARE A1+ by CARE Ratings Limited and [ICRA]A1+ by ICRA Limited. These ratings indicate a strong degree of safety regarding timely payment of financial obligations and carry lowest credit risk. Any downgrade in such credit ratings could increase interest rates for refinancing outstanding debt, which would increase financing costs, and would also adversely affect future issuances of debt and the ability to borrow on a competitive basis, which could adversely affect our business, financial condition, results of operations and cash flows.

35. *We may extend credit to customers of our brokerage business for dealing in securities and any default by a customer coupled with a downturn in the market could result in substantial losses.*

Under our Company's standard terms of business relating to our Company's securities brokerage business, customers engaged in trading activity are required to have cleared funds or securities deposited with us before

any trading activity can commence. We may allow our Company's customers to trade in excess of the value of the cash and/ or securities deposited with our Company. Consequently, when there are insufficient funds in a client account on the settlement date, our Company may extend credit to such customer for securities and the customer is charged interest rates on the amount of credit extended. As such, our Company may be exposed to liquidity risks and require short-term funding to meet trade commitments of our customers.

In the event of a volatile market or adverse movements in securities or commodities prices, it is possible that customers may not be able to honour their commitments, which may result in losses that they may not be able to support. Although our Company uses a technology-based risk management system which is capable of identifying such probable losses and liquidating the positions to avoid losses to company. We also follow internal risk management guidelines on procedures but no assurance can be given that if the financial markets witnessed a significant single-day or general downturn, our Company's business, financial condition and results of operations would not be materially adversely affected.

36. *Grants of stock options under our proposed employee stock option plan may result in a charge to our profit and loss account and, to that extent, adversely affect our results of operations and prospects.*

We propose to issue stock options under the ESOP Schemes, subject to approval of the scheme by our Shareholders. The grant of employee stock options results in a charge to our Company's profit and loss account equal to the difference between the fair value of our Equity Shares determined at the date of grant and the exercise price (which will amortize over the vesting period of these stock options). In addition to the effect on the profit and loss account, the exercise of vested stock options will dilute the interests of shareholders (as in the case of any issuance of Equity Shares). For further information on ESOP Schemes, see "*Capital Structure – Employee Stock Options*" and "*Financial Information*" on pages 54 and 143, respectively.

EXTERNAL RISK FACTORS

37. *Our business is substantially exposed to prevailing economic, political and other prevailing conditions in India*

Our Company is incorporated in India, and our assets and employees are located in India. As a result, we are highly dependent on prevailing economic and political conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its financial sector.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Equity Shares.

38. *We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.*

The Competition Act was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the Competition Commission of India to prevent such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or

informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties.

Further, any agreement among competitors which, directly or indirectly, involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of subscribers in the relevant market is presumed to have an appreciable adverse effect in the relevant market in India and shall be void. The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the Indian central government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset-based and turnover-based thresholds to be mandatorily notified to, and pre-approved by, the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, financial condition, cash flows, results of operations and prospects.

39. *Financial instability in Indian financial markets could adversely affect our results of operations and financial condition*

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries. A loss in investor confidence in the financial systems of other markets may increase volatility in Indian financial markets and, indirectly, in the Indian economy in general.

40. *Any downgrade of credit ratings of India or Indian companies by an international rating agency could have a negative impact on our business and could materially affect our future performance and the trading price of our Equity Shares*

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

41. *If there is any change in tax laws or regulations, or their interpretation, such changes may significantly affect our financial statements for the current and future years, which may have a material adverse effect on our financial position, business and results of operations.*

Any change in Indian tax laws, including the upward revision to the currently applicable normal corporate tax rate of 30.00% along with applicable surcharge and cess, could affect our tax burden. Other benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax-free bonds, if withdrawn by the statute in the future, may no longer be available to us. Any adverse order passed by the appellate authorities, tribunals or courts would have an impact on our profitability.

For instance, as of July 1, 2017, GST in India replaced taxes levied by central and state governments with a unified tax regime in respect of certain goods and services for all of India. However, given the recent

introduction of the GST in India, there is no established practice regarding the implementation of, and compliance with, GST. Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the introduction of GST or any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST, as it is implemented.

Further, as GST is implemented, there can be no assurance that we will not be required to comply with additional procedures and/or obtain additional approvals and licenses from the Government and other regulatory bodies or that they will not impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of GST may have a material adverse effect on our business, financial condition and results of operations.

The Government has enacted the GAAR which have come into effect from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.

Further, the Government has announced the union budget for the Fiscal 2019 and the Finance Act, 2018 has been passed by the Parliament which has proposed various amendments. For example, it includes allowing benefit of inflation adjustments to stocks that were unlisted till January 31, 2018, while levying long term capital gains tax.

We cannot predict whether any tax laws or regulations impacting our products will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have a material adverse effect on our business, financial condition and results of operations.

42. *The securities investment business in India may be adversely affected by changes in the present favourable tax regime*

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares within 12 months in an Indian company are generally taxable in India. Any gain, exceeding ₹ 0.10 million, realised on the sale of the Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if securities transaction tax ("STT"), has been paid on the transaction on both the acquisition and transfer of such shares. However, the unrealized capital gains earned up to January 31, 2018 on such equity shares shall be exempt. Please note that such gains arising prior to April 1, 2018 were completely, exempt from capital gains tax. STT (at varying rates depending on the asset class and type of transaction) will be levied on and collected by an Indian stock exchange on which the equity shares are sold. As such, any gain realised on the sale of equity shares held for more than 12 months by an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be liable to capital gains tax in India. Further, any gain realised by an Indian resident or non-resident on the sale of equity shares held for a period of 12 months or less will be subject to capital gains tax in India. Any such short-term capital gains taxes may be withheld at source with respect to a non-resident person. Capital gains arising from the sale of equity shares will be exempt from taxation or will be taxed at beneficial rates in India, in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident, provided that the seller is eligible to the treaty benefit and the transaction does not attract general anti avoidance rule. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of equity shares. STT will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realised on the sale of Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India.

Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. In case of a shareholder being non-resident, capital gains arising from the sale of equity shares of an Indian company will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a

gain upon the sale of the Equity Shares and credit for the taxes paid in India are allowed to take in their country, depending on prevailing tax laws of that country.

43. *Public companies in India, including us, are required to compute income tax under the ICDS. The transition to ICDS in India is recent and we may be negatively affected by this transition.*

The Ministry of Finance of India issued a notification dated March 31, 2015 presenting the ICDS, which creates a new framework for the computation of taxable income. The ICDS was to take effect from April 1, 2015. However, in view of the representations from stakeholders, the Central Board of Direct Taxes ("CBDT"), Ministry of Finance of India, according to its press release dated July 6, 2016, had deferred the applicability of the ICDS with Fiscal 2017 being the first assessment year. The ICDS deviates in several respects from concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. For example, where ICDS-based calculations of taxable income differ from Indian GAAP or Ind AS-based concepts, the ICDS-based calculations have the effect of requiring taxable income to be recognised earlier, increasing overall levels of taxation or both. There can be no assurance that the adoption of the ICDS will not adversely affect our business, results of operation and financial condition.

44. *The occurrence of natural disasters may adversely affect the business, financial condition and results of operation of our Company*

India has experienced natural calamities, such as tsunamis, floods, droughts and earthquakes in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. Natural disasters may cause significant interruption to our operations, and damage to the environment that could have a material adverse impact on us. The extent and severity of these natural disasters determines their impact on the Indian economy. The adverse impact on Indian economy could have an adverse impact on our business.

45. *Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business*

Terrorist attacks and other acts of violence or war may adversely affect the Indian markets on which the Equity Shares will trade. These acts may result in a loss of business confidence, make travel and other services more difficult and have other consequences that could have an adverse effect on our business. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse impact on our business. Such incidents could also create a greater perception that investment in Indian companies which involves a higher degree of risk and could have an adverse impact on our business and the market price of our Equity Shares.

46. *There may be restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time*

Upon listing and trading of the Equity Shares, we may be subject to a daily circuit breaker imposed by all stock exchanges in India, which may not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker may be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges may not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

RISKS RELATING TO THE ISSUE

47. The price of the Rights Equity Shares may be volatile.

The trading price of our Rights Equity Shares may fluctuate after the Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian real estate industry and the perception in the market about investments in the real estate industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding new projects, strategic partnerships, joint ventures, or capital commitments etc. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our equity shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our equity shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our equity shares.

48. Any future issuance of equity shares by our Company or sales of our equity shares by any of our Company's significant shareholders may adversely affect the trading price of our equity shares.

Any future issuance of Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further equity shares or that the shareholders will not dispose of, pledge, or otherwise encumber their equity shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our equity shares.

49. Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents and issuances of shares to non-residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If such issuances or transfers of shares are not in compliance with such requirements or fall under any of the specified exceptions, then prior approval of the RBI will be required. We have undertaken or recorded such transactions in the past based on a bona fide interpretation of the law. We cannot assure you that our interpretation would be upheld by the Indian regulators. Any change in such interpretation could impact the ability of our Company to attract foreign investors.

In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilizing the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure you that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

50. Rights of shareholders under Indian law may differ or may be more limited than under the laws of other jurisdictions.

The Companies Act and rules made thereunder, the rules and regulations issued by SEBI and other regulatory authorities, the Memorandum of Association, and the Articles of Association govern the corporate affairs of the Company. Indian legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder in India than as a shareholder of a corporation in another jurisdiction.

In accordance with the provisions of the Companies Act the voting rights of an equity shareholder in a company shall be in proportion to the share of a person in the paid-up equity share capital of that company.

51. Investors may not be able to enforce a judgment of a foreign court against us.

We are incorporated under the laws of India and all of our Directors and key management personnel reside in India. Majority of our assets, and the assets of certain of our Directors, key management personnel and other senior management, are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of the Civil Procedure Code, 1908 (the “CPC”). Further, the CPC only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or, other charges of a similar nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India, cannot be enforced or executed in India. Even if a party were to obtain a judgment in such a jurisdiction, it would be required to institute a fresh suit upon the judgment and would not be able to enforce such judgment by proceedings in execution. Further, the party which has obtained such judgment must institute the new proceedings within three years of obtaining the judgment. As a result, the investor may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

It cannot be assured that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment, and any such amount may be subject to income tax in accordance with applicable laws. In addition, the regulatory regime of our various international territories may have similar restrictions on enforcement of foreign judgments.

PROMINENT NOTES

1. This is an Issue of 1,27,39,022 Equity Shares for cash at a price of ₹ 80 per Equity Share including a premium of ₹ 70 per Equity Share for an amount aggregating ₹ 1,019.12 million on a rights basis to the existing Equity Shareholders of our Company in the ratio of one Equity Share for every one fully paid-up Equity Share held by the existing Equity Shareholders on the Record Date.
2. The Net Worth, Net Asset Value per Equity Share, Book Value per Equity Share, as at March 31, 2018, as stated in the Restated Financial Information are as under:

(in ₹ million except share data)

Sr. No.	Particular	Standalone	Consolidated
1.	Net Worth	629.37	629.37
2.	Book Value per share	49.41	49.41
3.	Net Asset Value per share	49.41	49.41

Net worth means the aggregate of the paid up share capital, securities premium account and other reserves and surplus excluding revaluation reserve as restated at the end of the year. For more information, see “Financial Information” beginning on page 143.

3. Except as disclosed in the sections “Our Group Companies” and “Related Party Transactions” on pages 124 and 141, respectively, none of our Group Companies have any business or other interests in our Company.
4. For details of related party transactions entered into by our Company with our Promoters, Group Companies and Subsidiary in the last Fiscal, including nature and cumulative value of the transactions, see “Related Party Transactions” on page 141.
5. The average cost of acquisition of Equity Shares by our Promoters is as under:

Promoter	No. of Equity Shares	Average Cost (Rs.)
Nirmal Bhanwarlal Jain	2,178,600	19.70
Venkataraman Rajamani	436,377	11.89

6. Investors are advised to refer to the chapter titled “*Basis for Issue Price*” on page 73.
7. There have been no changes to the name of our Company in the three years prior to the filing of this Letter of Offer. Pursuant to the Scheme of Arrangement, 5paisa Digital Undertaking, which was a division of IIFL Holdings Limited was demerged into 5paisa Capital Limited. The scheme was made effective from September 30, 2017.
8. There has been no financing arrangement whereby the Promoter Group, the Directors of our Company who are our Promoters and our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Draft Letter of Offer with SEBI.
9. Investors are free to contact the Lead Manager, who has submitted the due diligence certificate to SEBI, for any clarification, complaint or information pertaining to the Issue. The Lead Manager and our Company shall make all information available to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever. For details of contact information of the Lead Manager, see “*General Information*” on page 47.

SECTION III - INTRODUCTION

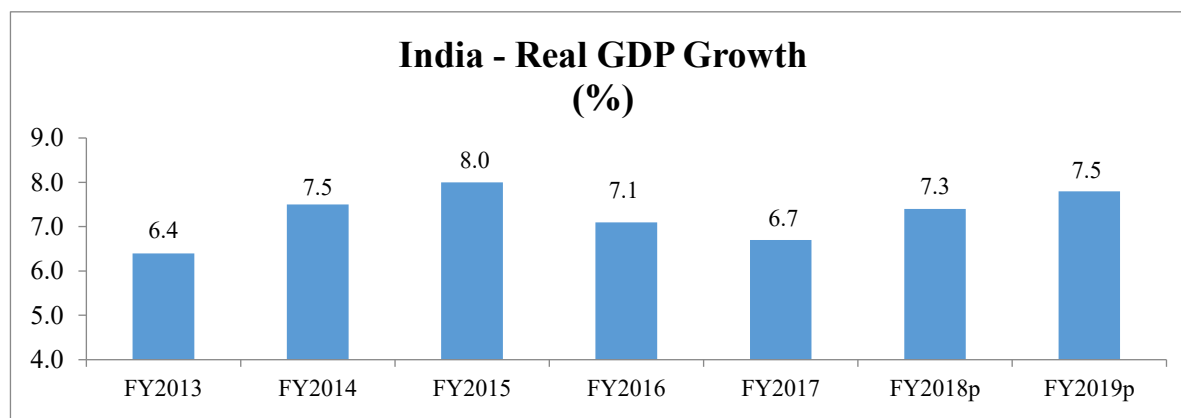
SUMMARY OF INDUSTRY

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, industry websites and publicly available industry reports. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Accordingly, none of our Company, the Lead Manager and any other person associated with the Issue, has independently verified this information and takes any responsibility for the data, projections, forecasts, conclusions or any other information contained in this section. Industry sources and publications are also prepared on information as on specific dates and may no longer be current or reflect market trends. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

OVERVIEW OF THE INDIAN ECONOMY

Even after headwinds from the global showdown and the transient impact of demonetisation, the Indian economy demonstrated resilience in 2017-18, marked by moderate expansion and microeconomic stability. As per IMF's World Economic Outlook Update, July 2018, India is expected to grow at a rate of 7.3% in the FY 2018 against the growth rate of 6.7% in the FY 2017, before strengthening further to 7.5% in FY2019.



(Source: IMF World Economic Outlook, July 2018) p - projections

With the introduction of policies like Jan-Dhan and Aadhaar, the successful implementation of Goods and Services Tax (GST), the creation of a single law for Insolvency and Bankruptcy and the enormous increase in number of mobile phone users the base of the Indian economy is in revival.

GST has opened up major bottlenecks for growth. This will change how credit is farmed out in this country. Currently credit is asset backed, which will move to cash flow based. This will result in many MSMEs entering the formal banking sector.

Simultaneously, IBC (Insolvency and Bankruptcy Code) is streamlining the process to clear the mounting NPAs in banking sector. An analysis of the transactions under the corporate insolvency resolution process indicates that the pace of admitted cases to the IBC has picked up with time. 353 corporate bodies are undergoing a resolution at the end of the September 2017 quarter as per Insolvency and Bankruptcy Board of India. In addition to the progress made under various parameters, facilitating measures undertaken by the Reserve Bank and the SEBI are also expected to provide a boost to the resolution process.

(Source: RBI's Report on Trend and Progress of Banking in India 2016-17)

Reforms in Indian Financial Services Industry

An efficient financial system is regarded as a necessary pre-condition for higher growth. Propelled by this ruling paradigm, several developing countries undertook programs for reforming their financial systems. Since the late 1970s, financial sector reforms encompassing deregulation of interest rates, dismantling of directed credit, easing of policy pre-emptions and measures to promote competition in the market for financial services became an integral part of the overall structural adjustment programs in many developing economies. More recently, the

weight of opinion has swung even further with financial intermediation being regarded as playing a greater role in economic growth than the traditional determinants.

In line with the above, the Indian financial sector has also undergone radical transformations over the years. Reforms have altered the organizational structure, ownership pattern and domain of operations of institutions and infused competition in the financial sector. This has forced financial institutions to reposition themselves in order to survive and grow. The extensive progress in technology has enabled markets to graduate from outdated systems to modern business processes, bringing about a significant reduction in the speed of execution of trades and in transaction costs.

(Source: RBI's Working paper on "Financial Structures and Economic Development in India")

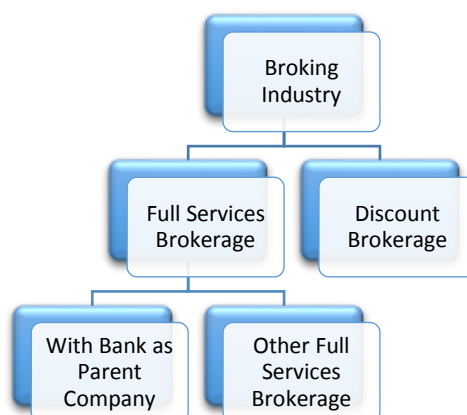
OVERVIEW OF CAPITAL MARKETS

A positive investment climate supported by robust macroeconomic performance, easing inflationary pressures, stable FDI inflows, regulatory and structural reforms by the government improved the business confidence and attracted investors to the Indian capital market. Indian stock market scaled new peaks on the back of positive domestic and global sentiments. The broad-based benchmark indices S&P BSE Sensex and Nifty 50 continued its growth momentum in 2017-18, as they gained 11.3 per cent and 10.2 per cent respectively against their closing at the end of 2016-17. (Source: SEBI Annual Report, 2018)

STOCK BROKING SECTOR

Overview of Stock Broking Sector

As of March 31, 2018, there are over 1300 SEBI registered stock brokers each on the NSE & BSE and over 400 registered stock brokers having membership of MSEI. The Indian brokerage sector can be classified in terms of type of brokerage service, nature of parent company and business diversification. The following chart describes the market structure:



There are primarily two types of brokers in India:

- Full-service brokers: These brokers offer a wide range of services like offline and online trading, demat accounts, investment advisory and other customized services.
- Discount brokers: These brokers offer services at low and fixed brokerage fees, irrespective of size of order and provide such services via an online platform. Discount brokers typically do not provide any cost intensive facilities and services such as physical offices, research reports and relationship managers. Currently, there are more than 15 discount brokers in India. Since inception in 2010, thousands of investors and traders moved from traditional brokers to discount brokers. As they offer 60% - 80% cheaper brokerage and free trading terminals for everyone, they are well accepted and have become very popular among the investor community.

DEPOSITORY SERVICES SECTOR

Overview of Depository Services in India

In India, presently there are two depositories namely, National Securities Depository Limited (NSDL) and Central

Depository Services (CDSL). Depository is an institution registered with SEBI for holding custody of securities in electronic form and facilitates transfer based on the instructions from the account holders.

The presence of depositories supports the capital market growth in a variety of ways including substantial reduction in bad deliveries, enhanced liquidity of securities, reduction in transaction cost, eliminates problems relating to change of address of investors, transmission etc., makes faster disbursement of non cash corporate benefits like rights, bonus, etc. possible, faster settlement cycle, no stamp duty on transfer of shares, eliminates problems relating to selling securities on behalf of a minor etc. (Source: CDSL Annual Report 2018)

Depository Participants

Depository participants are the ones who act as an interface between investor and depositories. The investor has to open an account through a depository participant to avail the services offered by the depositories.

A Depository Participant (DP) is also described as an Agent (law) of the depository. They are the intermediaries between the depository and the investors. The relationship between the DPs and the depository is governed by an agreement made between the two under the Depositories Act. As of July 2018, there are 275 DPs of NSDL and 596 DPs of CDSL registered with SEBI. (Source: CDSL, NSDL Statistics)

MUTUAL FUND INDUSTRY

Overview of Mutual Fund Industry in India

In the financial market ecosystem, asset management companies facilitate financial intermediation and portfolio diversification. Besides providing financial stability, they help investors diversify their assets more easily and can provide financing to the real economy. The Indian mutual fund industry is one of the fastest growing and most competitive segments of the financial sector. In the last two decades the mutual fund industry has shown impressive growth not just in the scale of assets under management (AUM) but also in terms of number of folios. Buoyed by robust capital inflows and strong participation of retail investors, the asset base of the mutual fund industry again produced record breaking numbers in 2017-18. (Source: SEBI Annual Report, 2018)

Mutual Funds Distribution Sector

There are several mutual fund schemes with two to three variations on each fund such as growth, monthly dividend, annual dividend etc. Besides offering different schemes for investment, AMCs also offer several investment plans to their customers. Systematic Investment Plans (SIPs), Systematic Withdrawal Plans (SWPs), Systematic Transfer Plans, Triggers, Insurance Options and many other plans are designed to give a degree of control and flexibility to the investor.

There are various channels for distribution of these Mutual Fund products. Independent Financial Advisor (IFA) is one of them, which plays a crucial role in fund distribution. IFAs interact with the investors on a regular basis and provide advice on scheme selection to asset allocation and asset diversification. Thus, they have the potential to influence the investors' decision and sell the MF products. This approach has its risks as well. If the IFAs are not empowered with professional training and education, they run the risk of mis-selling schemes. Without proper training, it would be difficult for IFAs to explain or convince small town investors about the advantages of mutual funds over traditional investments like savings accounts, FDs etc. (Source: SEBI Development Research Group Study-Penetration of Mutual Funds in India)

PEER TO PEER (P2P) LENDING SECTOR

Overview P2P Lending Sector

P2P lending is a form of crowd-funding used to raise loans which are paid back with interest. It can be defined as the use of an online platform that matches lenders with borrowers in order to provide unsecured loans. The borrower can either be an individual or a legal person requiring a loan. The interest rate may be set by the platform or by mutual agreement between the borrower and the lender. Fees are paid to the platform by both the lender as well as the borrower. The borrowers pay an origination fee (either a flat rate fee or as a percentage of the loan amount raised) according to their risk category. The lenders, depending on the terms of the platform, have to pay an administration fee and an additional fee if they choose to use any additional service (e.g. legal advice etc.), which the platform may provide. The platform provides the service of collecting loan repayments and doing preliminary assessment on the borrower's creditworthiness. The fees go towards the cost of these services as well as the general business costs. The platforms do the credit scoring and make a profit from arrangement fees and

not from the spread between lending and deposit rates as is the case with normal financial intermediation. *(Source: RBI-Consultation Paper on Peer to Peer Lending dated April 2016)*

SUMMARY OF BUSINESS

Overview

We are a financial services company with a focus on “discount broking” services, providing financial products through an online technology platform and mobile application. We provide services in capital market, futures & options and currency derivatives segments of BSE and NSE. We are a depository participant of CDSL and also a trading cum clearing member of BSE and NSE. We distribute mutual funds and IPO products and are also registered as a research analyst.

We are a technology driven company having primarily an online presence, providing services through a DIY (do-it-yourself) model and we charge a flat brokerage fee of ₹10 per order for all transactions instead of differential brokerage.

As of March 31, 2018, over one million users have downloaded our mobile application. Our customer base has grown from 4,937 in Fiscal 2017 to 57,703 in Fiscal 2018. Currently, 72% of the total client base are in Tier II and Tier III cities and 70% of the total turnover is from trades through our mobile app.

Our innovative product offerings, based on a deep understanding of customer behaviour, include completely paperless account opening, advanced technological solutions and robo-advisory services etc. With a robust trading platform, advanced mobile application and an artificial intelligence powered robo-advisory platform, we offer advanced technology-led services to our customers, leading to an enhanced user-friendly experience across the investment lifecycle.

We provide a wide range of financial services to our clients including and in relation to:

1. **Discounted stock broking services** - A trading platform for all types of investors in which we provide equity and currency broking services at a very low price. Our services are targeted at retail investors and high-volume traders who actively invest and trade in securities markets and seek DIY (do-it-yourself) services at a low cost. We provide an online technology platform to our clients through internet terminals and mobile applications for trading in securities in BSE and NSE.
2. **Clearing and Depository Services** – We are a depository participant of CDSL and Clearing Members of BSE and NSE. We provide clearing and depository services to our clients as part of our integrated services offering.
3. **Mutual fund distribution** - A mutual fund platform in which our clients can subscribe to a host of mutual fund products offered by various asset management companies and can avail the services of our robot advisory tool to help them select mutual fund products based on their risk profile and goals.
4. **Distribution of other financial products** –We aspire to be a one stop shop for all financial products in the retail segment. As a step towards the same, our platform facilitates our existing customers to subscribe or purchase premium advisory products, IPO funding, personal loans and home loans. We tie-up with respective service providers, apprise our customers on the availability of their products and generate leads for our partners for the purpose.
5. **Research Services** –We are a SEBI registered research analyst and we offer advisory services to our clients through the research undertaken by a team of research analysts.

We believe that our brand, reputation, and the strong and stable management team has enabled us in offering quality services to our customers at a low cost. Our Company was awarded the ‘Digital Start-up of the Year 2017’ award at the world digital marketing congress.

Recently, we have formed a wholly owned subsidiary namely 5paisa P2P Limited (“**5paisa P2P**”) which will operate as a peer-to-peer lending platform. An in-principle approval for registration as NBFC peer-to-peer lending platform (NBFC-P2P) from RBI has been received.

For the years ended March 31, 2018, March 31, 2017 and March 31, 2016, our total revenue from operations were ₹ 196.52 million, ₹ 74.67 million and ₹ (12.18) million, respectively, and for the years ended March 31, 2018, March 31, 2017 and March 31, 2016, we have reported a net loss which was ₹ (252.97) million, ₹ (116.90) million and ₹ (54.99) million, respectively.

We are an ‘online only’ model with administrative offices situated at Thane, Ahmedabad and Bengaluru. We believe that our online presence allows us to capitalize on opportunities to grow our financial product offerings. For further details, see “*Our Business – Properties*” on page 95.

Our competitive strengths

We believe that the following are our key strengths:

1. *Effective technological platform*

We are a technology based financial service provider. Our consistent effort in building a robust trading platform, advanced mobile app, artificial intelligence powered robo-advisory platform, paperless account opening platform are some examples of technology advancement. We strongly believe in making the entire investing experience of a customer seamless and hence have significantly invested in creating an efficient technological architecture comprising our product offering as well as operational processing. We believe that our focus on innovation and understanding customer behaviour provides us with a significant competitive advantage.

2. *Low cost of services and effortless user experience*

We are a low cost financial service provider and charge as low as ₹ 10 per order. We believe in providing an effortless user experience to our customers throughout the lifecycle of the investment at a low cost. Our completely paperless on-boarding of the client, learning videos to train on stock markets, speedy execution of trades, handy trade reports on the mobile app, after-trade support through our self-help portal and the interactive user interface with minimal human intervention contribute to providing a hassle-free service thereby enhancing customer experience

3. *Established brand with a large customer base*

We believe that in close to three years of operations 5paisa is now an established brand. On the digital front, we have had more than a million downloads of our mobile app. As on August 31, 2018, we had more than 280,000 followers on Facebook, more than 20,000 followers on Twitter. Our YouTube channel has over 20,000 subscribers and a total of more than five million video views. On the business front, we have acquired more than 1,00,000 customers in a short period of less than three years. As of August 31, 2018, we have an average combined daily exchange turnover of over ₹ 100,000 million on Equity (cash and derivate) segment, currency (NSE) and had approximately ₹ 850.19 million deposited with exchanges as margin. We have been awarded the ‘Digital Start-up of the Year 2017’ award at the world digital marketing congress.

4. *Robust risk management*

Management of risk is essential in the financial services business and we have in place a robust risk management mechanism. We have deployed resources in terms of technology, people and processes to manage our risk management function. We have established general risk management procedures for trading activities, such as instruments and stocks allowed for trading, position and trading limits and time based and risk based automatic square-off. Our entire limit setting is automated and standard. We have also bifurcated stocks in categories based on our internal policy, in addition to exchange prescribed groups. Standard differential limits are then set in the beginning of the day. We have a dedicated and experienced risk management team, which oversees our risk management functions. We review our risk management processes every quarter and modify such procedures, if necessary or appropriate. Our risk management team monitors real-time market conditions and our clients’ positions and informs our clients about potential risks and takes action accordingly.

5. *Experienced board of directors and strong management team*

Our Company has an experienced Board that oversees and guides our strategy and operations. Our Directors have experience in areas relevant to our business. We believe that the extensive relevant experience and financial acumen of our management and executives provide us with a distinctive competitive advantage. We have also introduced various learning and development programs which include training programs based on a systematic identification and review of existing gaps in the talent base. Our management team is responsible for formulating our business strategy, devising and executing marketing and sales plans, managing our service

areas, diversifying our business and sector mix, ensuring strong operating and technology platforms and expanding our client relationships. We believe that our management's entrepreneurial spirit, leadership skills, insight into the market and customer needs provides us with a competitive advantage which will help us implement our business strategies. For further details on our Board, see "*Our Management*" on page 107.

6. *Customer education:*

We attract a lot of customers who are first time investors in capital markets. In order to educate prospective investors, we have started an educational series i.e. "5P School". Through 5P school we provide basic education to customers in simple and easy to understand language about various concepts of capital markets. We have four modules with 13 courses and 64 chapters explaining concepts pertaining to equity, derivative, technical analysis, fundamental analysis and mutual funds. To make the entire learning experience more effective we have also added short learning videos.

Our Business Strategies

The following are our key business strategies:

1. *Expand reach*

Client acquisition is the major focus of discount brokerage companies such as ours. For achieving the same, we propose to vigorously push the process of customer acquisition through aggressive marketing drive and increase our team strength in customer acquisition, customer services and operations. We believe that increase in internet penetration will complement the process of expanding its client base.

We aim on increasing our presence by leveraging technological innovations and focusing on investor segments which are currently underserved by traditional players. We believe that our approach of offering very low cost of service, complete paperless trading experience, multi product offering, all under one umbrella shall lead to faster growth in customer acquisitions. Acquiring more and more customers will continue to be our key focus area and with seamless user experience at the core of our strategy, we aim to ensure client retention as well. We further aim to strengthen our existing robust customer care services to enhance our client experience.

2. *Product development*

We aim to develop a comprehensive range of products which would serve various facets of investment cycle right from decision making to the execution of trades. Increasing the range of our product offering is the key to maintaining and growing our market share in this industry. Further, we seek to capture relevant insights into clients' behaviour, financial strength and goals which will enable us to provide effective advice to our clients based on a defined, exhaustive, data-driven algorithmic approach, with assessment of targets on a periodic basis and optimizing their performance by providing recommendations.

We shall strive to improve customers' experience on our website, mobile application and trading platform by constantly upgrading technology and investing in finding out more innovative solutions for our existing services and products. This will help us in creating a long-lasting relationship with our clients.

3. *Increase wallet share*

We offer a digital financial platform and we aim to be a one-stop shop for financial products which can be served digitally. Along with our core offering of stock trading and distribution of mutual funds, we also offer distribution of various other financial products such as IPO funding, personal loans and home loans. We will continue to have this approach of adding value added products and services either through internal development or third-party tie-ups. These various products and services will ensure that we get a higher share of the customer wallet and also increase customer stickiness with the brand.

4. *Improve efficiency and productivity*

We focus a lot on improving our efficiency in all areas especially people, marketing and technology. We have put various processes in place like scorecards, and key performance indicators ("**KPIs**") to monitor employee efficiency. We also monitor our marketing and branding campaigns and continuously work on improving

vital parameters, thereby reducing cost. We have also undertaken projects like infrastructure virtualization, which has helped us reduce cost on hardware infrastructure. Our aim is to consistently work on various aspects of efficiency and productivity improvement, which will lead us to profitability.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Restated Financial Information as of and for the years ended March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018. These financial statements have been prepared in accordance with Indian GAAP, applicable provisions of the Companies Act and restated in accordance with the SEBI ICDR Regulations, and are presented in the section titled “*Financial Information*”. The consolidated summary financial information presented below should be read in conjunction with our Restated Financial Information, the notes thereto and the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”.

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SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Restated Financial Information as of and for the years ended March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018. These financial statements have been prepared in accordance with Indian GAAP, applicable provisions of the Companies Act and restated in accordance with the SEBI ICDR Regulations, and are presented in the section titled “Financial Statements”. The consolidated summary financial information presented below should be read in conjunction with our Restated Financial Information, the notes thereto and the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”.

Restated Consolidated Summary Statement of Assets and Liabilities

	(₹ in Millions)
Particulars	As at March 31, 2018
I EQUITY AND LIABILITIES	
(1) Shareholder's funds	
(a) Share Capital	127.39
(b) Reserve and Surplus	501.98
Sub Total	629.37
Share Application Monies	
Minority Interest	
(2) Non Current Liabilities	
Long-Term borrowings	-
Deferred Tax Liabilities (Net)	-
Deferred Income	
Other Long-Term liabilities	-
Long-Term Provisions	2.07
Sub Total	2.07
(3) Current Liabilities	
Short-Term Borrowings	161.47
Trade Payables	
(A) total outstanding dues of micro enterprises and small enterprises	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	20.69
Deferred Income	
Other Current Liabilities	452.29
Short-Term Provisions	52.02
Sub Total	686.47
TOTAL	1,317.91
II ASSETS	
(1) Non-Current Assets	
(a) Fixed Assets	
(i) Tangible Assets	12.49
(ii) Intangible Assets	8.76
(iii) Capital work in progress	0.05
Sub Total	21.30
(b) Non-Current Investments	
(c) Deferred Tax Assets (Net)	149.29
(d) Long-Term Loans & Advances	325.98
(e) Other Non-Current Assets	-
Sub Total	475.26
(2) Current Assets	
(a) Current Investments	-
(b) Inventories	36.00
(c) Trade Receivables	5.66
(d) Cash and Bank Balances	306.97
(e) Short-Term Loans & Advances	40.64
(f) Other Current Assets	432.07
Sub Total	821.34
TOTAL	1,317.91

Restated Consolidated Summary Statement of Profit & Loss for the year ended
(₹ in Millions)

Particulars	March 31, 2018
Income from Operations	
Revenue From Operations	196.52
Other Income	
Total Revenue	196.52
Expenditure	
Operating Expenses	
Employee Benefits Expense	193.35
Finance Cost	7.95
Administration & Other Expenses	320.64
Depreciation	6.67
Total Expenditure	528.61
Profit Before Tax	(332.09)
Deferred Tax Expenses	(79.12)
Short / (excess) provision of tax for earlier year	(0.00)
Sub Total	(79.12)
Profit (Loss) For The Year after Tax	(252.97)
Less: Minority Interest	
Consolidated Net Profit	
Earnings Per Share (Face Value ₹10 each)	
Basic (in ₹)	(19.86)
Diluted (in ₹)	(19.86)

Restated Consolidated Summary Statement of Cash Flow for the year ended
(₹ in Millions)

Particulars	March 31, 2018
Cash Flows From Operating Activities	
Net profit before taxation and extraordinary item	(332.09)
Adjustments for:	
Net Loss/(gain) on Sale of Current Investments	(14.38)
Interest Income	(9.34)
Gratuity	0.61
Leave Encashment	0.80
Interest Expenses	6.23
Dividend Income	(0.20)
Operating Profit before Working Capital Changes	(348.37)
Changes in Working Capital :	
(Increase)/Decrease in Long Term Loan and Advances	(284.87)
Increase/(Decrease) in Other Current Liabilities	290.67
Decrease/(Increase) in Short Term Loans and advances	(24.79)
(Increase) / Decrease in Trade inventories	(10.46)
Decrease / (Increase) in other current assets	(313.82)
Decrease / (Increase) in other non current assets	-
Increase / (Decrease) in Short term Provision	10.02
Increase / (Decrease) in Long term Provision	(1.07)
Increase / (Decrease) in Short term & Long term Borrowings	161.47
Decrease / (Increase) in Trade Receivable	(1.56)
Increase / (Decrease) in Trade Payable	16.19
Increase/(Decrease) in Other Long Term Liabilities	-
Cash generated from/(Used) operations	(506.58)
Net income tax (paid) / refunds	
Net cash from/(used in) operating activities (a)	(506.58)

Particulars	March 31,2018
Cash Flows From Investing Activities	
(Purchase) of Current Investments	(39,742.70)
Sale of Current Investments	39,742.70
Capital Gain on Investment	14.38
Interest received	9.34
Dividend Income	0.20
Bank Balance not considered as Cash and Cash Equivalents	(57.25)
Payments for purchase of equity instruments of other entity	-
(Purchase) /Sale of fixed assets (includes intangible assets) (net)	(15.34)
Net cash from/(used in) investing activities (b)	(48.69)
Cash Flows From Financing Activities	
Increase in share capital	-
Interest Paid	(6.23)
Net cash from/(used in) financing activities (c)	(6.23)
Net increase / (decrease) in cash and cash equivalents (a + b + c)	(561.51)
Cash and Cash equivalents at beginning of year	756.23
Cash and Cash equivalents at end of year (Note 15)	194.72
Net increase / (decrease) in cash and cash equivalents	(561.51)

RESTATED STANDALONE FINANCIAL INFORMATION

Restated Summary Statement of Assets and Liabilities, as at

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
I EQUITY AND LIABILITIES					
(1) Shareholder's funds					
(a) Share Capital	127.39	127.39	30.50	30.50	30.50
(b) Reserve and Surplus	501.98	754.95	90.81	145.80	110.49
Sub Total	629.37	882.34	121.31	176.30	140.99
(2) Non Current Liabilities					
(a) Long-Term borrowings	-	-	-	-	-
(b) Deferred Tax Liabilities (Net)	-	-	-	-	-
(c) Other Long-Term liabilities	-	-	-	-	-
(d) Long-Term Provisions	2.07	3.15	0.31	0.56	0.48
Sub Total	2.07	3.15	0.31	0.56	0.48
(3) Current Liabilities					
(a) Short-Term Borrowings	161.47	-	23.10	148.30	-
(b) Trade Payables					-
(A) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	20.69	4.50	-	-	0.01
(c) Other Current Liabilities	452.29	161.62	297.96	7.04	1.55
(d) Short-Term Provisions	52.02	40.60	2.14	14.94	15.73
Sub Total	686.47	206.72	323.20	170.28	17.29
TOTAL	1,317.91	1,092.21	444.82	347.14	158.76

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
II ASSETS					
(1) Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	12.49	2.68	1.27	-	-
(ii) Intangible Assets	8.76	2.02	0.97	-	-
(iii) Capital work in progress	0.05	1.27	0.49	-	-
Sub Total	21.30	5.97	2.73	-	-
(b) Non-Current Investments	20.50	-	-	-	-
(c) Deferred Tax Assets (Net)	149.29	70.17	23.62	0.11	0.10
(d) Long-Term Loans & Advances	325.98	41.10	43.55	36.40	42.10
(e) Other Non-Current Assets	-	-	-	-	-
Sub Total	495.77	111.27	67.17	36.51	42.20
(2) Current Assets					
(a) Current Investments	-	-	-	-	-
(b) Inventories	36.00	25.54	10.48	-	0.12
(c) Trade Receivables	5.66	4.10	-	-	-
(d) Cash and Bank Balances	286.47	811.23	128.30	280.73	115.46
(e) Short-Term Loans & Advances	40.64	15.85	3.31	0.98	0.84
(f) Other Current Assets	432.07	118.25	232.83	28.92	0.14
Sub Total	800.84	974.97	374.92	310.63	116.56
TOTAL	1,317.91	1,092.21	444.82	347.14	158.76

Restated Standalone Summary Statement of Profit & Loss for the year ended

(₹ in Millions)

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Income					
Revenue From Operations	196.52	74.67	(12.18)	113.71	45.77
Total Revenue	196.52	74.67	(12.18)	113.71	45.77
Expenditure					
Employee Benefits Expense	193.35	82.38	21.63	20.19	19.30
Finance Cost	7.95	12.51	18.05	22.95	0.02
Other Expenses	320.64	140.81	25.01	18.83	9.04
Depreciation	6.67	2.77	0.12	-	-
Total Expenditure	528.61	238.47	64.81	61.97	28.36
Profit Before Tax	(332.09)	(163.80)	(76.99)	51.74	17.41
Tax Expenses					
Current Tax Expenses For Current Year	-	-	-	16.44	5.86
Deferred Tax Expenses	(79.12)	(46.55)	(23.51)	(0.01)	(0.10)
Short / (excess) provision of tax for earlier year	(0.00)	(0.35)	1.51	-	0.01
Sub Total	(79.12)	(46.90)	(22.00)	16.43	5.77
Profit (Loss) For The Year	(252.97)	(116.90)	(54.99)	35.31	11.64
Earnings Per Share (Face Value ₹10 each)					
Basic (in ₹)	(19.86)	(14.41)	(18.03)	11.58	3.82
Diluted (in ₹)	(19.86)	(14.41)	(18.03)	11.58	3.82

Restated Standalone Summary Statement of Cash Flow for the year ended
(₹ in Millions)

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Cash Flows From Operating Activities					
Net profit before taxation and extraordinary item	(332.09)	(163.80)	(76.98)	51.73	17.42
Adjustments for:					
Net Loss/(gain) on Sale of Current Investments	(14.39)	(22.58)	(0.17)	(0.17)	(7.71)
Interest Income	(9.34)	(5.02)	(15.21)	(22.92)	(6.31)
Gratuity	0.61	1.28	(0.29)	0.04	0.29
Leave Encashment	0.81	0.49	0.11	0.17	0.25
Interest Expenses	6.23	11.24	18.05	22.95	0.02
Dividend Income	(0.20)	-	-	(1.12)	(0.46)
Operating Profit before Working Capital Changes	(348.37)	(178.42)	(74.49)	50.69	3.50
Changes in Working Capital :					
(Increase)/Decrease in Long Term Loan and Advances	(284.88)	2.46	(7.15)	5.60	(42.00)
Increase/(Decrease) in Other Current Liabilities	290.66	2.07	(0.28)	2.17	1.50
Decrease/(Increase) in Short Term Loans and advances	(24.79)	(12.53)	(2.33)	(0.13)	(0.19)
(Increase) / Decrease in Trade inventories	(10.46)	(15.06)	(10.48)	0.12	(0.12)
Decrease / (Increase) in other current assets	(313.82)	0.24	(0.64)	(1.11)	(0.15)
Decrease / (Increase) in other non current assets	-	-	-	0.10	(0.10)
Increase / (Decrease) in Short term Provision	10.00	34.18	(12.87)	(0.92)	14.84
Increase / (Decrease) in Long term Provision	(1.08)	2.84	-	-	-
Increase / (Decrease) in Short term & Long term Borrowings	161.47	(23.10)	(125.20)	148.30	-
Decrease / (Increase) in Trade Receivable	(1.56)	177.64	(203.26)	(27.67)	-
Increase / (Decrease) in Trade Payable	16.19	(201.29)	291.19	3.31	0.01
Cash generated from/(Used) operations	(506.64)	(210.97)	(145.51)	180.46	(22.71)
Net income tax (paid) / refunds	0.00	0.35	(1.51)	(16.44)	(5.87)
Net cash from/(used in) operating activities (a)	(506.63)	(210.63)	(147.02)	164.01	(28.58)
Cash Flows From Investing Activities					
(Purchase) of Current Investments	(39,742.0)	(37,531.0)	-	-	-
Sale of Current Investments	39,742.70	37,531.90	-	0.17	132.84
Capital Gain on Investment	14.39	22.58	0.17	-	-
Interest received	9.34	5.02	15.21	22.92	6.31
Dividend Income	0.20	-	-	1.12	0.46
Bank Balance not considered as Cash and Cash Equivalents	(57.25)	(5.00)	200.00	(149.93)	(100.07)
Payments for purchase of equity instruments of other entity	(20.50)	-	-	-	-
(Purchase) /Sale of fixed assets (includes intangible assets) (net)	(15.33)	(2.80)	(2.73)	-	-
Net cash from/(used in) investing activities (b)	(69.16)	19.81	212.64	(125.73)	39.54
Cash Flows From Financing Activities					
Increase in share capital	-	879.99	-	-	-
Interest Paid	(6.23)	(11.24)	(18.05)	(22.95)	(0.02)
Net cash from/(used in) financing activities (c)	(6.23)	868.75	(18.05)	(22.95)	(0.02)

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Net increase / (decrease) in cash and cash equivalents (a + b + c)	(582.02)	677.93	47.57	15.33	10.94
Cash and Cash equivalents at beginning of year	756.23	78.30	30.73	15.39	4.45
Cash and Cash equivalents at end of year (Note 16)	174.22	756.23	78.30	30.73	15.39
Net increase / (decrease) in cash and cash equivalents	(582.02)	677.93	47.57	15.33	10.94

THE ISSUE

The Issue has been authorised by a resolution passed by our Board on July 17, 2018 and September 12, 2018, pursuant to section 62 of the Companies Act, 2013.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in “*Terms of the Issue*” on page 270.

Rights Equity Shares being offered by our Company	Up to 12,739,022 Rights Equity Shares up to ₹ 1,019.12 million
Rights Entitlement	One Rights Equity Share for every one fully paid-up Equity Share held on the Record Date
Record Date	[●]
Face Value per Equity Share	₹ 10 each
Issue Price per Equity Share	₹ 80 per Rights Equity Share
Issue Size	Up to 12,739,022 aggregating to ₹ 1,019.12 million
Equity Shares issued prior to the Issue	12,739,022 Equity Shares
Equity shares subscribed and paid-up prior to the Issue	12,739,022 Equity Shares
Equity Shares Issued and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	Up to 25,478,044 [#] Equity Shares
Equity Shares Subscribed and paid- up and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	Up to 25,478,044 [#] Equity Shares
Security Codes	ISIN: INE618L01018 BSE: 540776 NSE: 5PAISA
Terms of the Issue	For details, see “ <i>Terms of the Issue</i> ” on page 270.
Use of Issue Proceeds	For details, see “ <i>Objects of the Issue</i> ” on page 67.

Note: As on the date of this Draft Letter of Offer, 200,000 options have been granted and are outstanding under 5PCL ESOS 2017. As per the terms of 5PCL ESOS 2017, the option holders are entitled to corporate benefits such as rights entitlements in a rights issue made by our Company, in accordance with applicable SEBI regulations and circulars. Therefore, subsequent to the Issue, the options outstanding under 5PCL ESOS 2017 shall be adjusted to ensure fair and reasonable adjustment in respect of the rights entitlement including adjustment to the number of options and the exercise price. Each of the options which are outstanding prior to the Issue with the original exercise price of ₹ 308 each shall be adjusted to two options at an exercise price of ₹ 194 each, such that total value to the option holder shall remain the same after the Issue.

*# Pursuant to the Scheme of Arrangement, between IIFL Holdings Limited (“**Demerged Company**”) and our Company, the shareholders of the Demerged Company were allotted one Equity Share of face value ₹ 10 each of our Company for every 25 shares of the Demerged Company of face value ₹ 2 each, held by them. Accordingly, 9,405 equity shares of the Demerged Company, which were kept in an unclaimed suspense account, were transferred to our Company post the demerger in the ratio of 25 equity shares of the Demerged Company for every one Equity share of our Company. Consequently, our Company has kept 376 Equity Shares in an unclaimed suspense account post the demerger. In view thereof, 376 Equity Shares kept in an unclaimed suspense account are also part of the current paid-up capital of our Company. Hence, rights entitlements pursuant to the Issue, in respect of such 376 Equity Shares shall be kept in abeyance.*

Amount payable on application

Due Date	Amount
On Application of the Rights Equity Shares	₹ 80 per Rights Equity Share which constitutes 100% of the Issue Price

GENERAL INFORMATION

Our Company was originally incorporated as a public limited company under the provisions of the Companies Act, 1956 as “India Infoline Finance Holdings Limited” pursuant to a certificate of incorporation dated July 10, 2007 issued by the RoC. Thereafter, our Company obtained the certificate for commencement of business on July 19, 2007 from the RoC. The name of our Company was subsequently changed to “IIFL Capital Limited” and a fresh certificate of incorporation dated November 6, 2007, consequent upon change of name, was issued by the RoC. Thereafter, the name of our Company was changed to “5paisa Capital Limited”, and a fresh certificate of incorporation, consequent upon change of name, was issued by Registrar of Companies, Tamil Nadu at Chennai (where the registered office of our Company was located), on August 12, 2015. For further details of our Board of Directors, see section titled “*History and certain Corporate Matters*” on page 100.

Registered and Corporate Office of our Company

IIFL House, Sun Infotech Park,
Road No. 16V, B-23, MIDC,
Thane Industrial Area, Wagle Estate,
Thane 400 604,
Maharashtra
Tel.: +91 22 4103 5000
Fax: +91 22 2580 6654
Registration No.: 289249
CIN: L67190MH2007PLC289249

Address of the Registrar of Companies

Our Company is registered with Registrar of Companies, Maharashtra at Mumbai which is situated at the following address:

Registrar of Companies, Mumbai

100 Everest, Marine Drive,
Mumbai 400 002

Board of Directors

The following table sets out the current details regarding our Board of Directors as on the date of filing of this Draft Letter of Offer:

Name	Designation	DIN	Address
Dr. Archana Niranjana Hingorani	Chairperson and Independent Director	00028037	701, Orchid Breeze, 7th Floor 16th Road, Opp. Khar Gymkhana Ground, Khar, Mumbai 400 052
Prakarsh Gagdani	Whole Time Director and CEO	07376258	801, Solitair, Orchard Avenue Street, Powai Hiranandani Garden, Mumbai 400 076
Sarbeswar Lenka	Additional Non - Executive Director	07306325	501, Dheeraj Devki CHS LTD, Hill Road, Opp. Bandra Police station, Bandra West, Mumbai 400 050
Nirali Sanghi	Independent Director	00319389	23, Sea Gull, Carmichael Road, Mumbai 400 026
Santosh Jayaram	Whole Time Director	07955607	1B, Jatin Das Road, Lake Market, Sarat Bose Road, Kolkata 700 029

For further details of our Board of Directors, see “*Our Management*” on page 107.

Company Secretary and Compliance Officer	Lead Manager to the Issue
Roshan Dave 5paisha Capital Limited IIFL House, Sun Infotech Park, Road No. 16V, B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane – 400 604 Tel: +91 22 4103 5000 Fax: +91 22 2580 6654 E-mail: csteam@5paisha.com	Keynote Corporate Services Limited The Ruby, 9 th Floor, Senapati Bapat Marg, Dadar (West), Mumbai 400 028 Tel: +91 22 3026 6000 Fax: +91 22 3026 6088 E-mail: mbd@keynoteindia.net Website: www.keynoteindia.net Contact Person: Pooja Sanghvi/ Akhil Mohod SEBI Registration No: INM 000003606
Legal Advisors to the Issue	Statutory Auditor
Khaitan & Co One Indiabulls Centre, 10 th & 13 th Floor, Tower 1, 841 Senapati Bapat Marg Mumbai 400 013 Tel: +91 22 6636 5000 Fax: +91 22 6636 5050	V. Sankar Aiyar & Co. 2-C, Court Chambers, 35, New Marine Lines, Mumbai 400 020 Tel: +91 22 2200 4465, +91 22 2206 7440 Fax: +91 22 2200 0649 Firm Registration No.: 109208W
Registrar and Share Transfer Agent	Banker/ Refund Banker to the Issue
Link Intime India Private Limited C101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400 083 Tel: +91 22 4918 6000, +91 22 4918 6200 Fax: +91 22 4918 6195 E-mail: 5paisha.rights@linkintime.co.in Website: www.linkintime.co.in Contact Person: Sumeet Deshpande SEBI Registration No.: INR000004058	[•]
Bankers to our Company	
Axis Bank Limited Jeevan Prakash Building, Sir P M Road Fort, Mumbai, 400 001, Maharashtra Tel: +91 22 4086 7336/7474 Fax: +91 22 4086 7327/7378 E-mail: fort.operationshead@axisbank.com	HDFC Bank Limited Capital Markets, 2 nd Floor, Zenith House, K K Road, Arya Nagar, Dr. Babasaheb Ambedkar Colony, Mahalakshmi, Mumbai, 400 034, Maharashtra Tel: +91 22 3976 0546 Fax: +91 22 3976 0092 E-mail: xerses.davar@hdfc.com
ICICI Bank Limited Capital Market Division 1 st floor, 122, Mistry Bhawan, Dinshaw Vaccha Rd, Next to KC College, Churchgate, Mumbai, 400 020, Maharashtra Tel: +91 22 2285 9800 Fax: +91 22 2261 1138 E-mail: alankar.tripathi@icicibank.com	DCB Bank Limited Shop No.2, Yash willows, 93 Aarey Road, Goregaon(E), Mumbai, 400 063, Maharashtra Tel: +91 22 6599 2053 Fax: +91 22 2686 0569 E-mail: veena.igave@dcbbank.com
Yes Bank Limited IFC Tower II, 24 th Floor, Senapati Bapat Marg, Elphinstone, Mumbai, 400 013, Maharashtra Tel: +91 22 3347 9045 Fax: +91 22 2421 4513 E-mail: meeta.bhalerao@yesbank.in	

Self-Certified Syndicate Bankers (SCSB)

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided on www.sebi.gov.in. Details relating to designated branches of SCSBs collecting the ASBA application forms are available at the above-mentioned link.

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue/post-Issue related matters such as non-receipt of letter of Allotment, credit of Rights Equity Shares or Refund Orders and such other matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application was submitted by the ASBA Investors.

Monitoring Agency

Our Company shall appoint a monitoring agency prior to the filing of the Letter of Offer in accordance with Regulation 16 of the SEBI ICDR Regulations.

Credit Rating

As this is an issue of Rights Equity Shares, there is no credit rating required for the Issue.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilised have been financially appraised by any banks or financial institution or any other independent agency.

Expert

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from V Sankar Aiyar & Co., Chartered Accountants, the Statutory Auditors of our Company, to include their name as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports on the Restated Standalone Financial Information and Restated Consolidated Financial Information, each dated September 12, 2018, in the form and context, included in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, the term “experts” and consent thereof does not represent an expert or consent within the meaning under the Securities Act.

Our Company has received written consent from V Sankar Aiyar & Co., Chartered Accountants, to include their name as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the statement of tax benefits dated September 10, 2018, in the form and context, included in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, the term “expert” herein shall not be construed to mean an “expert” as defined under the Securities Act.

Statement of responsibility of the Lead Manager

Keynote Corporate Services Limited is the sole Lead Manager to the Issue. The details of responsibilities of the Lead Manager, is as follows

No.	Activity
1.	Capital structuring with relative components and formalities such as type of instruments, etc
2.	Drafting and design of the offer document and of advertisement / publicity material including newspaper advertisements and brochure / memorandum containing salient features of the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer, CAF, etc. To ensure compliance with the SEBI ICDR Regulations and other stipulated requirements and completion of prescribed formalities with Stock Exchange and SEBI
3.	Marketing of the Issue will cover, <i>inter alia</i> , preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) bankers to the issue, (iii) collection centres (iv) distribution of publicity and issue material including CAF, the Abridged Letter of Offer and the Letter of Offer to

No.	Activity
	the extent applicable
4.	Selection of various agencies connected with the issue, namely Registrar to the Issue, Bankers to the Issue, printers, advertisement agencies, etc.
5.	Follow-up with Bankers to the Issue to get estimates of collection and advising our Company about closure of the Issue, based on the correct figures
6.	Post-Issue activities will involve essential follow-up steps, which must include finalisation of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and bank handling refund activities. Even if many of these Post-Issue activities would be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that such agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with our Company

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws. The above is subject to the terms mentioned under the section titled “*Terms of the Issue*” on page 270.

Principal Terms of Loans and Assets charged as security

For details in relation to the principal terms of loans and assets charged as security of our Company, see “*Financial Information*” on page 143.

Underwriting

This Issue of Rights Equity Shares is not being underwritten and/or no standby support is being sought for the Issue.

Issue Schedule

Issue Opening Date:	[●]
Last date for receipt of request for SAFs:	[●]
Issue Closing Date:	[●]

The Board of Directors or a duly authorised committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 days from the Issue Opening Date.

CAPITAL STRUCTURE

The equity share capital of our Company as on date of this Draft Letter of Offer is set forth below:

(₹ in million except per share data)

Sr. No.	Particulars	Aggregate Nominal Value	Aggregate Value at Issue Price
A.	Authorised share capital⁽¹⁾:		
	30,000,000 Equity Shares of ₹ 10 each	300.00	--
B.	Issued, subscribed and paid up capital		
	12,739,022 Equity Shares of ₹ 10 each fully paid-up	127.39	--
C.	Present Issue in terms of this Draft Letter of Offer⁽²⁾		
	Up to 12,739,022 Equity Shares of ₹ 10 each at an Issue Price of ₹ 80 per Equity Share (premium of ₹ 70 per Equity Share)	127.39	1,019.12
D.	Issued, subscribed and paid up capital after the Issue (assuming full subscription for and allotment of the Rights Entitlement)		
	25,478,044 [#] Equity Shares of ₹ 10 each fully paid-up	254.78	
E.	Securities premium account		
	Before the Issue		823.33
	After the Issue ⁽³⁾		1,715.06

Notes:

⁽¹⁾ For details in relation to the changes in the authorised share capital of our Company, see "History and Certain Corporate Matters" on page 100.

⁽²⁾ The Issue has been authorised by a resolution passed by our Board on July 17, 2018 and September 12, 2018, pursuant to section 62 of the Companies Act, 2013 and our Board had, vide a resolution passed in their meeting held on September 12, 2018, amended the Issue size. The Issue of Equity Shares on a rights basis is in the ratio of one Rights Equity Share for every one Equity Share held by our existing equity shareholders on the Record Date i.e. [●].

⁽³⁾ Assuming full subscription for and allotment of the Rights Entitlement

Pursuant to the Scheme of Arrangement, between IIFL Holdings Limited ("Demerged Company") and our Company, the shareholders of the Demerged Company were allotted one Equity Share of face value ₹10 each of our Company for every 25 shares of the Demerged Company of face value ₹2 each, held by them. Accordingly, 9,405 equity shares of the Demerged Company, which were kept in an unclaimed suspense account, were transferred to our Company post the demerger in the ratio of 25 equity shares of the Demerged Company for every one Equity share of our Company. Consequently, our Company has kept 376 Equity Shares in an unclaimed suspense account post the demerger. In view thereof, 376 Equity Shares kept in an unclaimed suspense account are also part of the current paid-up capital of our Company. Hence, rights entitlements pursuant to the Issue, in respect of such 376 Equity Shares shall be kept in abeyance.

Notes to the Capital Structure

1. Share Capital History of our Company

(a) The history of the Equity Share capital of our Company is provided in the following table:

Date of allotment	No. of Equity Shares allotted	Face Value (₹)	Issue price per Equity Share (₹)	Nature of Allotment/ Remarks	Nature of consideration	Cumulative number of Equity Shares	Cumulative Paid-up Equity Share Capital (₹)
July 10, 2007	50,000	10	10	Initial subscription to MoA	Cash	50,000	500,000
November 2, 2010	3,000,000	10	40	Right issue ²	Cash	30,50,000	30,50,000
August 19, 2016	1,666,500	10	60	Right issue ³	Cash	47,16,500	47,165,000
September 30, 2016	13,000,000	10	60	Right issue ⁴	Cash	17,7,16,500	177,165,000

Pursuant to the board resolution dated September 30, 2016 and shareholders resolution dated May 10, 2017 and as per the scheme of arrangement approved by the National Company Law Tribunal on September 6, 2017, 1,77,16,500 Equity Shares held by IIFL Holdings Limited were cancelled.

Date of allotment	No. of Equity Shares allotted	Face Value (₹)	Issue price per Equity Share (₹)	Nature of Allotment/ Remarks	Nature of consideration	Cumulative number of Equity Shares	Cumulative Paid-up Equity Share Capital (₹)
October 20, 2017	12,739,022	10	10	Scheme of arrangement ⁵	Other than cash ⁽⁵⁾	12,739,022	127,390,220

1 50,000 Equity Shares allotted to seven subscribers to the Memorandum of Association of our Company. 49,994 Equity Shares allotted to India Infoline Limited, one Equity Share each allotted to S. Shriram, Harshad Apte, Kapil Krishnan, R. Mohan, Mukesh Kumar Singh and Chintan Modi.

2 3,000,000 Equity Shares were allotted to IIFL Holdings Limited pursuant to the right issue of Equity Shares in the ratio of one rights equity share for every one Equity Shares held by the shareholders of our Company.

3 1,666,500 Equity Shares were allotted to IIFL Holdings Limited pursuant to the right issue of Equity Shares in the ratio of one rights equity share for every one Equity Shares held by the shareholders of our Company.

4 13,000,000 Equity Shares were allotted to IIFL Holdings Limited pursuant to the right issue of Equity Shares in the ratio of one rights equity share for every one Equity Shares held by the shareholders of our Company.

5 12,739,022 Equity Shares were allotted to the shareholders of IIFL Holdings Limited pursuant to the Scheme of Arrangement. For further details, see "History and Certain Corporate Matters" on page 100..

2. Issue of Equity Shares for Consideration other than Cash

Other than the allotment of ₹ 12,739,022 Equity Shares of ₹ 10 each of the Company pursuant to the Scheme of Arrangement, our Company has not allotted Equity Shares for consideration other than cash.

3. Shares issued out of revaluation reserves

Our Company has not issued any Equity Shares out of revaluation reserves.

4. Shares allotted in terms of any scheme approved under section 391-394 of the Companies Act, 1956 or section 230-232 of the Companies Act, 2013

For further details of shares allotted in terms of any scheme approved under section 391- 394 of the Companies Act, 1956 or section 230-232 of the Companies Act, 2013, see "**Capital Structure - Shares issued for consideration other than cash**".

5. Issue of Equity Shares in the last one year

Except as set forth in "Share Capital History of our Company" on page 51, our Company has not issued Equity Shares in one year immediately preceding the date of this Draft Letter of Offer.

6. History of the Equity Share Capital held by our Promoters

Our Promoters, Nirmal Bhanwarlal Jain and Venkataraman Rajamani, hold 2,614,977 Equity Shares, equivalent to 20.52% of the issued, subscribed and paid-up Equity Share capital of our Company.

a. Build-up of our Promoters shareholding in our Company

Set forth below is the build-up of the shareholding of the Promoters of our Company:

Name of the Promoter	Date of allotment/ transfer	Nature of allotment/ transfer	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Issue Price/ transfer price per Equity Share (₹)	Pre-Issue capital (%)	Post-Issue capital (%)
Nirmal Bhanwarlal Jain	October 20, 2017	Scheme of arrangement*	2,050,080	Other than cash	10	Not Applicable	16.09	[•]
	December 5, 2017	Market purchase	128,520	Cash	10	191.22	1.01	
Total			2,178,600				17.10	

Name of the Promoter	Date of allotment/ transfer	Nature of allotment/ transfer	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Issue Price/ transfer price per Equity Share (₹)	Pre-Issue capital (%)	Post-Issue capital (%)
Venkataraman Rajamani	October 20, 2017	Scheme of arrangement*	436,377	Other than cash	10	Not Applicable	3.42	[•]
Total			436,377				3.42	

*Pursuant to board resolution dated September 30, 2016 and shareholders resolution dated May 10, 2017 and as per the Scheme of arrangement approved by the National Company Law Tribunal on September 6, 2017, the entire shareholding of our erstwhile promoter i.e., IIFL Holdings Limited, in our Company was cancelled and in lieu of the same, our Company allotted the fresh equity shares to the shareholders of IIFL Holdings Limited in accordance with the entitlement ratio as specified in the Scheme of Arrangement. Pursuant to the same, Nirmal Bhanwarlal Jain and Venkataraman Rajamani became the Promoters of our Company

All the Equity Shares held by our Promoters are fully paid-up.

- b. The details of the shareholding of our Promoters and members of the Promoter Group as on date of filing of this Draft Letter of Offer

The shareholding of our Promoters and Promoter Group in our Company is as follows:

Sr. No.	Name of the Shareholder	Pre-Issue		Post-Issue	
		No. of Equity Shares	%	No. of Equity Shares	%
Promoters					
1.	Nirmal Bhanwarlal Jain	2,178,600	17.10	[●]	[●]
2.	Venkataraman Rajamani	436,377	3.42	[●]	[●]
Promoter Group					
1.	Madhu N. Jain	680,000	5.34	[●]	[●]
2.	Aditi Avinash Athavankar (in her capacity as a trustee of Kalki Family Private Trust)	360,000	2.83	[●]	[●]
3.	Aditi Athavankar	8,000	0.06	[●]	[●]
4.	Ardent Impex Private Limited	108,000	0.85	[●]	[●]
5.	Orpheus Trading Private Limited	52,000	0.41	[●]	[●]
Total		3,822,977	30.01	[●]	[●]

7. Details for subscription of Rights Equity Shares by Promoter and Promoter Group

Our Promoters and Promoter Group have, *vide* their letters dated September 12, 2018 (the "**Subscription Letters**") undertaken to: (a) subscribe, jointly and/or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly, with any other Promoter or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to any unsubscribed portion (if any) in the Issue. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempt in terms of Regulation 10(4)(b) of the Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

8. Employee Stock Options

The Board of Directors of our Company (“**Board**”) approved the employee stock option scheme namely 5paisa Capital Limited Employee Stock Option Scheme 2017 (“**5PCL ESOS 2017**”). The Shareholders of our Company approved the 5PCL ESOS 2017 in its meeting held on August 21, 2017. The Equity Shares of our Company got listed on November 16, 2017. The Board, subject to shareholders’ approval, ratified the 5PCL ESOS 2017 and also approved the 5paisa Capital Limited Employee Stock Option Trust Scheme 2017 (“**5PCL ESOTS 2017**”) in its meeting held on December 15, 2017. The Shareholders ratified the 5PCL ESOS 2017 and approved the 5PCL ESOTS 2017 (together referred as “**Schemes**”) via postal ballot. The maximum number of options that can be granted under the Schemes shall be 600,000. The vesting of the options shall commence after the expiry of a minimum period of one year from the date of grant of options and may extend up to such time as may be decided by the Nomination and Remuneration Committee (“**Committee**”) from the date of grant, provided that the vesting period shall not exceed five years.

The purpose of the Schemes is to motivate the employee (as defined in the Schemes) to contribute to the growth and profitability of our Company. Pursuant to the Schemes, options may be granted to the employees in accordance with the procedure specified therein. Accordingly, the Committee, vide a resolution dated January 29, 2018, granted 220,000 options to the eligible employees of our Company under 5PCL ESOS 2017 and 10% of the said options vest on January 29, 2019.

The Schemes have been framed and implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 (“**SBEB Regulations**”). Our Company has received a certificate from the Statutory Auditors of the Company that the Scheme has been implemented in accordance with the SBEB Regulations and the resolution passed by the members. Our Company has obtained the in-principle approval from both NSE and BSE for 5PCL ESOS 2017. Our Company has obtained the in-principle approval from BSE and is awaiting the approval from NSE for 5PCL ESOTS 2017.

As on the Date of the Letter of Offer, 200,000 options have been granted and are outstanding under 5PCL ESOP 2017 Scheme. As per the terms of 5PCL ESOP 2017 Scheme, the option holders are entitled to corporate benefits such as rights entitlements in a rights issue made by our Company, in accordance with applicable SEBI regulations and circulars. Therefore, subsequent to the Issue, the options outstanding under 5PCL ESOP 2017 Scheme shall be adjusted to ensure fair and reasonable adjustment in respect of the rights entitlement including adjustment to the number of options and the exercise price. Each of the options which are outstanding prior to the Issue with the original exercise price of ₹ 308 each shall be adjusted to two options at an exercise price of ₹ 194 each, such that total value to the option holder shall remain the same after the Issue.

(A) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20

Diluted EPS for the year ended March 31, 2018 is ₹ (19.86).

(B) Details related to the Schemes

i. The description including terms and condition of the Schemes is summarised as under:

	Particulars	5PCL ESOS 2017	5PCL ESOTS 2017				
(a)	Date of shareholders’ approval	January 25, 2018	January 25, 2018				
(b)	Total number of options approved under ESOS			600,000			600,000
(c)	Total number of options exercised	-	-	NIL	-	-	NIL
(c)	Vesting requirements	Vesting of the options may commence after the expiry of a minimum period of one year from the date on which the options were granted and may extend up to such time as may be decided at the	Vesting of the options may commence after the expiry of a minimum period of one year from the date on which the				

	Particulars	5PCL ESOS 2017	5PCL ESOTS 2017				
		<p>discretion of the Committee from the date of grant provided that the vesting period shall not exceed five years. The vesting may occur in tranches and may be subject to such terms and conditions of vesting, as may be stipulated by the Committee, in its sole and exclusive discretion.</p> <p>The vesting schedule of the options granted and currently outstanding are as follows:</p> <p>1st anniversary of the grant: 10%</p> <p>2nd anniversary of the grant: 20%</p> <p>3rd anniversary of the grant: 30%</p> <p>4th anniversary of the grant: 40%</p>	<p>options were granted and may extend up to such time as may be decided at the discretion of the Committee from the date of grant provided that the vesting period shall not exceed five years. The vesting may occur in tranches and may be subject to such terms and conditions of vesting, as may be stipulated by the Committee, in its sole and exclusive discretion.</p>				
(d)	Exercise price or pricing formula	<p>The Exercise price of the Shares will be the closing market price of the Shares one day before the date of the meeting of the Committee wherein the grants of options will be approved.</p> <p>The closing market price of the stock exchange where there is highest trading volume during the aforesaid period shall be considered.</p> <p>The Committee has a power to provide suitable discount or charge premium on such price as arrived above. However, in any case, the exercise price shall not go below the par value of Equity Shares of the Company.</p>	<p>The exercise price of the shares will be the market price of the shares one day before the date of the meeting of the Committee wherein the grants of options will be approved.</p> <p>The closing market price of the stock exchange where there is highest trading volume during the aforesaid period shall be considered.</p> <p>The Committee has a power to provide suitable discount or charge premium on such price as arrived above. However, in any case, the exercise price shall not go below the par value of Equity Shares of the Company.</p>				
(e)	Maximum term of options granted	<p>Exercise period shall be the time period after vesting within which the eligible employees/ Directors should exercise their right to apply for the Equity Shares against the stock options vested in them pursuant to the Scheme. The exercise period shall be decided by the Committee and will not be more than seven years from the date of grant.</p>	<p>Exercise period shall be the time period after vesting within which the eligible employees/ directors should exercise his right to apply for the Equity Shares against the stock options vested in them pursuant to the Scheme. The exercise period shall be decided by the Committee and will not be more than seven years from the</p>				

	Particulars	5PCL ESOS 2017	5PCL ESOTS 2017																	
			date of grant.																	
(f)	Source of shares (primary, secondary or combination)	Primary	Combination																	
(g)	Variation in terms of options	None	None																	
(h)	Description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of the option	<div>We have valued the options under the Black-Scholes option pricing model. The assumptions and weighted average information are below:</div> <table><tr><th>Particulars</th><th>Weighted average Values</th></tr><tr><td>Stock price: Latest available stock price as on the date of grant</td><td>307.75</td></tr><tr><td>Volatility: Historical volatility of the identified peer group. Calculated as annualised standard deviation of the continuously compounded rates of return on the stock over a period.</td><td>41.07%</td></tr><tr><td>Risk-free rate of return: the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for government securities.</td><td>7.32%</td></tr><tr><td>Exercise price: The exercise price as communicated to us by the management of the Company have been considered in the valuation.</td><td>₹ 308</td></tr><tr><td>Expected life:</td><td>5 years</td></tr></table>		Particulars	Weighted average Values	Stock price: Latest available stock price as on the date of grant	307.75	Volatility: Historical volatility of the identified peer group. Calculated as annualised standard deviation of the continuously compounded rates of return on the stock over a period.	41.07%	Risk-free rate of return: the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for government securities.	7.32%	Exercise price: The exercise price as communicated to us by the management of the Company have been considered in the valuation.	₹ 308	Expected life:	5 years	-				
Particulars	Weighted average Values																			
Stock price: Latest available stock price as on the date of grant	307.75																			
Volatility: Historical volatility of the identified peer group. Calculated as annualised standard deviation of the continuously compounded rates of return on the stock over a period.	41.07%																			
Risk-free rate of return: the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for government securities.	7.32%																			
Exercise price: The exercise price as communicated to us by the management of the Company have been considered in the valuation.	₹ 308																			
Expected life:	5 years																			

	Particulars	5PCL ESOS 2017		5PCL ESOTS 2017				
		The average of the minimum period before which the options cannot be exercised and the maximum period after which the options cannot be exercised.						
		Dividend yield	0%					
(h)	Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Issue	According to the insider trading regulations of the company and SEBI (Prohibition of Insider Trading) Regulations, 2015 there are no restrictions on transfer of shares arising on account of exercise of options.		According to the insider trading regulations of the company and SEBI (Prohibition of Insider Trading) Regulations, 2015 there are no restrictions on transfer of shares arising on account of exercise of options.				
(i)	Intention to sell Equity Shares arising out of the exercise of shares granted under the scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and employees amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	According to the insider trading regulations of the company and SEBI (Prohibition of Insider Trading) Regulations, 2015, there are no restrictions on transfer of shares arising on account of exercise of options.		According to the insider trading regulations of the company and SEBI (Prohibition of Insider Trading) Regulations, 2015, there are no restrictions on transfer of shares arising on account of exercise of options.				

Note- The Company introduced the Schemes in August and December 2017, respectively, and subsequently after the listing of Company at BSE and NSE on November 16, 2017, the Shareholders ratified the 5PCL ESOS 2017 and 5PCL ESOTS 2017. No options were granted under the Schemes prior to Fiscal 2018.

- (i) Method used to account for ESOS - Intrinsic or fair value. Intrinsic value
- (ii) Since our Company has calculated the employee compensation cost using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.
- (iii) Please refer "Point no. f" as mentioned below.

(iv) Option movement during Fiscal 2018 with respect to the Schemes:

Particulars	5PCL ESOS 2017	5PCL ESOTS 2017
Number of options outstanding at the beginning of the period	-	-
Number of options granted during the year	220,000	-
Number of options forfeited / lapsed during the year	-	-
Number of options vested during the year	-	-
Number of options exercised during the year	-	-
Number of shares arising as a result of exercise of options	-	-
Money realized by exercise of options (₹), if scheme is implemented directly by the company	-	-
Loan repaid by the Trust during the year from exercise price received	-	-
Number of options outstanding at the end of the year	220,000*	-
Number of options exercisable at the end of the year	-	-

*Note – *Subsequent to March 31, 2018, 20,000 options lapsed and the same have been added back to the pool for further grant.*

(v) Weighted average exercise price of options outstanding at the end of the year whose:

Exercise price equals market price	NA
Exercise price is greater than market price	308
Exercise price is less than market price	NA

(vi) Weighted average fair value of options outstanding at the end of the year whose:

Exercise price equals market price	NA
Exercise price is greater than market price	145.72
Exercise price is less than market price	NA

(vii) Employee wise details of options granted to:

(a) *Senior managerial personnel including Key Managerial Personnel

Name of the Employee	Designation	Number of options granted	Total number of options forfeited/ lapsed	Total number of options outstanding/exercised	Grant/exercise price (₹)
Prakarsh Gagdani	Whole Time Director & Chief Executive Officer	125,000	Nil	Nil	308
Santosh Jayaram	Whole Time Director	20,000	Nil	Nil	308
Roshan Dave	Company Secretary	5,000	Nil	Nil	308

(b) *any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year

Name of the Employee	Designation	Number of options	Total number of options forfeited/lapsed	Total number of options outstanding/exercised	Grant/exercise price (₹)
Mayur Dedhia	Assistant Vice President	15,000	Nil	Nil	308
Beejish Pillai	Head - Operations	15,000	Nil	Nil	308

Note: Options granted to Beejish Pillai has lapsed on occasion of his resignation.

- (c) **Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant. –**

Not Applicable

- (viii) A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

(a)	The weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model	Particulars	Weighted average Values
		Stock price: Latest available stock price as on the date of grant	307.75
		Volatility: Historical volatility of the identified peer group. Calculated as annualized standard deviation of the continuously compounded rates of return on the stock over a period.	41.07%
		Risk-free rate of return: the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.	7.32%
		Exercise price: The exercise price as communicated to us by the management of the Company have been considered in the valuation.	₹ 308
		Expected life: The average of the minimum period before which the options cannot be exercised, and the maximum period after which the options cannot be exercised.	5 years
		Dividend yield	0%
(b)	The method used and the assumptions made to incorporate the effects of expected early exercise	Expected has been calculated as an average of minimum and maximum life of the options. We expect this should capture any effect of early exercise of options	
(c)	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Expected volatility has been calculated based on the historical volatility of the identified peer group company	
(d)	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	Not applicable	

- (d) **For share options exercised during the period, the weighted average share price at the date of exercise. If options were exercised on a regular basis throughout the period, the entity may instead disclose the weighted average share price during the period.**

Not Applicable

- (e) **For share options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life. If the range of exercise prices is wide, the outstanding options shall be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.**

Date of Grant	No of options granted	Grant /Exercise Price	Outstanding as on 31.03.2018	Remaining Contractual Life
January 1, 2018	220,000	₹ 308	220,000	6.8 Years

*As on date 20,000 options have lapsed and been added back to the pool for further grant.

- (f) Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time.

Particulars	(Amount in ₹)
Net Income	(252,986,094)
As Reported	
Add: Intrinsic Value Compensation Cost	Nil
Less: Fair Value Compensation Cost	2,143,079.48
Adjusted Pro Forma Net Income	(255,129,174)
Earnings Per Share: Basic	
As Reported	(19.86)
Adjusted Pro Forma	(20.03)
Earnings Per Share: Diluted	
As Reported	(19.86)
Adjusted Pro Forma	(20.03)

Details related to the Trust

The following details, *inter alia*, in connection with transactions made by the Trust meant for the purpose of administering the schemes under the regulations are to be disclosed:

General information on all schemes:

Sl. No.	Particulars	Details
1	Name of the Trust	5paisa Capital Employee Welfare Trust
2	Details of the trustee(s)	Vistra ITCL (India) Limited (formerly IL&FS Trust Company Limited)
3	Amount of loan disbursed by company / any company in the group, during the year	NIL
4	Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year	NIL
5	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	NIL
6	Any other contribution made to the Trust during the year	NIL

(g) Brief details of transactions in shares by the Trust

Sl. No.	Particulars	Details
1	Number of shares held at the beginning of the year;	NIL
2	Number of shares acquired during the year through:	
	(i) primary issuance	NIL
	(ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous Fiscal, along with information on weighted average cost of acquisition per share;	NIL

3	Number of shares transferred to the employees / sold along with the purpose thereof;	NIL
4	Number of shares held at the end of the year.	NIL

(h) In case of secondary acquisition of shares by the Trust

Number of shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
Held at the beginning of the year	NIL
Acquired during the year	NIL
Sold during the year	NIL
Transferred to the employees during the year	NIL
Held at the end of the year	NIL

9. Shareholding Pattern of our Company

The table below presents the shareholding pattern of our Company as on June 30, 2018:

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form			
								No of Voting Rights			Total as a % of (A+B+C)					No. (a)	As a % of total Shares held(b)		No. (a)	As a % of total Shares held(b)	
								Class eg: X	Class eg: y	Total											
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)	(X)	(XI)=(VII)+(X) As a % of (A+B+C2)	(XII)	(XIII)	(XIV)								
(A)	Promoter & Promoter Group	7	3,822,977	0	0	3,822,977	30.01	3,822,977	0	3,822,977	30.02	0	30.01	0	0	0	0	3,822,977			
(B)	Public	26,365	8,913,045	0	0	8,913,045	69.97	8,913,045	0	8,913,045	69.98	0	69.97	0	0	NA	NA	8,900,836			
(C)	Non-Promoter - Non Public				0				0			0			0	NA	NA				
(C1)	Shares Underlying DRs	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	NA	NA	0			
(C2)	Shares Held by Employee Trust	1	3,000	0	0	3,000	0.02	0	0	0	0	0	0.02	0	0	NA	NA	3,000			
	Total	26,373	12,739,022	0	0	12,739,022	100.00	12,736,022	0	12,736,022	100.00	0	100.00	0	0	0	0	12,726,813			

10. The list of top 10 Shareholders of our Company and the number of Equity Shares held by them as on the date of this Draft Letter of Offer, 10 days before the date of filing, and two years prior the date of filing of this Draft Letter of Offer are set forth below:

a. The top 10 shareholders of our Company as on date of filing of this Draft Letter of Offer, are as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares	Percentage (%)
1.	FIH Mauritius Investments Ltd	33,85,657	26.58
2.	Nirmal Bhanwarlal Jain	21,78,600	17.10
3.	HWIC Asia Fund Class A Shares	11,34,501	8.91
4.	Madhu N. Jain	6,80,000	5.34
5.	Bank Muscat India Fund	5,03,928	3.96
6.	Venkataraman Rajamani	436,377	3.42
7.	Bharat H Parajia	6,15,471	4.83
8.	Aditi Avinash Athavankar (in her capacity as a trustee of Kalki Family Private Trust)	3,60,000	2.83
9.	WF Asian Reconnaissance Fund Limited	2,64,253	2.07
10.	Satpal Khattar	2,46,861	1.94
Total		98,05,648	76.98

Note: As per benpos dated September 7, 2018

b. The top 10 shareholders of our Company 10 days prior to the date of filing of this Draft Letter of Offer are as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares	Percentage (%)
1.	FIH Mauritius Investments Ltd	33,85,657	26.58
2.	Nirmal Bhanwarlal Jain	21,78,600	17.10
3.	HWIC Asia Fund Class A Shares	11,34,501	8.91
4.	Madhu N. Jain	6,80,000	5.34
5.	Bank Muscat India Fund	5,03,928	3.96
6.	Venkataraman Rajamani	4,36,377	3.42
7.	Bharat H Parajia	6,15,471	4.83
8.	Aditi Avinash Athavankar	3,60,000	2.83
9.	WF Asian Reconnaissance Fund Limited	2,64,253	2.07
10.	Satpal Khattar	2,46,861	1.94
Total		98,05,648	76.98

Note: As per benpos dated August 31, 2018

c. The top 10 shareholders of our Company two years prior to the date of filing of this Draft Letter of Offer are as follows:

Sr. No.	Name of Shareholder	No. of Equity Shares	Percentage (%)
1.	IIFL Holdings Limited	30,49,994	99.99
2.	Narendra Jain (as a nominee of IIFL Holdings Limited)	1	0
3.	Mohan Radhakrishnan (as a nominee of IIFL Holdings Limited)	1	0
4.	Parag Shah (as a nominee of IIFL Holdings Limited)	1	0
5.	Mukesh Kumar Singh (as a nominee of IIFL Holdings Limited)	1	0
6.	Chintan Modi (as a nominee of IIFL Holdings Limited)	1	0
7.	Dinesh Tanwar (as a nominee of IIFL Holdings Limited)	1	0
Total		30,50,000	100

- i. As detailed in the section titled "Group Companies" on page 124, in the year 2015, FIH Mauritius Investments Limited, with HWIC Asia Fund, I Investments Limited and FIH Private Investments Limited (collectively, the "**Fairfax Shareholders**") made an open offer for acquisition of shares of upto 26% of the equity shares of IIFL Holdings Limited ("**IHL**") and the Fairfax Shareholders submitted an undertaking on September 30, 2015 to SEBI (based on a request from SEBI) pursuant to the said open offer, stating that: (a) the Fairfax Shareholders would not exercise voting rights on resolutions placed before shareholders of IHL in excess of 25% (Twenty Five percent) of the paid up equity share capital of IHL; and (b) the Fairfax Shareholders would not acquire additional equity shares of IHL which exceeds 39.97% (Thirty Nine point Nine Seven percent) (the "**Aggregate Fairfax Threshold**") of the total equity share capital of IHL, unless the Fairfax Shareholders make an open offer or obtain the prior consent of SEBI for such acquisition. The aforesaid undertakings

would not apply inter-alia to: (i) any inter-se transfer of the Equity Shares within the Fairfax group, (ii) any acquisition of Equity Shares by the Fairfax Shareholders pursuant to a rights issue upto their entitlement and/or any offering of equity shares of IHL on a public offer basis; in each case subject to the aggregate shareholding percentage of the Fairfax group in IHL not exceeding the Aggregate Fairfax Threshold of the total equity share capital of IHL.

Nirmal Jain (the promoter of IHL and 5paisa Capital Limited), had also submitted a separate undertaking dated September 29, 2015 in connection with the open offer of IHL on behalf of himself and the 'Promoter and Promoter Group' of IHL stating that the total of the Aggregate Fairfax Threshold and the total holding of the Promoter and Promoter Group of IHL together shall not exceed 75% of the share capital of IHL.

ii. In line with the above, the Fairfax Shareholders have also provided an undertaking in respect of exercise of their voting rights and shareholding with respect to 5paisa Capital Limited on November 7, 2017 on similar lines as follows:

- (a) they will not exercise voting rights on resolutions placed before equity shareholders of 5paisa Capital Limited in relation to such number of equity shares held by them that represent more than 25% of the paid up equity share capital of 5paisa Capital Limited at the time of voting on the relevant resolution; and
- (b) they will not acquire additional equity shares of 5paisa Capital Limited to exceed the Aggregate Fairfax Threshold of the total equity share capital of 5paisa Capital Limited, including by way of a creeping acquisition of upto 5% of the equity share capital under Regulation 3(2) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 unless the Fairfax Shareholders make an open offer or obtain the prior consent of SEBI for such acquisition.

However, the aforesaid undertakings do not apply to the following:

- (a) Any inter-se transfer of equity shares within the Fairfax group, subject to the aggregate shareholding percentage of the Fairfax group in 5paisa Capital Limited not exceeding the Aggregate Fairfax Threshold and subject to compliance with other applicable laws; and
- (b) Any acquisition of equity shares by the Fairfax Shareholders pursuant to a rights issue upto their entitlement and/or any offering of equity shares of 5paisa Capital Limited on a public offer basis subject to the aggregate shareholding percentage of the Fairfax group in 5paisa Capital Limited not exceeding the Aggregate Fairfax Threshold.

It has been clarified by the Fairfax Shareholders that the aforementioned undertaking has been given only in the context of the scheme of arrangement between IHL, 5paisa Capital Limited and their respective shareholders and shall not be applicable in respect of any other transactions or arrangements involving IHL and/or its group companies.

It is further clarified that any entity in the Fairfax group may sell equity shares of 5paisa Capital Limited that they own and the subsequent purchaser of such equity shares shall not be subject to the undertaking if such subsequent purchaser is not an entity within the Fairfax group. Further, if the aggregate shareholding of the Fairfax group falls below 25% of the equity share capital of 5paisa Capital Limited, any subsequent acquisition of equity shares such that the aggregate shareholding is less than 25% will not require SEBI approval and/or an open offer as per applicable SEBI regulations.

The Fairfax Shareholders are forming part of public shareholders of 5paisa Capital Limited and are not classified as promoters of 5paisa Capital Limited and are not persons acting in concert with the promoters of 5paisa Capital Limited.

Similarly Nirmal Jain (on behalf of the promoter group of 5paisa Capital Limited) has provided an undertaking on the same lines to 5paisa Capital Limited vide his undertaking dated November 07, 2017, to ensure compliance of the terms and conditions of the aforementioned undertaking dated September 29, 2015 in the context of the shareholding of 5paisa Capital Limited.

11. Details of the Equity Shares held by our Directors and Key Management Personnel

Sr. No.	Name	Pre-Issue		Post-Issue	
		No. Equity Shares	Percentage (%)	No. Equity Shares	Percentage (%)
1.	Prakarsh Gagdani	2,490	0.02	[●]	[●]
2.	Roshan Dave	1	0.00	[●]	[●]
Total		2,491	0.02	[●]	[●]

12. Except as disclosed above, none of our Directors and Key Management Personnel hold any Equity Shares as on the date of this Draft Letter of Offer.

13. None of our Promoters, Promoter Group, or Directors have purchased or subscribed or sold any securities of our Company within six months immediately preceding the date of filing of this Draft Letter of Offer.

14. All Equity Shares are fully paid up and there are no outstanding partly paid up Equity Shares as on the date of filing of this Draft Letter of Offer.

15. Except as disclosed in this Draft Letter of Offer, our Company has not made any public or rights issue of any kind or class of securities since its incorporation.

16. As on September 7, 2018, our Company had 25,874 shareholders.

17. Other than as disclosed in the above, neither our Company, nor our Directors have entered into any buy back, safety net and / or standby arrangements for purchase of Equity Shares from any person.
18. The Lead Manager has not entered into any buy-back, safety net and / or standby arrangements for purchase of Equity Shares from any person.
19. The Issue being a rights issue, as per Regulation 34(c) of the SEBI ICDR Regulations, the requirement of minimum promoters 'contribution and lock-in is not applicable.
20. The ex-rights price of the Equity Shares as per regulation 10(4)(b)(ii) of the Takeover Regulations is ₹ 231.03.
21. All Rights Equity Shares issued pursuant to the Issue shall be fully paid-up at the time of Allotment.
22. Except the options that would convert into Equity Shares pursuant to the Schemes, our Company presently does not intend or propose to alter the capital structure for a period of six months from the Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or issue of bonus or rights or further public issue of specified securities or otherwise.
23. Neither the Promoters, Promoter Group, Directors nor their relatives have purchased, sold or financed, directly or indirectly, any securities of our Company during the period of six months immediately preceding the date of filing of this Draft Letter of Offer.
24. Except the options that would convert into Equity Shares pursuant to the Schemes, there will be no further issue of Equity Shares and/or any securities convertible into or exchangeable for Equity Shares, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Draft letter of offer until the Rights Equity Shares have been listed on the Stock Exchanges or all Application monies received in the Issue have been refunded, as the case may be.
25. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares as on date of this Draft Letter of Offer except those as stated above. For details relating to employee stock options, see "*Capital Structure – Employee Stock Option*" on page 54.
26. No person connected with the Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Investor for making an application for allotment of Rights Equity Shares in the Issue.
27. As on the date of this Draft Letter of Offer, the Lead Manager and its respective associates (as per the Companies Act, 2013) do not hold any Equity Shares in our Company. The Lead Manager and their affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.
28. There have been no financial arrangements whereby our Promoters, Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of the business of the financing entity during a period of six months preceding the date of filing of this Draft Letter of Offer.
29. No payment, direct or indirect in the nature of discount, commission and allowance or otherwise shall be made either by us, or our Promoters or members of the Promoter Group to the persons who are Allotted Rights Equity Shares.
30. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
31. None of the Equity Shares held by the members of the Promoter Group are pledged or otherwise encumbered.

32. The Promoters and Promoter Group will not receive any proceeds from the Issue.

SECTION IV - PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The proceeds from the Issue are proposed to be utilised by us towards the following Objects:

1. Business and operations expansion
2. Manpower expenses
3. Margin maintenance with stock exchanges
4. Investment in our Subsidiary
5. General corporate purposes.

The details of the Issue Proceeds are provided in the following table:

(in ₹ million)

Particulars	Amount
Gross proceeds of the Issue	Up to 1,019.12
Less: Issue related expenses*	[●]
Net Proceeds	[●]

* To be finalised at the time of filing of the Letter of Offer.

Our Memorandum of Association enables us to undertake our existing activities, and the activities for which the funds are being raised by our Company in the Issue.

Requirement of funds and utilization of Net Proceeds

The proposed utilization of Net Proceeds is set forth below:

(in ₹ million)

Sr. No.	Particulars	Amount
1.	Business and operations expansion	240.00
2.	Manpower expenses	141.60
3.	Margin maintenance with stock exchanges	450.00
4.	Investment in our Subsidiary	50.00
5.	General corporate purpose*	[●]
	Total	[●]

* To be finalised at the time of filing of the Letter of Offer.

Schedule of Implementation and Deployment of Funds

The Net Proceeds are presently expected to be deployed in accordance with the schedule set forth below:

(₹ in million)

Sr. No.	Particulars	Amount to be spent		Total amount to be deployed
		Fiscal 2019	Fiscal 2020	
1.	Business and operations expansion	48.00	192.00	240.00
2.	Manpower expenses	28.32	113.28	141.60
3.	Margin maintenance with stock exchanges	125.00	325.00	450.00
4.	Investment in our Subsidiary	10.00	40.00	50.00
5.	General corporate purpose*	[●]	[●]	[●]
	Total			[●]

* To be finalised at the time of filing of the Letter of Offer.

Requirement of funds

As indicated above, our Company proposes to deploy the entire Net Proceeds towards the Objects as described herein during Fiscals 2019 and 2020. In the event of the estimated utilization of the Net Proceeds in the scheduled Fiscal is not undertaken in its entirety, the remaining Net Proceeds shall be utilized in subsequent Fiscals, as may be decided by our Company, in accordance with applicable laws. Further, if the Net Proceeds are not completely utilised for the Objects during the respective period stated above due to factors such as (i) economic and business conditions; (ii) timely completion of the Issue; (iii) market conditions outside the control of our Company; and

(iv) any other commercial considerations, the remaining Net Proceeds shall be utilised (in part or full) in subsequent periods as may be determined by our Company in accordance with applicable laws. Similarly, subject to our business considerations, our Company may also use the Net Proceeds in the preceding Fiscal, if it is in the best interests of our Company.

The requirement and deployment of funds indicated above is based on internal management estimates, current circumstances of our business and prevailing market conditions. The requirement and deployment of funds described herein has not been verified by the Lead Manager nor have the Object been appraised by any bank or financial institution. We may have to revise our funding requirements and deployment from time to time on account of various factors, such as, change in cost of material, financial and market conditions, business and strategy and interest rate fluctuations or other external factors, which may not be within the control of our management. This may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of our management, subject to compliance with applicable law. For details, see “*Risk Factors – The Objects for which we propose to utilise Net Issue proceeds are not appraised by any Bank or Financial Institution and our Management will have flexibility in applying the issue proceeds.*” on page 18.

In case of any surplus after utilization of the Net Proceeds for the stated Objects, we may use such surplus towards general corporate purposes. Further, in case of variations in the actual utilisation of funds earmarked for the Objects set forth above, then any increased fund requirements for a particular object may be financed by surplus funds, if any, available in respect of the other Objects for which funds are being raised in this Issue. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the Objects, we may explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls.

Means of Finance

The fund requirements set out for the Objects of the Issue are proposed to be met entirely from the Net Proceeds and our internal accruals. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue as required under SEBI ICDR Regulations.

Details of the Objects of the Issue

The details in relation to Objects are set forth below:

1. Business and operations expansion

Client acquisition is the major focus of discount brokerage companies such as ours. Our Company has been making a conscious and concentrated effort to increase the pace of customer acquisition. During the past financial year, our Company has acquired more than 50,000 customers, recording a 6X growth in customer acquisition, on the back of a wide variety of products and affiliated value-added offerings, which has helped post steady growth. Customer acquisition continues to be a key focus for us along with provision of superior customer experience and services.

5paisa Capital was demerged from IIFL Holdings Limited in September 2016 with a capital infusion of ₹ 1,000 million. Our Company has invested heavily in online marketing, branding and IT. As a result, the expense on this activity during the financial year 2017-18 was about ₹ 155.70 million. The Company’s clientele is typically technology driven and open to innovative financial products/services. More than 70% of the client acquisition has been from Tier II and Tier III cities. The Company uses marketing techniques like social media campaigns, search engine optimization and online advertisements to increase awareness and expand customer base. The increase in clientele growth has also occurred on account of general word of mouth.

We have dedicated contact centres equipped with all the infrastructure, facilities and manpower to acquire customers and assist them in their account opening and on-boarding process. These contact centres are located at Thane, Bengaluru and Ahmedabad on an approximate area of 36,000 sq. ft., having about 350 employees currently, dedicated for customer acquisition and on-boarding process, which have been successful in executing our client acquisition process speedily. Our client acquisition during the current financial year is as follows:

Month	No. of New Clients Acquired
April 2018	7,121
May 2018	7,671
June 2018	8,535
July 2018	10,390
August 2018	12,569

The Company proposes to push the process of customer acquisition through an aggressive marketing drive. Our Company targets at acquiring additional 200,000 clients in a time frame of 12 months. We therefore earmark proceeds of ₹ 240 million i.e. 50% higher budget than the Fiscal 2018 for branding and business development purpose. We intend to achieve 4X growth in customer base with an increase of just 50% in acquisition expenditure over the previous year. The estimate considers the growing recognition of the brand and increasing benefit of customer growth by word of mouth.

Most of the business development and marketing spends will be used on advertisement mediums like social media, digital platforms such as Google advertisements, newspaper advertisements, offline BTL (below the line), sponsorships, associations, and television commercials.

In a bid to enhance our customer acquisition we are strategically focusing on Tier II and III cities. Increase in income and spending power of non-metro regions, affordable internet and smart phones and dearth of bank and broker network are the key factors driving digital players like us to penetrate better across these geographies.

Our Company's approach of offering very low cost of services, complete paperless trading experience, multi product offering under one umbrella, usage of advanced analytics for personalized financial planning and research/advisory has led to the growth in our customer acquisition. With increased manpower and additional infrastructure, our Company would be able to acquire additional 2,00,000 clients as targeted. Once we are able to obtain a large active traders client base, the turnover is likely to enhance manifold which serves as a major income to discount brokerage companies such as ours. Once the sizable customer base is established, the operations cost going forward will be lower since all the service is online, and incremental service provision will not require increase in human touchpoints as in traditional full-service brokerages.

2. Manpower Expenses

As the Company targets to acquire additional 200,000 customers, investments in human capital is essential. The additional manpower will directly contribute to customer acquisition as well as background service provision and constant customer support. We plan to invest around ₹ 141.60 million on manpower over the next 12 months.

We propose to increase our customer acquisition service team and operations. The details of existing manpower in the contact centre as well as required manpower and estimate of additional manpower expense are depicted below:

Particulars	Existing Manpower (No. of employees)	Additional Manpower required (No. of employees)	Estimates of Additional Manpower Expenses (₹ in million)
Client acquisition team	397	400	91.90
Customer services team	48	50	12.10
Operations team	32	50	12.10
IT team	59	65	25.50
Total	536	565	141.60

3. Margin maintenance with stock exchanges

The nature of our business necessitates a substantial working capital to be employed and in the normal course of business. We rely on credit lines from various financial institutions and banks, fixed deposits, bank guarantees, overdraft limits and cash.

We are required to maintain adequate levels of margin with the various exchanges across financial assets –equity (cash and derivatives) and currency for our businesses of trading in such financial assets. The margin requirements with the stock exchanges are determined by the stock exchanges on the basis of trading volumes, market volatility and to the extent of open interests in respect of equities.

This margin/pay-in requirement also increases in terms of percentage due to volatility in the market, and such margin requirements may change even though the business may remain constant. Such margins may need to be provided by us on behalf of the customers arising on account of the time gap in realization of payment received from clients. Additionally, while we may receive approved securities from clients, we may not be able to deposit those in the exchanges towards margin owing to certain other exchanges' parameters, and thus may have to deposit our cash / fixed deposits towards such margin requirements.

As of August 31, 2018, we have an average combined daily exchange turnover of over ₹ 100,000 million on Equity (cash and derivative) segment, currency (NSE) and had approximately ₹ 850.19 million deposited with exchanges as margin.

Details of present margin maintained by us are as follows:

(₹ in million)

Exchange	Segment	August 31, 2018*	June 30, 2018*	March 31, 2018*	March 31, 2017*
NSE	Cash	357.51	284.51	257.01	57.51
	F&O	430.18	234.50	204.50	75.00
	Currency	24.50	17.50	15.00	7.00
	Total	812.19	536.51	476.51	139.51
BSE	Cash	31.00	36.00	36.00	8.50
	F&O	7.00	7.00	7.00	6.00
	Total	38.00	43.00	43.00	14.50
Overall		850.19#	579.51#	519.51#	154.01#

* The Margin Report is as on the last trading day of the respective period (Source: Margin Reports of the Stock Exchanges)

The above figures include bank guarantees provided by our Company backed by 50% margin in form of fixed deposits.

Over the previous two financial years and especially during the last eight months there has been an increased requirement to maintain margins in the equities (cash & derivative) and currency segments. We believe that there would be a requirement for us to increase our margin requirements towards the segments at the stock exchanges where we are currently members due to the increase in volumes of cash & derivatives transactions on the stock exchange coupled with enhanced number of clients.

As we intend to acquire additional customers we will see a surge in our turnover thereby requiring additional margin. To service the expected increased client activity during 12 months period, we plan to earmark ₹ 450 million towards additional margin requirement i.e. Initial Span Margin (ISM), Additional Surveillance Margin (ASM), extreme loss Margin (ELM), etc.

4. Investment in our Subsidiary

5paisa P2P Limited our wholly owned subsidiary was incorporated in December 2017 with the object of carrying out business as a Peer to Peer lending company. The Company had filed an application with the RBI for obtaining registration as a NBFC Peer to Peer Lending Platform (NBFC-P2P) towards which we have received in-principle approval from RBI. 5paisa P2P has not yet commenced operations.

Peer to Peer (P2P) lending is a method of debt financing that enables individuals to borrow and lend money without the use of an official financial institution as an intermediary. It involves the use of an online platform to match lenders with borrowers in order to provide unsecured loans. The borrower can either be an individual or a legal person requiring a loan. The interest rate may be set by the platform or by mutual agreement between the borrower and the lender. Fees are paid to the platform by both the lender as well as the borrower. The borrowers pay an origination fee (either a flat rate fee or as a percentage of the loan amount raised) according to their risk category. The lenders, depending on the terms of the platform, have to pay an administration fee and an additional fee if they choose to use any additional service (e.g. legal advice etc.), which the platform may provide. The

platform provides the service of collecting loan repayments and doing preliminary assessment on the borrower's creditworthiness. The fees go towards the cost of these services as well as the general business costs. The platforms do the credit scoring and make a profit from arrangement fees and not from the spread between lending and deposit rates as is the case with normal financial intermediation.

We propose to commence business development in our Subsidiary and set up the required infrastructure, IT and manpower required to conduct operations. We will also need to invest on acquiring customers and building brand awareness through advertisements and digital marketing. We intend to utilize an amount of ₹ 50 million to make an equity investment in our Subsidiary to meet the above needs.

5. General Corporate Purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ [●] million towards general corporate purposes, subject to such utilization not exceeding 25% of the Gross Proceeds of the Issue, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilize Net Proceeds include expenses incurred in the ordinary course of business, on acquiring new technology and maintenance and upgradation of existing technology, acquiring new office space on lease/rent, funding growth opportunities, repayment of loans, reduction in working capital and payment of interest on any borrowing availed by our Company.

In addition to the above, our Company may utilize the Net Proceeds towards other expenditures considered expedient and as approved periodically by the Board or a duly constituted committee thereof, subject to compliance with necessary provisions of the Companies Act. Our Company's management, in accordance with the policies of the Board and subject to applicable law, shall have flexibility in utilizing surplus amounts, if any.

Issue Expenses

The Issue related expenses consist of fees payable to the Lead Manager, Legal Counsel, processing fee to the SCSBs, Registrars to the Issue, printing and stationery expenses, advertising expenses and all other incidental and miscellaneous expenses for listing the Rights Equity Shares on the Stock Exchange. Our Company will need approximately ₹ [●] million towards these expenses, a break-up of the same is as follows:

(₹ in million)

Activity	Estimated Expense	% of Total Expenses	As a % of Issue size
Fees to intermediaries (including Lead Managers fees, Legal fees, selling commission*, registrar fees and expenses)	[●]	[●]	[●]
Advertising, Printing, Stationary & Distribution	[●]	[●]	[●]
Statutory and other miscellaneous expenses	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

**Includes Commission/ processing fees to the Designated Intermediaries. Designated Intermediaries would be entitled for a processing fee of ₹ [●] for processing of valid Application forms procured by such Intermediaries. Additionally, the SCSBs will be entitled for a fee of ₹ [●] per application for blocking of funds.*

Appraisal

None of the Objects of the Issue have been appraised by any bank or financial institution.

Bridge Financing Facilities

We have not availed any bridge financing facilities for the meeting the expenses as stated under the Objects of the Issue.

Interim Use of Funds

Pending utilization of the Issue Proceeds for the Objects of the Issue described above, our Company shall deposit the funds only in Scheduled Commercial Banks included in the Second Schedule of Reserve Bank of India Act, 1934.

Monitoring of Utilization of Funds

Our Company shall appoint a monitoring agency prior to the filing of the Letter of Offer in accordance with Regulation 16 of the SEBI ICDR Regulations. Our Board and the monitoring agency for the Issue will monitor the utilization of Net Proceeds and submit its report to our Company in terms of Regulation 16(2) of the SEBI ICDR Regulations.

Our Company will disclose the utilization of the Net Proceeds under a separate head along with details in our balance sheet(s) along with relevant details for all the amounts that have not been utilised and will indicate instances, if any, of unutilised Net Proceeds in our balance sheet for the relevant Financial Years post receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. Additionally, the Audit Committee shall review the report submitted by the monitoring agency for the Issue and make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only till such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditors of our Company. Furthermore, in accordance with Regulation 32 of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including deviations, if any, in the utilization of the Net Proceeds from the Objects of the Issue as stated above.

The information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Variation in Objects

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013 and applicable rules, our Company shall not vary the Objects of the Issue without our Company being authorized to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (the "**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Marathi, the vernacular language of the jurisdiction where the Registered Office is situated. Our Promoters or controlling Shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the Objects, at such price, and in such manner, as may be prescribed by SEBI, in this regard.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the Lead Manager on the basis of an assessment of market demand for the issued Equity Shares and on the basis of the following qualitative and quantitative factors. The face value of the Equity Share of our Company is ₹10 each and the Issue Price is ₹80 per equity share. Investors should also refer to “Our Business”, “Risk Factors” and “Financial Information” on pages 88, 12 and 143 respectively, to have an informed view before making an investment decision. The Issue Price is 8 times of the face value of Equity Shares.

Quantitative Factors

Some of the information presented below relating to our Company is derived from the Financial Statements prepared in accordance with Indian GAAP, Companies Act and SEBI ICDR Regulations. For details, see “Financial Information” on page 143.

Our company was originally incorporated on July 10, 2007 and its subsidiary “5paisa P2P Limited” was incorporated on December 7, 2017. Hence the consolidated financial statements till the financial year 2017 were not prepared. The first consolidated financial statements were prepared for the financial period ending March 31, 2018.

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

1. Basic and Diluted Earnings per Share (“EPS”)

For the Year ended	Basic & Diluted EPS (₹)		Weight
	Standalone	Consolidated	
March 31, 2018	(19.86)	(19.86)	3
March 31, 2017	(14.41)	-	2
March 31, 2016	(18.03)	-	1
Weighted Average*	(17.74)	-	

*Weighted average is aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. $\{(EPS \times Weight) \text{ for each year} \} / \{Total \text{ of weights}\}$.

Notes:

- i. The figures disclosed above are based on the restated financial statements as disclosed in this draft letter of offer.
- ii. Earnings per share is calculated in accordance with Accounting Standard 20 ‘Earnings Per Share’, notified under section 133 of the Companies Act 2013, read together along with paragraph 7 of the Companies (Accounts) Rules, 2014

2. Price/ Earnings Ratio (P/E) ratio in relation to issue Price of ₹ 80 per Equity Share of ₹ 10 each:

Sr. No.	Particulars	PE Ratio
1	Based on basic and diluted EPS of ₹ (19.86) as per restated financial statements for the year ended March 31, 2018	N.A.*
3	Based on weighted average basic and diluted EPS, as per restated financial statements	N.A.*

*The Company has negative EPS during the Fiscal 2018 and hence PE Ratio cannot be determined.

3. Industry peer group P/E ratio:

Sr. No.	Particulars	Standalone (₹)
1	Highest (Indiabulls Ventures Limited)	142.77
2	Lowest (JM Finance Limited)	14.68
	Industry Composite (Finance & Investment) *	28.60

*Source: Capital Market Magazine July 30, 2018 – August 12, 2018

4. Return on Net Worth (RONW)

For the year ended	RONW (%)		Weight
	Standalone	Consolidated	
March 31, 2018	(40.19)	(40.19)	3
March 31, 2017	(13.25)	-	2
March 31, 2016	(45.33)	-	1
Weighted Average*	(32.07)	-	

* Weighted average = Aggregate of year-wise weighted Return on Net Worth divided by the aggregate of weights i.e. $\{(Return\ on\ Net\ Worth \times Weight)\ for\ each\ year\} / \{Total\ of\ weights\}$

Note: The RONW has been computed by dividing net profit after tax by net worth as at year end

5. Minimum Return on Increased Net Worth required to maintain pre-Issue EPS for the year ended March 31, 2018:

Our Company had negative EPS during the Fiscal 2018 and hence this is not applicable.

6. Net asset Value (NAV) per Equity Share of our Company (In ₹):

As of the year ended	Standalone (₹)	Consolidated (₹)
March 31, 2018	49.41	49.41
March 31, 2017	69.26	-
March 31, 2016	39.77	-
After the issue	64.70	64.70

Note: Net Asset Value per Equity Share represents net worth divided by the number of Equity Shares outstanding at the end of the period.

7. Comparison with listed peers:

We are a Broking Services Company with our focus on “Discount Broking” Services providing online technology platform and mobile application services to our clients based on a ‘Do it Yourself’ model. Presently besides us there are some other unlisted Discount Broking Companies in operation such as Zerodha Capital Private Limited (Zerodha.com), Sunlight Broking LLP (Prostocks), Beeline Broking Limited (Beeline), RKSV Securities India Private Limited (Upstox), Swastika Investmart Limited (Trading Bells), Samco Securities Limited (Samco) etc. There are no other listed Companies whose business model is similar to us. However, there are several full-service broking Companies whose equity shares are listed on Indian Stock Exchanges. These companies besides providing integrated financial services including broking have also forayed into online broking services.

Details of some of the Companies which also provide Online Broking platform are provided for information. They are not strictly comparable with our Company based on business model as well as size of operation.

(in million except per share data)

Name of the Company	Face Value (₹)	Revenue from operations (₹)	PAT (₹)	Basic EPS (₹)	Market Price as on September 7, 2018 (₹)	P/E Ratio	RONW (%)	NAV (₹)
5paisa Capital Limited	10	196.52	(252.97)	(19.86)	299.45	NA	(40.19)	49.41
Peers								
Geojit Financial Services Limited	1	3,679.50	732.40	3.09	62.40	20.19	13.14	23.43
Indiabulls Ventures Limited	2	10,536.70	2,367.54	5.51	786.65	142.77	12.21	36.91
ICICI Securities	5	18,593.30	5,577.30	17.31	325.75	18.82	66.86	25.89

Notes:

- (i) The figures of 5paisa Capital Limited are based on the restated consolidated financials for the year ended March 31, 2018 and the figures of the peer group companies are based on the consolidated audited financials for the year ended March 31, 2018.
- (ii) P/E Ratio has been computed as the closing market prices of the companies sourced from the BSE website as on September 7, 2018, as divided by the EPS.

The Issue Price of ₹ 80 per equity share has been determined by our Company, in consultation with the Lead Manager on the basis of assessment of market demand from investors for the Equity Shares and is justified in view of the above qualitative and quantitative parameters. Investors should read the above-mentioned information along with “Risk Factors”, “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 12, 143 and 219 respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in “Risk Factors” or any other factors that may arise in the future and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

To

The Board of Directors
Spaisa Capital Limited
Sun Infotech Park, Road No. 16V
Wagle Estate, Thane
Maharashtra 400604

Dear Sirs,

Subject: Statement of possible special tax benefits available to Spaisa Capital Limited (“the Company”) and its shareholders prepared in accordance with the requirement of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended

We refer to the proposed Rights issue of the equity shares (hereinafter referred as “Offer”) of the Company. We enclose herewith the Annexure stating the possible special tax benefits available to the Company and to its shareholders under the provisions of the Income-tax Act, 1961 (the “IT Act”), (i.e. including amendments made by Finance Act 2018, i.e. applicable for the financial year 2018-19, relevant to the assessment year 2019-2020) presently in force in India, for inclusion in the Draft Letter of Offer (“DLOF”) and the Letter of Offer (“LOF”) (collectively the “Offer Documents”).

The benefits discussed in the enclosed Annexure cover only the special tax benefits available to the Company and its shareholders and do not cover general tax benefits. Special tax benefits are benefits which are generally not available for all companies. We are informed that this Statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the nature of individual tax consequences and the changing tax laws, each of the investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the offer for sale of equity shares of the Company.

We do not express any opinion or provide any assurance as to whether:

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

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

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities / courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct.

The enclosed annexure is intended for your information and for inclusion in the Offer Documents in connection with the rights issue of equity shares. We hereby consent to the use of our name and other details, including reference to our firm as auditors to the Company. We further consent to be named as an expert in the Offer Documents, as defined under the provisions of the Companies Act, 2013 and the rules framed thereunder.

Yours faithfully,
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No.109208W

(G. Sankar)
Partner
Membership No.46050

Place: Mumbai
Date: September 10, 2018

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

The information provided below sets out the possible special tax benefits available to the Company and its shareholders under the Income Tax Act 1961 as amended by the Finance Act 2018, i.e. applicable for the Financial year 2018-19 relevant to the assessment year 2019-20, presently in force in India (the “IT Act”).

I. Special tax benefits available to the Company

There are no special tax benefits available to the Company.

II. Special tax benefits available to Shareholders

There are no special tax benefits available to the shareholders for investing in the shares of the Company.

Notes:

1. This statement does not discuss any tax benefits in the country outside India of an investment in the Equity Shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible special tax benefits and consequences that apply to them.
2. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.
3. All the above benefits are as per the current IT Act. Accordingly, any change or amendment in the laws /regulations, which when implemented would impact the same.

SECTION V - ABOUT THE COMPANY

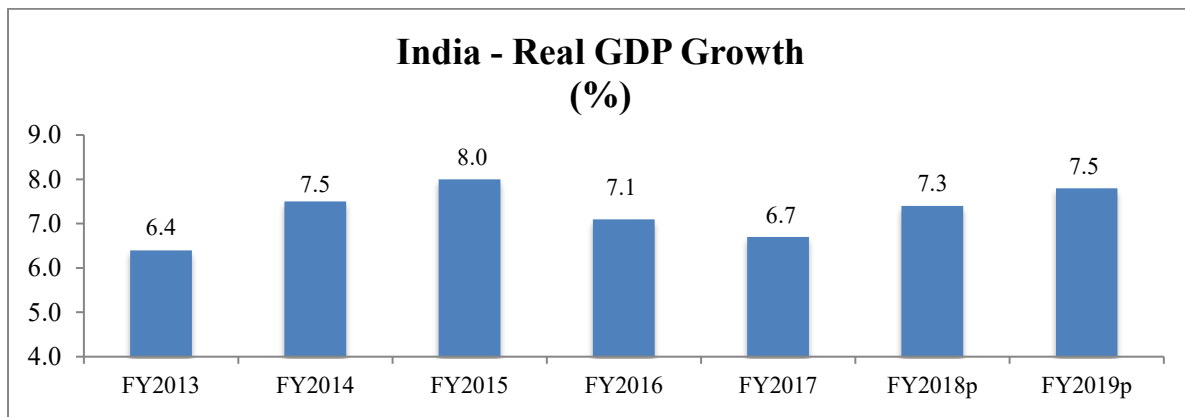
INDUSTRY OVERVIEW

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, industry websites and publicly available industry reports. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Accordingly, none of our Company, the Lead Manager and any other person associated with the Issue, has independently verified this information and takes any responsibility for the data, projections, forecasts, conclusions or any other information contained in this section. Industry sources and publications are also prepared on information as on specific dates and may no longer be current or reflect market trends. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

OVERVIEW OF THE INDIAN ECONOMY

Even after headwinds from the global showdown and the transient impact of demonetisation, the Indian economy demonstrated resilience in 2017-18, marked by moderate expansion and microeconomic stability. As per IMF's World Economic Outlook Update, July 2018, India is expected to grow at a rate of 7.3% in the FY 2018 against the growth rate of 6.7% in the FY 2017, before strengthening further to 7.5% in FY 2019.



(Source: IMF World Economic Outlook, July 2018) p - projections

With the introduction of policies like Jan-Dhan and Aadhaar, the successful implementation of Goods and Services Tax (GST), the creation of a single law for Insolvency and Bankruptcy and the enormous increase in number of mobile phone users the base of the Indian economy is in revival.

According to RBI's data as of December 6, 2017, under Jan-Dhan Yojana 307 million accounts have been opened with a balance of ₹ 698 Billion. This has also helped India's rural population to get access to financial services, namely Banking- Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in an affordable manner.

The National Payment Corporation of India (NPCI) has successfully launched BHIM (Bharat Interface for Money)- a smart phone based mobile app for customers to make digital payments using their Aadhaar-seeded bank accounts. The transactions are processed as part of the existing Aadhaar Enabled Payment System (AEPS) with a separate transaction type assigned to them. It has significantly reduced the transaction time and cost for the customers as well as merchants.

GST has opened up major bottlenecks for growth. This will change how credit is farmed out in this country. Currently credit is asset backed, which will move to cash flow based. This will result in many MSMEs entering the formal banking sector.

Simultaneously, IBC (Insolvency and Bankruptcy Code) is streamlining the process to clear the mounting NPAs in banking sector. An analysis of the transactions under the corporate insolvency resolution process indicates that the pace of admitted cases to the IBC has picked up with time. 353 corporate bodies are undergoing a resolution at the end of the September 2017 quarter as per Insolvency and Bankruptcy Board of India. In addition to the

progress made under various parameters, facilitating measures undertaken by the Reserve Bank and the SEBI are also expected to provide a boost to the resolution process.

(Source: RBI's Report on Trend and Progress of Banking in India 2016-17)

India now ranks 100th in the World Bank's annual Ease of Doing Business Report, 2018 as against 130th rank in 2017. This shows that the economy is in a revolutionary phase.

According to RBI's report on Indian Household Finance, July 2017 the Indian household balance sheets exhibit a set of features that are unusual in the international context. A disproportionately high share (approximately 95%) of wealth allocated to non-financial assets such as real estate and gold. These non-financial assets will slowly get converted into financial assets like equity, which grows with the underlying cash flow of the company. This transition will boost the Indian equity market and ultimately the economy as these productive assets are something which will yield outputs as well as jobs, which will yield income and will ultimately lead to more consumption and increase in GDP.

Reforms in Indian Financial Services Industry

An efficient financial system is regarded as a necessary pre-condition for higher growth. Propelled by this ruling paradigm, several developing countries undertook programs for reforming their financial systems. Since the late 1970s, financial sector reforms encompassing deregulation of interest rates, dismantling of directed credit, easing of policy pre-emptions and measures to promote competition in the market for financial services became an integral part of the overall structural adjustment programs in many developing economies. More recently, the weight of opinion has swung even further with financial intermediation being regarded as playing a greater role in economic growth than the traditional determinants.

In line with the above, the Indian financial sector has also undergone radical transformations over the years. Reforms have altered the organizational structure, ownership pattern and domain of operations of institutions and infused competition in the financial sector. This has forced financial institutions to reposition themselves in order to survive and grow. The extensive progress in technology has enabled markets to graduate from outdated systems to modern business processes, bringing about a significant reduction in the speed of execution of trades and in transaction costs.

(Source: RBI's Working paper on "Financial Structures and Economic Development in India")

OVERVIEW OF CAPITAL MARKETS

A positive investment climate supported by robust macroeconomic performance, easing inflationary pressures, stable FDI inflows, regulatory and structural reforms by the government improved the business confidence and attracted investors to the Indian capital market. Indian stock market scaled new peaks on the back of positive domestic and global sentiments. The broad-based benchmark indices S&P BSE Sensex and Nifty 50 continued its growth momentum in 2017-18, as they gained 11.3 per cent and 10.2 per cent respectively against their closing at the end of 2016-17.

(Source: SEBI Annual Report, 2018)

Trends in Primary Markets

The financial year 2017-18 was a vibrant year for the Indian IPO market. It witnessed the highest ever resource mobilisation through public and rights issues. Several mega issues apart, a number of small companies from diverse growth sectors of the economy entered the market. There is good response to a majority of the public issues from Foreign Portfolio Investors (FPIs), other institutional investors and the retail investors. A large number of the issues were over-subscribed indicating the appetite for public issues by the investors.

Companies from diverse sectors ranging from manufacturing companies to insurance companies, from hotels to new age banks raised funds through the IPO market. There was heightened activity in the insurance sector for the first time with as many as five Insurance IPOs raising 41.3 per cent of the total funds raised. During the year, 31 IPOs out of 45 main board IPOs raised an amount of ₹ 77,088 crore with an issue size of ₹ 500 crore or more (with the largest issue being for ₹ 11,176 crore).

During 2017-18, ₹ 1,10,269 crore were mobilised through 210 public and 21 rights issues as against ₹ 62,135 crore raised in 2016-17 through 121 public and 13 rights issues (see the table below), a jump of 77.5 per cent. There was a significant jump in the number of IPOs and the amount mobilised by them. There were 201 IPOs during 2017-18 compared to 105 in previous year, an increase of 91.4 per cent. Of the total, 156 IPOs were listed

on the SME platform. The amount raised through IPOs in 2017-18 nearly tripled to ₹ 83,684 crore from ₹ 29,078 crore in the previous year.

(Source: SEBI Annual Report, 2018)

Sr. No.	Particulars	2016-17		2017-18		Percentage share in total amount	
		No. of issues	Amount (₹ crore)	No. of issues	Amount (₹ crore)	2016-17	2017-18
1.	Public Issues (i)+(ii)	121	58,415	210	88,869	94.0	80.6
(i)	Public Issues	106	29,088	202	83,696	46.8	75.9
	(Equity/ PCD /FCD) of which						
	IPOs	105	29,078	201	83,684	46.8	75.9
	FPOs	1	10	1	13	0.0	0.0
(ii)	Public Issues (Bond / NCD)	15	29,328	8	5,173	47.2	4.7
2.	Rights Issues	13	3,720	21	21,400	6.0	19.4
Total Equity Issues (1(i)+2)		119	32,807	223	1,05,097	52.8	95.3
Total Equity and Bond (1+2)		134	62,135	231	1,10,269	100.0	100.0

Notes: 1. The primary market resource mobilisation is inclusive of the amount raised on the SME platform.

2. All offers for sale are already counted under the head of IPOs/FPOs.

3. Both the equity and debt issues have been taken on the basis of their respective closing date.

Figure 1: Resource Mobilization through Public and Rights' Issues (Source: SEBI Annual Report, 2018)

Trends in Secondary Markets

India's broad-based benchmark indices S&PBSE Sensex (henceforth referred to as Sensex) and NIFTY 50 (henceforth referred to as NIFTY) continued its growth momentum in 2017-18, as Sensex and Nifty gained 11.3 per cent and 10.2 per cent respectively during the year. In the cash segment, the turnover at NSE increased by 43.1 per cent during 2017-18 compared to 19.3 per cent growth in the previous year. The turnover of BSE too increased by 8.5 per cent during 2017-18 compared to 34.9 per cent growth in the previous year.

In the equity derivatives segment too, the turnover at NSE witnessed spurt in the trading activity. The gross turnover at NSE rose by 74.8 per cent during 2017-18 compared to 45.6 per cent growth in the previous year. The trading activity of equity derivative segment of BSE, however, declined significantly. The gross turnover in the derivatives segment of BSE declined by 53 per cent during 2017-18, compared to decline of 99.8 per cent in the previous year.

The market capitalisation of BSE and NSE witnessed a gain of 17.0 per cent and 17.2 per cent, respectively in 2017-18 over previous year. In terms of PE valuations, the PE ratio of Sensex and Nifty increased modestly to 22.7 and 24.7, respectively, at the end of March 2018 from 22.6 per cent and 24.3 percent, respectively, at the end of March 2017.

Trading frequency of stocks listed at NSE and BSE indicates improvement in the liquidity. Number of companies traded increased from 5,087 in 2016-17 to 5,221 in 2017-18 for BSE whereas the number increased from 1,796 to 1,954 at NSE during the same period. At BSE during 2017-18, 3,127 companies (or 59.9 per cent of the total companies) traded for more than 100 days. At NSE, the number of companies traded for more than 100 days increased from 1,633 in 2016-17 to 1,730 in 2017-18. However, the percentage of scrips traded for more than 100 days decreased from 90.9 per cent to 88.5 per cent during the same period.

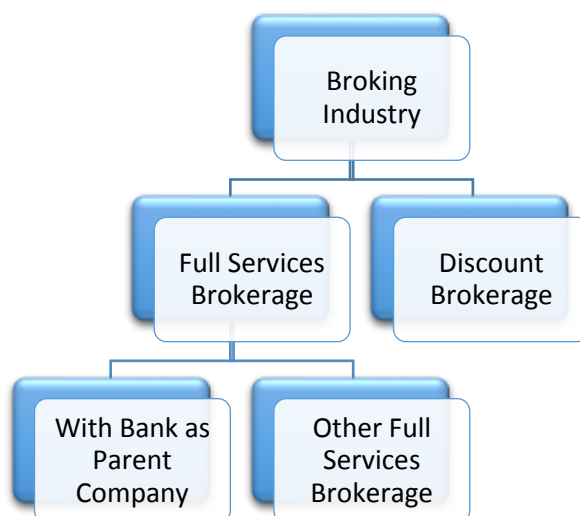
During 2017-18, the all-India turnover at the stock exchanges in terms of number of shares traded increased by 36.4 per cent. In terms of the total quantity of shares traded, NSE had a share of 83 per cent in 2017-18, followed by BSE (17 per cent). NSE's share in the quantity of shares delivered was 75.5 per cent in 2017-18, followed by BSE (24.5 per cent). During 2017-18, the total value of shares delivered increased by 24.4 per cent to ₹ 24,14,418 crore from ₹ 19,41,465 crore in 2016-17.

(Source: SEBI Annual Report, 2018)

STOCK BROKING SECTOR

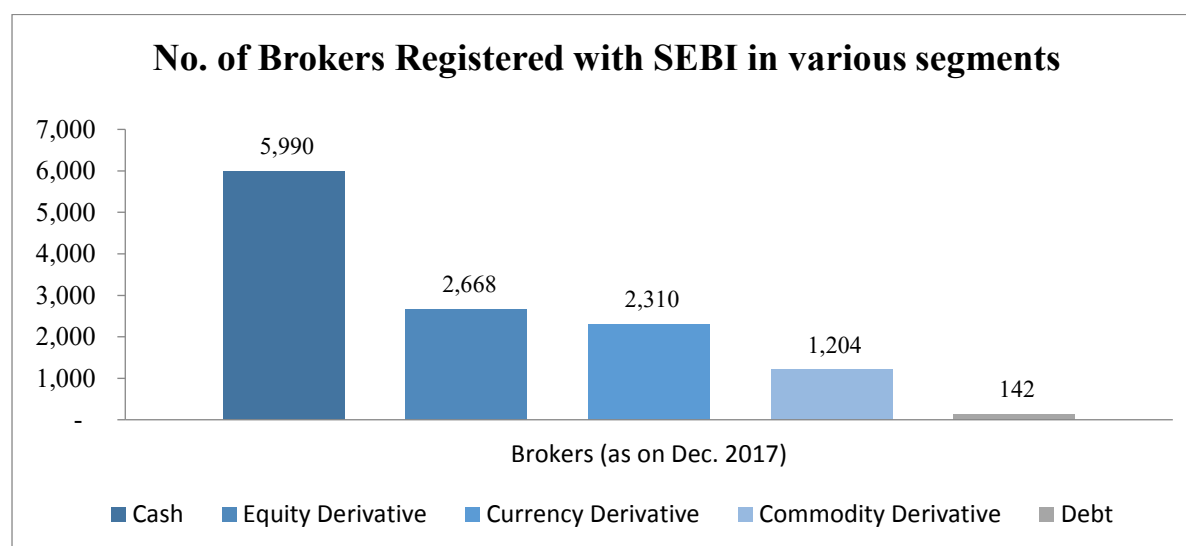
Overview of Stock Broking Sector

As of March 31, 2018, there are over 1300 SEBI registered stock brokers each on the NSE & BSE and over 400 registered stock brokers having membership of MSEI. The Indian brokerage sector can be classified in terms of type of brokerage service, nature of parent company and business diversification. The following chart describes the market structure:



There are primarily two types of brokers in India:

- Full-service brokers: These brokers offer a wide range of services like offline and online trading, demat accounts, investment advisory and other customized services.
- Discount brokers: These brokers offer services at low and fixed brokerage fees, irrespective of size of order and provide such services via an online platform. Discount brokers typically do not provide any cost intensive facilities and services such as physical offices, research reports and relationship managers. Currently, there are more than 15 discount brokers in India. Since inception in 2010, thousands of investors and traders moved from traditional brokers to discount brokers. As they offer 60% - 80% cheaper brokerage and free trading terminals for everyone, they are well accepted and have become very popular among the investor community.

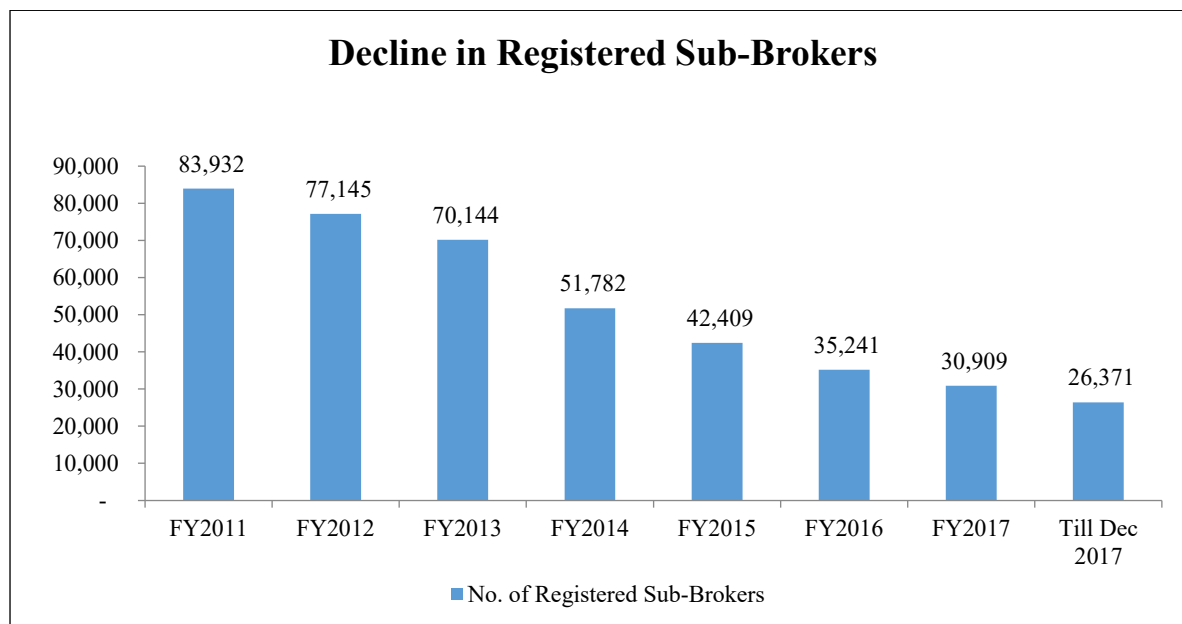


(Source: SEBI: Handbook on statistics)

Consolidation Phase

While the equity cash market turnover of NSE and BSE combined has witnessed an increase in the past five years from ₹ 32,57,053 crores in Fiscal 2013 to ₹ 60,54,174 crore in Fiscal 2017, the number of registered sub-brokers has declined from 70,144 in Fiscal 2013 to 30,909 in Fiscal 2017. Sub-brokers are a vital part of broking value chain bridging the gap between brokers and customers. The rapid decline in sub-brokers points to the consolidation in the industry.

(Source: SEBI: Handbook on statistics)



Decline in registered Sub-Brokers (source: SEBI: Handbook of Statistics 2017)

According to the Regional Human Development Report of the United Nations dated April 2016, the working age population of India is expected to grow from 0.86 billion people in 2015 to over one billion by 2050. A continuously growing young population, coupled with rapid advances in technology are the major growth drivers for this discount brokerage industry as more and more retail clients are easily adopting the concept of self investing.

(Source: United Nations: Asia Pacific Human Development Report)

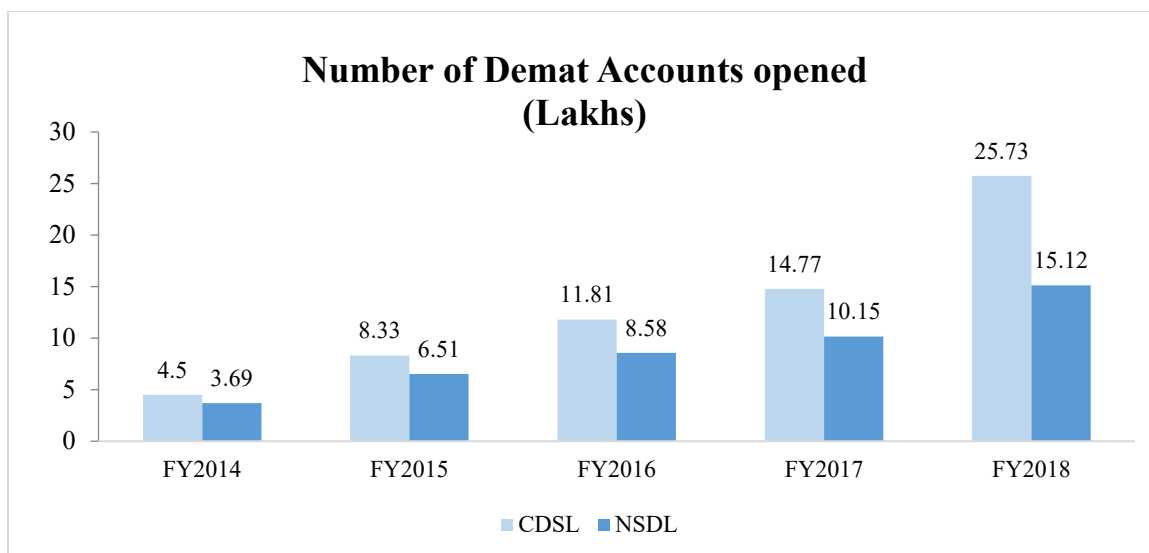
Further the technological advancement has reduced both transaction time and costs. At the same time, brokers have been able to improve their reach and increase penetration by investing in online trading platforms. Increase in smartphone penetration coupled with the implementation of 4G services will act as a tailwind for this brokerage business.

DEPOSITORY SERVICES SECTOR

Overview of Depository Services in India

In India, presently there are two depositories namely, National Securities Depository Limited (NSDL) and Central Depository Services (CDSL).

Depository is an institution registered with SEBI for holding custody of securities in electronic form and facilitates transfer based on the instructions from the account holders. With growth in Indian capital market, it became difficult to handle the growing volume of paper. This caused problems like delay in transfers, long settlement period, high levels of failed trade and bad deliveries, high-risk exposure etc. To remove these bottlenecks, The Depositories Act was legislated in August 1996. Accordingly, National Securities Depository Limited (NSDL) was established in November 1996. Subsequently, three years later in 1999, Central Depository Services (India) Limited (CDSL) was established following the implementation of compulsory trading in dematerialised securities for all investors. In terms of market share of demat accounts, CDSL has experienced a growth in market share from 40% in FY 2013-14 to 46% in FY 2017-18.



(Source: CDSL Annual Report 2018)

The presence of depositories supports the capital market growth in a variety of ways including substantial reduction in bad deliveries, enhanced liquidity of securities, reduction in transaction cost, eliminates problems relating to change of address of investors, transmission etc., makes faster disbursement of non-cash corporate benefits like rights, bonus, etc. possible, faster settlement cycle, no stamp duty on transfer of shares, eliminates problems relating to selling securities on behalf of a minor etc. (Source: CDSL Annual Report 2018)

Depository Participants

Depository participants are the ones who act as an interface between investor and depositories. The investor has to open an account through a depository participant to avail the services offered by the depositories.

A Depository Participant (DP) is also described as an Agent (law) of the depository. They are the intermediaries between the depository and the investors. The relationship between the DPs and the depository is governed by an agreement made between the two under the Depositories Act. As of July 2018, there are 275 DPs of NSDL and 596 DPs of CDSL registered with SEBI. (Source: CDSL, NSDL Statistics)

Business of depositories and Depository Participants grows in direct proportion to growth in capital markets. The past three-to-four years have witnessed a steady structural shift of savings from physical assets such as real-estate and gold into financial assets. The prevailing positive real interest rates should enable this trend to continue. Within financial assets, the allocation towards equities has been increasing due to the relatively higher return as well as low base; given the retail investor has traditionally been under-invested in equities.

- Equity Market
- IPOs
- Increase in trading volumes & Retail participation

(Source: CDSL Annual Report 2018)

MUTUAL FUND INDUSTRY

Overview of Mutual Fund Industry in India

In the financial market ecosystem, asset management companies facilitate financial intermediation and portfolio diversification. Besides providing financial stability, they help investors diversify their assets more easily and can provide financing to the real economy. The Indian mutual fund industry is one of the fastest growing and most competitive segments of the financial sector. In the last two decades the mutual fund industry has shown impressive growth not just in the scale of assets under management (AUM) but also in terms of number of folios. Buoyed by robust capital inflows and strong participation of retail investors, the asset base of the mutual fund industry again produced record breaking numbers in 2017-18.

The average asset under management (AAUM) of MF industry for the year 2017-18 was ₹ 21.46 lakh crore. However, mutual funds AUM to GDP ratio of 12.8 per cent in 2017-18 indicates a large untapped market potential and very low penetration vis-a-vis global and peer benchmarks. There is immense scope for unprecedented growth of the industry with support from innovative technological initiatives and broadened investor participation over time.

The industry witnessed substantial growth during 2017-18. Backed by strong inflows and increased participation of retail investors, the AUM of MF industry increased to ₹ 21.36 lakh crore at the end of March 2018 from ₹ 17.54 lakh crore at the end of March 2017. The rising global equity markets and accommodative global liquidity conditions coupled with positive business sentiment in India attracted foreign portfolio investors (FPIs) with inflows to the tune of US\$ 22.6 billion.

During 2017-18, the share of individual category in total AUM of mutual fund industry has increased from 44 per cent in 2016-17 to 50.8 per cent in 2017-18. On the contrary the share of corporates category has fallen from 52.1 per cent in 2016-17 to 45.1 per cent in 2017-18. As on March 31, 2018, 97.3 per cent of the total folios were contributed by the individuals' category whereas 0.9 per cent of the total folios were contributed by the corporates category. (Source: SEBI Annual Report, 2018)

Mutual Funds Distribution Sector

There are several mutual fund schemes with two to three variations on each fund such as growth, monthly dividend, annual dividend etc. Besides offering different schemes for investment, AMCs also offer several investment plans to their customers. Systematic Investment Plans (SIPs), Systematic Withdrawal Plans (SWPs), Systematic Transfer Plans, Triggers, Insurance Options and many other plans are designed to give a degree of control and flexibility to the investor.

There are various channels for distribution of these Mutual Fund products. Independent Financial Advisor (IFA) is one of them, which plays a crucial role in fund distribution. IFAs interact with the investors on a regular basis and provide advice on scheme selection to asset allocation and asset diversification. Thus, they have the potential to influence the investors' decision and sell the MF products. This approach has its risks as well. If the IFAs are not empowered with professional training and education, they run the risk of mis-selling schemes. Without proper training, it would be difficult for IFAs to explain or convince small town investors about the advantages of mutual funds over traditional investments like savings accounts, FDs etc. (Source: SEBI Development Research Group Study-Penetration of Mutual Funds in India)

Outlook of MF Sector

The Indian mutual fund industry finds itself in an economic landscape which has undergone rapid changes over the past few years.

Financial inclusion has for long been a priority for the policy makers in India. The Reserve Bank of India (RBI) has permitted the banks to use the services of Business Facilitators and Business Correspondents. A roll out of Ultra Small Branches (USBs) in remote locations is one of the steps being taken in this direction.

Direct Cash Transfers and linkages with Aadhaar would be a step forward towards the goal of financial inclusion and may prove beneficial to mutual fund houses in the long run. With below poverty households finally coming to own bank accounts, fund houses could use pre-existing bank channels to offer investment opportunities when these people finally start earning saving.

This combination of ignorance, risk-aversion and mutual fund complexity are huge hurdles that AMCs in India will have to overcome if there is to be any increase in retail participation in mutual funds. Investors need to be made to look beyond the traditional avenues of investment through sensitization and education. In addition to this, campaigns should be tailored to increase the visibility of debt funds which generally tend to be safer than equity funds.

Another challenge that AMCs in India face is increasing the efficiency of their distributional channels. Attracting new investors in small cities does not come cheaply for the Asset Management Companies beyond the top 200 districts by GDP. More money has to be spent on distribution and marketing for getting investments in poorer districts. (Source: SEBI Development Research Group Study-Penetration of Mutual Funds in India)

PEER TO PEER (P2P) LENDING SECTOR

Overview P2P Lending Sector

P2P lending is a form of crowd-funding used to raise loans which are paid back with interest. It can be defined as the use of an online platform that matches lenders with borrowers in order to provide unsecured loans. The borrower can either be an individual or a legal person requiring a loan. The interest rate may be set by the platform or by mutual agreement between the borrower and the lender. Fees are paid to the platform by both the lender as well as the borrower. The borrowers pay an origination fee (either a flat rate fee or as a percentage of the loan amount raised) according to their risk category. The lenders, depending on the terms of the platform, have to pay an administration fee and an additional fee if they choose to use any additional service (e.g. legal advice etc.), which the platform may provide. The platform provides the service of collecting loan repayments and doing preliminary assessment on the borrower's creditworthiness. The fees go towards the cost of these services as well as the general business costs. The platforms do the credit scoring and make a profit from arrangement fees and not from the spread between lending and deposit rates as is the case with normal financial intermediation.

(Source: RBI-Consultation Paper on Peer to Peer Lending dated April 2016)

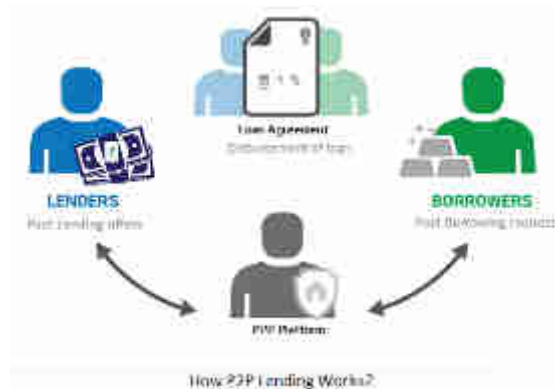
P2P Lending in India

In India, there are many online P2P lending platforms. Some of these are involved in the business targeted at micro finance activities with the stated primary goal being social impact and providing easier access of credit to small entrepreneurs. They provide web-based platform to bring the lenders and the borrowers together. One of the main advantages of P2P lending for borrowers has been lower rates than those offered by money lenders/unorganized sector and the advantages for lenders are higher returns than what conventional investment opportunities offer. Interest rates and the methodology for calculating those rates vary among P2P lending platforms. They range from a flat interest rate fixed by the platform to dynamic interest rates as agreed upon by the borrowers and the lenders to cost plus model (operational costs plus margin for platform and returns for lender). *(Source: RBI-Consultation Paper on Peer to Peer Lending dated April 2016)*

According to the RBI data available until June 30, 2018, there are only five lenders registered in the NBFC – P2P category.

Operational Business Model

P2P lending platforms are largely tech companies acting as an aggregator for lenders and borrowers thereby, helping create a match between them. Once the borrowers and lenders register themselves on the website, due diligence is carried out by the platform and those found acceptable are allowed to participate in lending/borrowing activity. The companies often follow a reverse auction model in which the lenders bid for a borrower's loan proposal and the borrower has the freedom to either accept or reject the offer. Some platforms provide several additional services like credit assessment, recovery etc. In most cases, the platform moderates the interaction between the borrower and the lender. The documentation for the lending and borrowing arrangement is facilitated by the P2P platform. The lender transfers money from his/her bank account to borrower's bank account. The platform facilitates collection of post-dated cheques from the borrower in the name of the lender as a proxy for repayment of the loan. The P2P forum, in general, also helps in the recovery process and as part of this, follows up for repayments and if need be, employs recovery agents too.



In this elementary model, the lending is primarily from one individual to another. The regulatory concerns in such cases would relate to KYC and recovery practices. Since all payments are through bank accounts, the KYC exercise can be deemed to have been carried out by the banks concerned. Though these platforms claim to follow soft recovery practices, the possibility of use of coercive methods cannot be ruled out.

(Source: RBI-Consultation Paper on Peer to Peer Lending dated April 2016)

Major Developments in P2P Lending Sector

The Reserve Bank of India has issued a specified list of directions regarding various rules and regulations for all the existing and prospective entities carrying on the business of Peer to Peer (P2P) lending. In those rules RBI has made it mandatory to obtain a certificate of registration subject to a minimum net worth of ₹ 2 crores.

The company has to undertake complete due diligence including the credit assessment and risk profiling of the borrowers and disclose the same to their prospective lenders.

Along with the rules as stated above, RBI has also laid down a few limitations and prudential norms to regulate the industry and avoid any wrongdoings. Some of the limitations are as follows:

- NBFC-P2P cannot provide or arrange any credit enhancement or credit guarantee;
- NBFC-P2P cannot facilitate or permit any secured lending linked to its platform; i.e. only clean loans will be permitted;
- NBFC-P2P cannot cross sell any product except for loan specific insurance products;
- NBFC-P2P shall maintain a Leverage Ratio not exceeding 2;
- The aggregate exposure of a lender to all borrowers at any point of time, across all P2Ps, shall be subject to a cap of ₹ 10 lakh
- The aggregate loans taken by a borrower at any point of time, across all P2Ps, shall be subject to a cap of ₹ 10 lakh
- The maturity of the loans shall not exceed 36 months.

RBI also voices that the business of an NBFC-P2P shall be primarily Information Technology (IT) driven. The technology should be scalable to handle growth in business. There should be adequate safeguards built in its IT systems to ensure that it is protected against unauthorized access, alteration, destruction, disclosure or dissemination of records and data.

(Source: RBI: Master Directions - Non-Banking Financial Company – Peer to Peer Lending Platform (Reserve Bank) Directions, 2017)

OUR BUSINESS

Some of the information in the following section, especially information with respect to our plans and strategies, contain certain forward-looking statements that involve risks and uncertainties. You should read “Forward-Looking Statements” on page 11, for a discussion of the risks and uncertainties related to those statements and “Risk Factors” on page 12, for a discussion of certain risks that may affect our business, financial condition, or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated, the financial information included herein is based on our Restated Consolidated Financial Statements for Fiscal 2018, 2017, 2016, 2015 and 2014 included in this Draft Letter of Offer. For further information, see “Financial Information” on page 143.

Overview

We are a financial services company with a focus on “discount broking” services, providing financial products through an online technology platform and mobile application. We provide services in capital market, futures & options and currency derivatives segments of BSE and NSE. We are a depository participant of CDSL and also a trading cum clearing member of BSE and NSE. We distribute mutual funds and IPO products and are also registered as a research analyst.

We are a technology driven company having primarily an online presence, providing services through a DIY (do-it-yourself) model and we charge a flat brokerage fee of ₹ 10 per order for all transactions instead of differential brokerage.

As of March 31, 2018, over one million users have downloaded our mobile application. Our customer base has grown from 4,937 in Fiscal 2017 to 57,703 in Fiscal 2018. Currently, 72% of the total client base are in Tier II and Tier III cities and 70% of the total turnover is from trades through our mobile app.

Our innovative product offerings, based on a deep understanding of customer behaviour, include completely paperless account opening, advanced technological solutions and robo-advisory services etc. With a robust trading platform, advanced mobile application and an artificial intelligence powered robo-advisory platform, we offer advanced technology-led services to our customers, leading to an enhanced user-friendly experience across the investment lifecycle.

We provide a wide range of financial services to our clients including and in relation to:

1. **Discounted stock broking services** - A trading platform for all types of investors in which we provide equity and currency broking services at a very low price. Our services are targeted at retail investors and high-volume traders who actively invest and trade in securities markets and seek DIY (do-it-yourself) services at a low cost. We provide an online technology platform to our clients through internet terminals and mobile applications for trading in securities in BSE and NSE.
2. **Clearing and Depository Services** – We are a depository participant of CDSL and Clearing Members of BSE and NSE. We provide clearing and depository services to our clients as part of our integrated services offering.
3. **Mutual fund distribution** - A mutual fund platform in which our clients can subscribe to a host of mutual fund products offered by various asset management companies and can avail the services of our robot advisory tool to help them select mutual fund products based on their risk profile and goals.
4. **Distribution of other financial products** –We aspire to be a one stop shop for all financial products in the retail segment. As a step towards the same, our platform facilitates our existing customers to subscribe or purchase premium advisory products, IPO funding, personal loans and home loans. We tie-up with respective service providers, apprise our customers on the availability of their products and generate leads for our partners for the purpose.
5. **Research Services** –We are a SEBI registered research analyst and we offer advisory services to our clients through the research undertaken by a team of research analysts.

We believe that our brand, reputation, and the strong and stable management team has enabled us in offering quality services to our customers at a low cost. Our Company was awarded the ‘Digital Start-up of the Year 2017’

award at the world digital marketing congress.

Recently, we have formed a wholly owned subsidiary namely 5paisa P2P Limited (“**5paisa P2P**”) which will operate as a peer-to-peer lending platform. An in-principle approval for registration as NBFC peer-to-peer lending platform (NBFC-P2P) from RBI has been received.

For the years ended March 31, 2018, March 31, 2017 and March 31, 2016, our total revenue from operations were ₹ 196.52 million, ₹ 74.67 million and ₹ (12.18) million, respectively, and for the years ended March 31, 2018, March 31, 2017 and March 31, 2016, we have reported a net loss which was ₹ (252.97) million, ₹ (116.90) million and ₹ (54.99) million, respectively.

We are an ‘online only’ model with administrative offices situated at Thane, Ahmedabad and Bengaluru. We believe that our online presence allows us to capitalize on opportunities to grow our financial product offerings. For further details, please see section titled “*Our Business – Properties*” on page 95.

Our competitive strengths

We believe that the following are our key strengths:

1. *Effective technological platform*

We are a technology based financial service provider. Our consistent effort in building a robust trading platform, advanced mobile app, artificial intelligence powered robo-advisory platform, paperless account opening platform are some examples of technology advancement. We strongly believe in making the entire investing experience of a customer seamless and hence have significantly invested in creating an efficient technological architecture comprising our product offering as well as operational processing. We believe that our focus on innovation and understanding customer behaviour provides us with a significant competitive advantage.

2. *Low cost of services and effortless user experience*

We are a low cost financial service provider and charge as low as ₹ 10 per order. We believe in providing an effortless user experience to our customers throughout the lifecycle of the investment at a low cost. Our completely paperless on-boarding of the client, learning videos to train on stock markets, speedy execution of trades, handy trade reports on the mobile app, after-trade support through our self-help portal and the interactive user interface with minimal human intervention contribute to providing a hassle-free service thereby enhancing customer experience

3. *Established brand with a large customer base*

We believe that in close to three years of operations 5paisa is now an established brand. On the digital front, we have had more than a million downloads of our mobile app. As on August 31, 2018, we had more than 280,000 followers on Facebook, more than 20,000 followers on Twitter. Our YouTube channel has over 20,000 subscribers and a total of more than five million video views. On the business front, we have acquired more than 1,00,000 customers in a short period of less than three years. As of August 31, 2018, we have an average combined daily exchange turnover of over ₹ 100,000 million on Equity (cash and derivate) segment, currency (NSE) and had approximately ₹ 850.19 million deposited with exchanges as margin. We have been awarded the ‘Digital Start-up of the Year 2017’ award at the world digital marketing congress.

4. *Robust risk management*

Management of risk is essential in the financial services business and we have in place a robust risk management mechanism. We have deployed resources in terms of technology, people and processes to manage our risk management function. We have established general risk management procedures for trading activities, such as instruments and stocks allowed for trading, position and trading limits and time based and risk based automatic square-off. Our entire limit setting is automated and standard. We have also bifurcated stocks in categories based on our internal policy, in addition to exchange prescribed groups. Standard differential limits are then set in the beginning of the day. We have a dedicated and experienced risk management team, which oversees our risk management functions. We review our risk management processes every quarter and modify such procedures, if necessary or appropriate. Our risk management team

monitors real-time market conditions and our clients' positions and informs our clients about potential risks and takes action accordingly.

5. *Experienced board of directors and strong management team*

Our Company has an experienced Board that oversees and guides our strategy and operations. Our Directors have experience in areas relevant to our business. We believe that the extensive relevant experience and financial acumen of our management and executives provide us with a distinctive competitive advantage. We have also introduced various learning and development programs which include training programs based on a systematic identification and review of existing gaps in the talent base. Our management team is responsible for formulating our business strategy, devising and executing marketing and sales plans, managing our service areas, diversifying our business and sector mix, ensuring strong operating and technology platforms and expanding our client relationships. We believe that our management's entrepreneurial spirit, leadership skills, insight into the market and customer needs provides us with a competitive advantage which will help us implement our business strategies. For further details on our Board, please see section titled "*Our Management*" on page 107.

6. *Customer education:*

We attract a lot of customers who are first time investors in capital markets. In order to educate prospective investors, we have started an educational series i.e. "5P School". Through 5P school we provide basic education to customers in simple and easy to understand language about various concepts of capital markets. We have four modules with 13 courses and 64 chapters explaining concepts pertaining to equity, derivative, technical analysis, fundamental analysis and mutual funds. To make the entire learning experience more effective we have also added short learning videos.

Our Business Strategies

The following are our key business strategies:

1. *Expand reach*

Client acquisition is the major focus of discount brokerage companies such as ours. For achieving the same, we propose to vigorously push the process of customer acquisition through aggressive marketing drive and increase our team strength in customer acquisition, customer services and operations. We believe that increase in internet penetration will complement the process of expanding its client base.

We aim on increasing our presence by leveraging technological innovations and focusing on investor segments which are currently underserved by traditional players. We believe that our approach of offering very low cost of service, complete paperless trading experience, multi product offering, all under one umbrella shall lead to faster growth in customer acquisitions. Acquiring more and more customers will continue to be our key focus area and with seamless user experience at the core of our strategy, we aim to ensure client retention as well. We further aim to strengthen our existing robust customer care services to enhance our client experience.

2. *Product development*

We aim to develop a comprehensive range of products which would serve various facets of investment cycle right from decision making to the execution of trades. Increasing the range of our product offering is the key to maintaining and growing our market share in this industry. Further, we seek to capture relevant insights into clients' behaviour, financial strength and goals which will enable us to provide effective advice to our clients based on a defined, exhaustive, data-driven algorithmic approach, with assessment of targets on a periodic basis and optimizing their performance by providing recommendations.

We shall strive to improve customers' experience on our website, mobile application and trading platform by constantly upgrading technology and investing in finding out more innovative solutions for our existing services and products. This will help us in creating a long-lasting relationship with our clients.

3. *Increase wallet share*

We offer a digital financial platform and we aim to be a one-stop shop for financial products which can be

served digitally. Along with our core offering of stock trading and distribution of mutual funds, we also offer distribution of various other financial products such as IPO funding, personal loans and home loans. We will continue to have this approach of adding value added products and services either through internal development or third-party tie-ups. These various products and services will ensure that we get a higher share of the customer wallet and also increase customer stickiness with the brand.

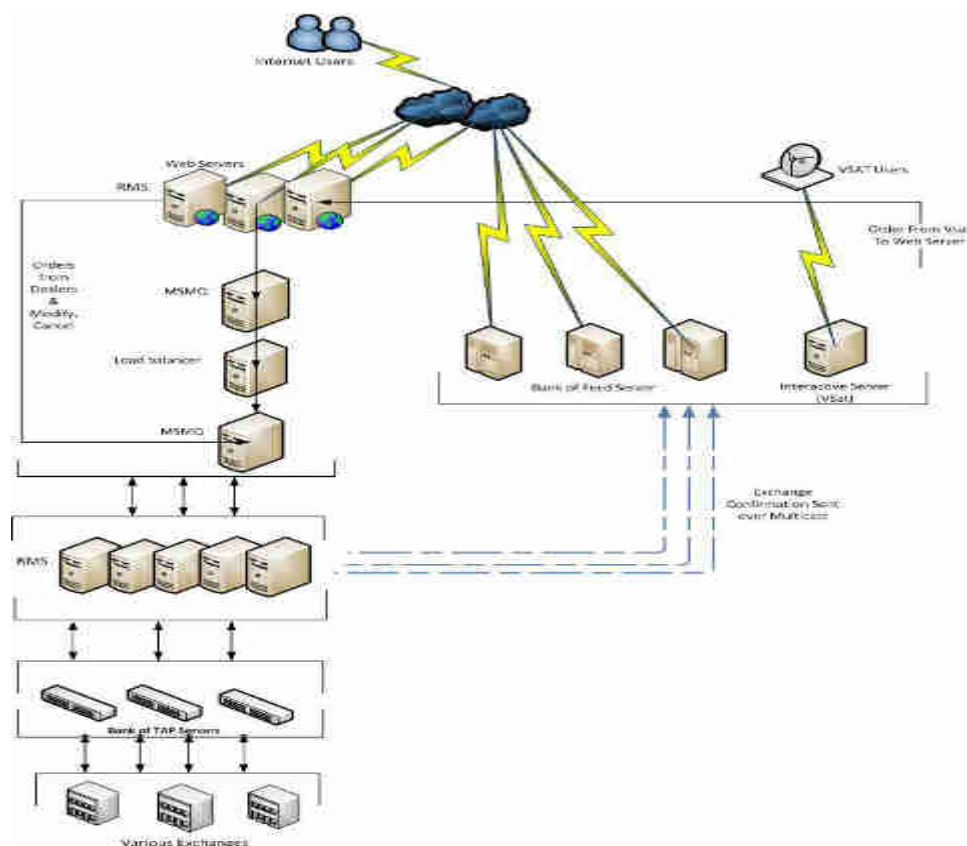
4. *Improve efficiency and productivity*

We focus a lot on improving our efficiency in all areas especially people, marketing and technology. We have put various processes in place like scorecards, and key performance indicators (“**KPIs**”) to monitor employee efficiency. We also monitor our marketing and branding campaigns and continuously work on improving vital parameters, thereby reducing cost. We have also undertaken projects like infrastructure virtualization, which has helped us reduce cost on hardware infrastructure. Our aim is to consistently work on various aspects of efficiency and productivity improvement, which will lead us to profitability.

Our Business Operations

A. *Broking*

We are a member of BSE and NSE for stock, derivative, and currency segments with more than 100,000 customers registered with us. We provide a trading platform for capital market, futures & options and currency derivatives segments of NSE and BSE. We offer discount broking services to our clients through an online technology platform and mobile application at a low cost ₹ 10 per order. Our registered clients can avail our online trading facilities on our website at www.5paisa.com and through our mobile application named “5paisa Trading and Robo-Advisory”. Our broking services are based on a DIY (do-it-yourself) model, which is supported with call and trade facility to enable our clients to trade over a phone call.



Online trading website

Our online trading portal is accessible through our website, www.5paisa.com and clients can directly execute the sale and purchase of securities. When a client sends a trade request, it is routed through the risk management system. The risk management system then verifies the margin requirement of the client and sends confirmation for the same. The trade request is then sent through satellite connection to the NSE or the BSE where the trade is executed. The client receives confirmation of such execution shortly after the original request is sent by them, in each case, subject to the end-user's internet connection speed. The website also provides many other facilities to clients such as objective financial information on Indian stocks presented under various filters to assist their investment decisions, streaming real-time quotes, integrated risk management and support for equity, debt, equity derivatives, currency derivatives, commodities and mutual funds.

Online trading mobile app

We have one of the fastest growing mobile trading application in terms of downloads. Our mobile app has over one million downloads on iOS (iPhone OS) and Google Play Store (Android). It facilitates trading in equity, futures and options, and currency derivatives with features like real time stock price display, live trading reports, multiple market watches, instant fund transfer, market depth, and charting. It is a convenient portal for trading in the form of a mobile platform. Trades through our app contribute more than 70% of our turnover.

Robo-advisory

We are one of the early entrants in providing robo-advisory solutions which offers 100% automated advisory platform using artificial intelligence and machine learning. As of August 31, 2018, 40,066 clients have opted for the advisory service and have saved investment plans based on their risk profile and needs.

B. *Depository services*

We are registered as a depository participant with the Central Depository Services (India) Limited (the "CDSL") for trading and settlement of dematerialised shares. As on August 31, 2018, we had 103,989 active demat accounts registered with us. We offer depository services to our broking clients as well as to non-broking clients, as a value-added service. As a depository participant with CDSL, we provide safe, convenient and cost-effective way to hold securities in the electronic form. Our services provide an integral platform to all our clients ensuring a risk free, efficient and prompt depository service. The effective management of transactions by skilled professionals has helped our Company gain the trust of clients over the years.

C. *Clearing services*

We are registered as a trading cum clearing member of BSE and NSE. We **provide** clearing services in relation to the trades executed by our clients in the cash segment, equity derivative segment and currency derivatives segment of BSE and NSE. We believe that the relationships we establish through our clearing services with various trading members on different stock exchanges, has helped us improve our brand recognition and allows for the cross selling of our financial products.

D. *Research services*

Our Company is registered as a research analyst with SEBI. Our research team, comprising dedicated research analysts, services our retail clients and high-volume traders. We provide research services on fundamental, technical and derivative sides. We employ qualified and experienced analysts who track economy, industries and companies on a regular basis. Our research team focuses on providing in-depth insightful research that is timely and valuable to our clients. Apart from in-house research and support, we also look for third party tie-ups to provide options to customers based on their preference. We have entered into investment advice transmission agreement dated July 11, 2017 with William O'Neil India Private Limited ("**Marketsmith India**"). Pursuant to this agreement, Marketsmith India provides non-client specific content to our Company. We have integrated their research service with our mobile app and website, thereby providing additional functionality in a convenient manner. Our existing customers can subscribe to this research service by paying fees either quarterly or annually.

E. *Distribution of financial products*

We are registered as a mutual fund distributor with AMFI (Association of Mutual Funds of India), and as a mutual fund intermediary (MFI) and mutual fund distributor (MFD) with BSE STAR MF.

Our platform provides clients access to a host of mutual fund products. As on August 31, 2018, for the mutual funds we distributed, we added ₹ 320 million to the Assets Under Management (AUM). We earn commissions from these AMC's to the extent of AUM raised by us.

We are also into distribution of IPOs. We use our relationship with our clients for marketing IPOs where we act as a broker. We have utilized our strength of network, clients - especially high networth individuals, and corporates with high liquidity, for distribution of financial products.

We also provide distribution of personal and housing loans, for which we have partnered with India Infoline Finance Limited, an RBI registered non-banking financial company, through whom we provide paperless disbursement of loans to our existing clients.

Technology and Infrastructure

Information Technology

We are committed towards investing in latest technologies so that our product offerings have a competitive edge for our customers to invest smartly with ease. Our technology platform, be our website or our mobile app, is robust and scalable. Our entire infrastructure is on cloud which gives us the flexibility to scale up almost instantly.

We are focused on enriching the trading product with multiple features such as span margin, margin funding, real-time funds transfer using IMPS/RTGS. Our latest technology stack around web using HTML5 and CSS/LeSS. CSS framework enables us to build features which are highly intuitive and responsive. In line with the growing digital ecosystem in India, we have implemented various payment features like IMPS, Paytm, UPI and also common verification services like e-sign, e-mandate, CIBIL, etc. Our robo-advisory platform further provides a completely automated algorithm to analyse the customer profile and investment objective to provide handpicked mutual funds to the customer in quick and easy steps. We have further enhanced our mobile app with new security features, for faster logins etc for customer ease. We also offer advanced research options on our Mobile App.

We have built our capability to adapt to changing market needs with lesser time-to-market using agile methodology of software deliveries.

As a part of quality assurance, we have test suites, smoke test/regression tests/vulnerability tests executed at various environments. To ensure maximum application uptime for customers, we have continuous monitoring performed on server space, CPU utilizations, application programming interface ("API") monitoring and tight service level agreements ("SLAs") followed for addressing customer grievances, if any, at technology end.

Risk Management and Internal Control Systems

Risk management is a key element of business sustainability and is integrated seamlessly across all of our business operations. The objective of risk management process is to optimise the risk-return equation and ensure prudent financial management; along with meticulous compliance with all extant laws, rules and regulations applicable to all our business activities.

We have adopted a risk management policy which *inter alia*, sets out our approach towards risk assessment, risk management, and risk monitoring. Our risk management policy is periodically reviewed by the Board, after taking into consideration changes in market conditions, regulatory changes and our internal business strategies. Through our risk management policy, we seek to constantly monitor and address risks such as technology obsolescence, attrition of talent, competition, and various other business risks, including financial, political, legal and regulatory risks. We believe that by monitoring and identifying risks on a regular basis, we can refine our internal risk management procedures and mitigate potential financial and non-financial loss to our Company.

Employee and employee relations

Our human resource department has been constantly striving to align with business, implement digital solutions, and build a culture of transparency and service orientation within the organisation. We have put in place people-friendly policies and practices in the past year and continues to focus on adopting best practices for our human resources policies.

As on August 31, 2018, we had 693 employees. We continue to attract professional and experienced talent from various sectors including, BFSI, Technology, software and start-ups. We have a dedicated training and development team which caters to areas of providing knowledge, building skills and supporting in areas of functional and technical development. With a strong focus on digital learning, our learning interventions right from induction to functional training and refresher courses, have been developed and deployed online, supported by technology enablers to enhance the user experience of anytime anywhere learning.

We are using multiple learning methodologies like e-learning modules, video-based modules, mobile based micro learning etc. to support our employees on the quest for professional development. We believe sensitivity towards driving a compliant business is ensured through learning aids/ modules covering topics such as anti-money laundering, prevention of sexual harassment, anti-bribery and corruption, information security etc. leadership acumen at various levels in hierarchy is developed through programs designed specifically to address real time business challenges.

Sr. No.	Particulars	Number of employees
1	Managerial level	12
2	Middle management	33
3	Lower management	648
	Total	693

Towards achieving employee retention and employee job satisfaction and creating effective retention strategies to decrease turnover, we have individual performance measures (IPMs), various feedback mechanisms to guide our employees from time to time. Apart from this we have introduced a 'Role Elevation Panel Process' to fast track careers of high-performers through a fair and transparent panel process. Monthly, quarterly and annual rewards and recognition programs are also conducted to not only appreciate the exemplary contributions of performing employees, but also make it aspirational for the others to leverage their potential. All this encourages our employees to perform their best and grow rapidly in their career within the organization.

Competition

We are a broking services company with focus on “discount broking” services providing online technology platform and mobile application services to our clients based on a ‘do it yourself’ model. Presently, besides us there are few other unlisted discount broking companies in operation such as Zerodha Capital Private Limited (Zerodha.com), Sunlight Broking LLP (Prostocks), Beeline Broking Limited (Beeline), RKSV Securities India Private Limited (Upstox), Swastika Investmart Limited (Trading Bells), Samco Securities Limited (Samco) etc. There are no other listed companies whose business model is similar to us. However, there are several full-service broking companies whose equity shares are listed on Indian Stock Exchanges. These companies besides providing integrated financial services including broking have also forayed into online broking services.

We compete on the basis of a number of factors, including technological innovation, the abilities and past performance of our professionals, market focus and the relative quality and price of our services and products. We intend to continue to develop our technology platform and evolve and improve our service and offerings in order to stay ahead of the competition and manage growth in an optimal way. For details in relation to the risks in relation to significant competition in our business, please see the section entitled, “*Risk Factors*” on page 12.

Intellectual Property

Our intellectual property include trademark associated with our business, such as “5paisa”. We have applied for registration of Trademark relating to “5paisa” under class 36 which is presently pending before the Registrar of Trademarks, Mumbai.

Insurance and Liability

We have stock brokers indemnity insurance and directors and officer’s liability insurance. CDSL has also taken

an insurance cover on behalf of its depository participants (which includes our Company) for professional indemnity. We also maintain a group health insurance policy and a term life insurance plan. Although we believe we are adequately insured, we could suffer from losses due to unforeseeable circumstances or adverse situations which may not be insurable. For details in relation to the risks in relation to inadequate insurance, please see the section entitled, “*Risk Factors*” on page 12.

Properties

Our Company does not own any property and operates out of leased premises, the details of which are set forth below:

Sr. No.	State	Address	Lessor	Lease validity
1.	Maharashtra	IIFL House, Sun Infotech Park, Road No. 16v, Plot no. B-23, Thane Industrial Area Wagle Estate, Thane, Maharashtra, India – 400 604.	IIFL Facilities Services Limited	September 1, 2023
2.	Karnataka	Soma Merit, First Floor No 9, Venkataswamy Naidu Street, Taskar Town, Shivaji Nagar, Bengaluru, Karnataka, India – 560 001.	Smt Merit Juveria Muneer, Sri M Khaliq Basha Saheb, Smt. Shamshadbegum, Smt. Zacriya Begam, Smt. K Zainab Saima, Smt. Huzefa Nasreen represented by Power of Attorney Holder Sri, N Noorul Ameen Sahib	July 16, 2020
3.	Gujarat	4th Floor, High Street- I, Above Promart Showroom, Opp. Law Garden, Near Law Garden Cross Road, Ahmedabad.	IIFL Holdings Limited	April 13, 2021

REGULATIONS AND POLICIES

The following is an overview of the important sector specific laws and regulations which are relevant to our business in India, which are applicable to our Company. The information in this chapter has been obtained from publications available in the public domain. The description of laws and regulations set out below is not exhaustive and is only intended to provide general information and is neither designed nor intended to be a substitute for professional legal advice.

Under the provisions of various Central Government and State Government statutes and legislations, our Company is required to obtain, and periodically renew certain licenses or registrations and to seek statutory permissions to conduct our business and operations. For information on regulatory approvals obtained by us, please see section titled “Government and Other Approvals” on page 257.

The statements below are based on the current provisions of Indian law, and the judicial, regulatory and administrative interpretations thereof, which are subject to change or modification by legislative, regulatory, administrative, quasi-judicial or judicial decisions/actions

Our Company is engaged in the business of a stock broker, mutual fund distributor, depository participant and a research analyst. Our Company’s primary business is in relation to the securities markets and the activities related to securities markets are regulated by SEBI and primarily governed by the provisions under the SCRA, SEBI Act, Depositories Act and the rules and regulations promulgated thereunder. In light of this, the important regulations governing our Company are detailed below:

Securities and Exchange Board of India Act, 1992

The SEBI Act was enacted to provide for the establishment of SEBI whose function is to protect the interest of investors and to promote the development of, and to regulate the securities market, and for matters connected therewith and incidental thereto. The SEBI Act regulates the functioning of SEBI and enumerates its powers. It also provides for the registration and regulation of the function of various market intermediaries such as stock brokers, merchant bankers, portfolio managers etc. In terms of the provisions under the SEBI Act, SEBI has the power to and has formulated various rules and regulations to govern the functions and working of these intermediaries. SEBI also issues various circulars, notifications and guidelines from time to time in accordance with the powers vested with it. SEBI has the power to impose (i) monetary penalty under the SEBI Act and the regulations made thereunder, and (ii) penalties prescribed under various regulations, including suspending or cancelling the certificate of registration of an intermediary and initiating prosecution under the SEBI Act. Further, SEBI has the power to conduct inspection of all intermediaries in the securities market, including, stock brokers, sub brokers, investment advisers, merchant bankers, underwriters, research analysts, to ensure, amongst others, that the books of account are maintained in the manner required in accordance with applicable law.

Securities Contracts (Regulations) Act, 1956

The SCRA seeks to prevent undesirable transactions in securities by regulating the business of dealing in securities and other related matters. The SCRA provides for grant of recognition for stock exchanges and clearing corporations by the Central Government (which has been delegated to SEBI). Every recognized stock exchange and clearing corporation is required to have in place a set of rules relating to its constitution and bye-laws for the regulation and control of contracts. It also deals with recognition, de-recognition, regulation/ control on the stock exchanges and clearing corporations and empowers the stock exchanges for making its own bye laws, rules and the provisions pertaining to listing of securities, delisting of securities and dealing in securities.

Securities Contracts (Regulations) Rules, 1957

The SCRR provides, among other things, the requirements with respect to listing of securities on a recognised stock exchange, the manner of submitting applications for recognition of stock exchanges, and the qualifications for membership of a recognised stock exchange. It also empowers SEBI to appoint persons to inspect the books of accounts and other documents to be maintained and preserved by every member of a recognised stock exchange, in terms of these rules.

Depositories Act, 1996

The Depositories Act provides for the regulation of depositories in securities and other related matters. Every person subscribing to securities offered by an issuer has the option either to receive the security certificates or hold securities with a depository. All securities held by a depository are required to be dematerialised and in a fungible form. A depository after obtaining a certificate of commencement of business from SEBI can enter into an agreement with one or more participants as its agent. Any person, through a participant, may enter into an agreement with any depository for availing its services. The depository enters in its records, the name of the owner of the securities as the beneficial owner; while the issuer, on receipt of the certificate cancels the certificate of security and substitutes in its records the name of the depository as a registered owner. However, the depository as a registered owner shall not have any voting rights.

SEBI (Stock-Brokers and Sub-Brokers) Regulations, 1992

The SEBI (Stock-Brokers and Sub-Brokers) Regulations (“**Broker Regulations**”) states that no person shall carry on activity as a stock broker unless he holds a certificate granted by SEBI. Further, the Broker Regulations provides the eligibility criteria and conditions required to be satisfied in order to obtain the certificate of registration. It further provides the procedure for obtaining the certificate of registration to carry on business as a stock broker and/or a sub-broker who is required to be affiliated to a stock broker registered under the Broker Regulations and clearing or self-clearing members. On registration, a stockbroker, sub-broker and clearing members are required to adhere to a code of conduct prescribed under the Broker Regulations. In addition, they are required to abide by the rules, regulations and bye-laws of the stock exchanges of which they are members. The penalties for failure to comply with the regulations are also laid down. SEBI has the authority to inspect the books of accounts of the intermediaries and take such appropriate action as it deems fit after giving an opportunity for hearing.

Pursuant to the SEBI circular dated August 3, 2018, SEBI has decided to discontinue with sub-brokers as intermediaries to be registered with SEBI. Accordingly, no fresh registration shall be granted to any person to act as a sub-broker and all registered sub-brokers shall have time until March 31, 2019, to migrate to act as an ‘Authorised Person’ and/or a trading member.

SEBI (Depositories and Participants) Regulations, 1996

The Depositories Regulations provide, *inter alia*, the eligibility criteria and the procedure for obtaining the certificate of registration to carry on business as a depository participant. They also provide various rights and obligations of the depository participants. On registration, the depository participant is required to adhere to a code of conduct prescribed under the Depository Regulations. The depository is deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of a beneficial owner. The depository does not have any voting rights or any other rights in respect of securities held by it. The beneficial owner of the securities is entitled to all the rights and benefits and is subjected to all the liabilities in respect of his securities held by a depository.

SEBI Mutual Fund Regulations and AMFI Guidelines

The SEBI Mutual Funds Regulations govern the law pertaining to the business of mutual funds in India. SEBI has made it mandatory for all mutual funds to appoint agents/distributors who are registered with AMFI. In case of firms/companies, the requirement of certification from National Institute of Securities Markets is made applicable to the persons engaged in sales or distribution of mutual fund products.

AMFI has issued guidelines for intermediaries in consonance with the SEBI Master Circular for Mutual Funds dated July 10, 2018. The primary objective of the AMFI Guidelines is to ensure that mutual fund intermediaries do not use unethical means to sell, market or induce any investor to buy units of their scheme(s) and mobilize funds on the strength of professional fund management and good practices. The AMFI Guidelines are mandatory and all such intermediaries are required to strictly comply with the code of conduct prescribed by AMFI.

SEBI (Research Analyst) Regulations, 2014 (“RA Regulations”)

The RA Regulations are applicable to all persons who prepare or publish the content of a research report or offer an opinion concerning a public offer and includes intermediaries registered with SEBI who are engaged in merchant banking, investment banking or brokerage or underwriting services and issuance of a research report or

research analysis. In terms of the RA Regulations, no person shall act as a “research analyst” or a “research entity” or hold itself out as a research analyst unless he has obtained registration from SEBI. The RA Regulations specify conditions of registration, certification, capital adequacy norms, educational and certification requirements, limitations on trading by research analysts, limitations on compensations of research analyst, various disclosure which are to be made during public appearance and during making recommendations through public media, code of conduct etc.

SEBI (Prohibition of Insider Trading) Regulations, 2015

The Insider Trading Regulations govern the law with respect to insider trading in India. The Insider Trading Regulations, *inter alia*, prohibit all insiders from dealing in securities of a listed company when the insider is in possession of unpublished price sensitive information (“UPSI”). It further prohibits an insider from communicating, counselling or procuring, directly or indirectly, any UPSI to any person who while in possession of such UPSI is likely to deal in such securities. Information is said to be price sensitive if it is likely to, directly or indirectly, materially affect the price of the securities of the company to which it relates. Under the Insider Trading Regulations, the concept of an insider is related to those of a connected person or is in possession of or having access to unpublished price sensitive information. Further, in terms of the Insider Trading Regulations, the board of directors of a market intermediary is required to formulate a code of conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with the Insider Trading Regulations, adopting the minimum standards set out in the Schedule B of the Insider Trading Regulations, without diluting the provisions of the Insider Trading Regulations in any manner.

SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007

The SEBI Certification of Associated Persons Regulations provide that any category of associated persons (as defined in terms of these regulations) may be required to obtain the requisite certifications for engagement or employment with intermediaries by SEBI. Through several notifications, SEBI has required approved users and sales personnel of trading members in currency derivative and equity derivative segments, distributors of mutual fund products, key managerial personnel of merchant bankers, compliance officers of intermediaries, research analysts and certain persons associated with stock brokers, trading members or clearing members to obtain the prescribed certification from National Institute of Securities Markets.

SEBI Intermediaries Regulations

The SEBI Intermediaries Regulations provide amongst other things, the manner of application for registration as an intermediary with SEBI, and the period of validity of the registration certificate. Further, the SEBI Intermediaries Regulations provides the general obligations of intermediaries, the appointment of compliance officer and the manner of redressal of investor grievances. All intermediaries are required to compulsorily abide by the code of conduct as specified under the SEBI Intermediaries Regulations. The SEBI Intermediaries Regulations also provide the criteria for determining “fit and proper person” for the purpose of other SEBI regulations, including the SEBI Merchant Bankers Regulations, the SEBI Stock Brokers and Sub-brokers Regulations, the SEBI Portfolio Managers Regulations, the SEBI Investment Advisers Regulations and the SEBI Research Analysts Regulations.

SEBI Intermediaries Circular on Conflicts

The SEBI Intermediaries Circular on Conflicts prescribes comprehensive guidelines to intermediaries and their associated persons for elimination of conflicts of interest. It prescribes guidelines for avoiding, dealing with, or managing, conflict of interest, including, developing internal procedures, maintaining high standards of integrity in conduct of business and developing an internal code of conduct to govern operations, appropriately disclosing potential sources or areas of conflict to clients and formulating standards of appropriate conduct in performance of their activities, which are in addition to the codes of conduct prescribed under relevant regulations governing intermediaries.

Prevention of Money Laundering Act

The Prevention of Money Laundering Act was enacted to prevent money laundering and to provide for confiscation of property derived from, or involved in money laundering, and for incidental matters connected therewith. Section 12 of the Prevention of Money Laundering Act casts certain obligations on, *inter alia*, banking companies in relation to preservation and reporting of customer account information. The RBI has advised all banks to go through the provisions of the Prevention of Money Laundering Act and the rules notified thereunder

and to take all steps considered necessary to ensure compliance with the requirements of section 12 of the Prevention of Money Laundering Act.

Laws relating to employment

The following is an indicative list of labour laws applicable to the business and operations of Indian companies as may be applicable in each state:

- Employees' Compensation Act, 1923;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees' State Insurance Act, 1948;
- Maternity Benefit Act, 1961;
- Minimum Wages Act, 1948;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and
- various Shops and Establishments acts.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was originally incorporated as a public limited company under the provisions of the Companies Act, 1956 as “India Infoline Finance Holdings Limited” pursuant to a certificate of incorporation dated July 10, 2007 issued by the RoC. Thereafter, our Company obtained the certificate for commencement of business on July 19, 2007 from the RoC. The name of our Company was subsequently changed to “IIFL Capital Limited” and a fresh certificate of incorporation dated November 6, 2007, consequent upon change of name, was issued by the RoC. Thereafter, the name of our Company was changed to “Spaisa Capital Limited”, and a fresh certificate of incorporation, consequent upon change of name, was issued by Registrar of Companies, Tamil Nadu at Chennai (where the registered office of our Company was located), on August 12, 2015.

Nirmal Bhanwarlal Jain and Venkataraman Rajamani became the Promoters of our Company, effective from October 20, 2017, pursuant to the Scheme of Arrangement. Prior to the Scheme of Arrangement, IIFL Holdings Limited was the promoter of our Company since July 10, 2007. Pursuant to the Scheme of Arrangement, “Spaisa Digital Undertaking” was transferred to our Company as a going concern basis and the entire share capital held by IIFL Holdings Limited in our Company were cancelled and in lieu of the same fresh Equity Shares were allotted to the shareholders of IIFL Holdings Limited.

Corporate Profile

For information of our Company’s corporate profile, including details of our business activities, services, products, technology, market and geographical segments, marketing, growth of our business, managerial competence, standing of our Company with reference to prominent competitors in connection with our products, services, managerial competence and major customers etc., see “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Risk Factors”, “Our Management” and “Financial Information” on pages 88, 219, 12, 107 and 143, respectively.

Changes in Registered Office

Except as disclosed below, there has been no change in the Registered Office of our Company:

Effective change of registered office	Details of the address of registered office	Reasons for change
April 24, 2010	Our Company shifted its registered office from 75, Nirlon Complex, off western Express highway, Goregaon, Mumbai 400 063, Maharashtra to IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane, Industrial Area, Wagle Estate, Thane, 400 604, Maharashtra	Administrative convenience
August 4, 2011	Our Company shifted its registered office from IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane, Industrial Area, Wagle Estate, Thane, 400 604, Maharashtra to 143 MGR road, Perungudi, Chennai 600 096, Tamil Nadu.	Administrative convenience
January 3, 2017	Our Company shifted its registered office from 143 MGR road, Perungudi, Chennai 600096, Tamil Nadu to IIFL House, Sun Infotech Park, Road No 16V, B-23, MIDC, Thane, Industrial Area, Wagle Estate, Thane, 400 604, Maharashtra.	Administrative convenience

Changes in name of our Company

The details of change in the name of our Company since incorporation are given below:

Effective date	Details of change	Reasons for change
November 6, 2007	The name of our Company was changed from “India Infoline Finance Holdings Limited” to “IIFL Capital Limited.”	The change in the name was made in view of the current trend of abbreviated names in the industry; the changed name reflected the name of India Infoline group companies.
August 12, 2015	The name of our Company was changed from “IIFL Capital Limited” to “5paisa Capital Limited”.	Keeping in view the industry trend, the name of our Company was changed with the intention to introduce retail online participation from customers.

Main Objects of our Company

The main objects contained in the Memorandum of Association of our Company are as follows:

1. *“To act as the financial consultants, management consultants, financial advisors and provide advisory services, consultancy services in fields including, general, administrative, secretarial, commercial, financial, legal, economic, technical, scientific, man power, direct and indirect taxation, commodities markets, capital market, business information, investment information, portfolio management, organizational behaviour, merchant banking, business management, statistical data on industries, economy, corporate within and outside India, administration, costing, financial management and marketing activities and other levies, statistical, accountancy, quality control and data processing to the industry, business, government and non-government institutions, corporate, financial institutions, individuals or any other bodies and to carry on the business of providing marketing and distribution services relating to financial products.”*
2. *To act as the asset management company, fund managers, financial intermediaries to manage and mobilise funds and assets of various companies, mutual fund, individual investors, trusts, HUF's, associations and other bodies corporate and carry on the activities of raising funds for and managing mutual funds, venture capital funds, unit trusts, offshore funds, pension funds, provident funds, insurance funds or any other funds, and to act as managers, consultants, advisors, administrators, attorneys, agents, or representatives of or for mutual funds, venture capital funds, unit trusts, offshore funds, pension funds, provident funds, insurance funds or any other funds formed or established in India or elsewhere by the Company or any other person (whether incorporated or not) or by any government, state, local authority, association, institution (whether incorporated or not) or any other agency or organisation.*
3. *To set up provide and or participate in providing venture capital, technology funds, private equity or any other funds for seed capital, risk capital foundation including giving guarantees or such other financial assistance as may be conducive for development of new enterprises, innovative methods of production and development of existing new technology, to identify projects, projects ideas, to prepare project profiles, project reports, market research, feasibility studies and reports, pre-investment studies and investigation of industries on micro and macro level; to undertake appropriate service to identify scope or potential for economic and industrial development in any particular geographical area or location whether in India or abroad; to act as lead managers in respect of project assignments by undertaking follow-up, supervision and co-ordination work at instance, behest or on behalf of banks, financial institutions, companies, bodies corporate and to monitor the same to the participants; to act as the adviser in the management of undertakings, business, enterprises, offices, trade, occupations, calling or professions by introducing modern methods and techniques and systems and render all assistance as may be necessary including by acting as agent for recruitment of personnel, technical, skilled technical, skilled, unskilled supervisory managerial or otherwise ,to act as an advisor in selection of technical process, economic size, source of plant and machinery, and other utilities for business entrepreneurs and to render insurance services including insurance broking and insurance agency business.*
- 3A *To act as a member of stock exchange(s) and to carry on the business as stock broker, sub-broker, underwriters, sub-underwriters, broker, agent in and to otherwise deal and/or trade and/or invest in stocks, shares, securities, debentures, bonds, depository receipts, derivative options, obligations, mutual funds, units, participation certificates, company deposits, deposit certificates, money market instruments, treasury bills,*

government securities, savings certificates, and to carry on the business of providing services of depository participant, custodian of securities, credit rating agency or any other intermediary associated with the securities market to conduct de-materialisation and re-materialisation of shares and to perform all related, incidental, ancillary and allied services.”

Amendments to our Memorandum of Association

Date of shareholders' resolution	Particulars
September 13, 2007	<p>a) Clause I of the Memorandum of Association was amended to reflect the change of name of our Company from “India Infoline Finance Holdings Limited” to “IIFL Capital Limited.”</p> <p>b) Clause III(A) of the Memorandum of Association was altered and replaced by the following clauses:</p> <p><i>MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION:</i></p> <p>“1. To act as the financial consultants, management consultants, financial advisors and provide advisory services, consultancy services in fields including, general, administrative, secretarial, commercial, financial, legal, economic, technical, scientific, man power, direct and indirect taxation, commodities markets, capital market, business information, investment information, portfolio management, organizational behaviour, merchant banking, business management, statistical data on industries, economy, corporate within and outside India, administration, costing, financial management and marketing activities and other levies, statistical, accountancy, quality control and data processing to the industry, business, government and non-government institutions, corporate, financial institutions, individuals or any other bodies and to carry on the business of providing marketing and distribution services relating to financial products.</p> <p>2(a). To act as the asset management company, fund managers, financial intermediaries to manage and mobilise funds and assets of various companies, mutual fund, individual investors, trusts, HUF's, associations and other bodies corporate and carry on the activities of raising funds for and managing mutual funds, venture capital funds, unit trusts, offshore funds, pension funds, provident funds, insurance funds or any other funds, and to act as managers, consultants, advisors, administrators, attorneys, agents, or representatives of or for mutual funds, venture capital funds, unit trusts, offshore funds, pension funds, provident funds, insurance funds or any other funds formed or established in India or elsewhere by the Company or any other person (whether incorporated or not) or by any government, state, local authority, association, institution (whether incorporated or not) or any other agency or organisation.</p> <p>2(b). To set up provide and or participate in providing venture capital, technology funds, private equity or any other funds for seed capital, risk capital foundation including giving guarantees or such other financial assistance as may be conducive for development of new enterprises, innovative methods of production and development of existing new technology, to identify projects, projects ideas, to prepare project profiles, project reports, market research, feasibility studies and reports, pre-investment studies and investigation of industries on micro and macro level; to undertake appropriate service to identify scope or potential for economic and industrial development in any particular geographical area or location whether in India or abroad; to act as lead managers in respect of project assignments by undertaking follow-up, supervision and co-ordination work at instance, behest or on behalf of banks, financial institutions, companies, bodies corporate and to monitor the same to the participants; to act as the adviser in the management of undertakings, business, enterprises, offices, trade, occupations, calling or professions by introducing modern methods and techniques and systems and render all assistance as may be necessary including by acting as agent for recruitment of personnel, technical, skilled technical, skilled, unskilled supervisory managerial or otherwise ,to act as an advisor in selection of technical process, economic size, source of plant and machinery, and other utilities for business entrepreneurs and to render insurance services including insurance broking and insurance agency business.”</p>

Date of shareholders' resolution	Particulars
	<p>c) Clause III(B) of the Memorandum of Association was altered to include the following additional clauses along with relevant renumbering of clauses:</p> <p>OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS</p> <p><i>“3(a) To form, promote, incorporate, hold, invest, acquire, sell, buy or otherwise deal in any shares., units, stocks, debentures, debenture-stock, bonds, mortgages, obligations and other securities by original subscription, tender, purchase, change, gift or otherwise and to subscribe for the same, either conditionally or otherwise, and to underwrite, sub-underwrite or guarantee the subscription thereof to purchase and sell the above mentioned securities of other company's whether in India or elsewhere.</i></p> <p><i>3(b). To carry on the business that is to undertake all functions and duties of trustee and to undertake and execute trusts of all kinds whether public or private including undertaking and carrying on the office or offices and duties of a trustee, executor, administrator, attorney, or nominee of or for funds of all kinds including mutual funds, offshore funds, venture funds, superannuation funds, provident fund and to hold the property in trust for the beneficiaries of the trust.</i></p> <p><i>3(c). To promote Public and Private Limited Companies, to invest in shares, debentures, bonds of such companies, and to undertake industrial ventures.</i></p> <p><i>3(d). To nominate the representative of the Company on the Board of other Companies in which the Company makes investments”</i></p>
October 19, 2010	<p>Clause III (A) of the Memorandum was altered to include the following clause after Clause 3:</p> <p>THE MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION</p> <p><i>“3A. to act as a member of stock exchange(s) and to carry on the business as stock broker, sub-broker, underwriters, sub-underwriters, broker, agent in and to otherwise deal and/or trade and/or invest in stocks, shares, securities, debentures, bonds, depository receipts, derivative options, obligations, mutual funds, units, participation certificates, company deposits, deposit certificates, money market instruments, treasury bills, government securities, savings certificates, and to carry on the business of providing services of depository participant, custodian of securities, credit rating agency or any other intermediary associated with the securities market to conduct de-materialisation and re-materialisation of shares and to perform all related, incidental, ancillary and allied services.”</i></p>
March 24, 2011	Clause II of the Memorandum of association was altered to reflect the change in address of the registered office of the company from State of Maharashtra to the State of Tamil Nadu.
July 28, 2015	Clause I of the Memorandum of Association was amended to reflect the change in name of our Company from “IIFL Capital Limited” to “Spaisa Capital Limited”.
September 12, 2016	Clause V of the Memorandum of Association was altered to reflect the increase in authorised share capital from ₹ 100,000,000 divided into 10,000,000 Equity Shares having face value of ₹ 10 each to ₹ 18,00,00,000 divided into 18,000,000 Equity Shares having face value of ₹ 10 each.
November 30, 2016	Clause II of the Memorandum of association was altered to reflect the change in address of the registered office of the company from State of Tamil Nadu to the State of Maharashtra.
January 25, 2018	Clause V of the Memorandum of Association was altered to reflect the increase in authorised share capital from ₹ 180,000,000 divided into 18,000,000 Equity Shares having face value of ₹ 10 each to ₹ 300,000,000 divided into 30,000,000 Equity Shares having face value of ₹ 10 each.

Major events and milestones of our Company

The table below sets forth the major events and milestones in the history of our Company:

Calendar year	Particulars
2007	Incorporated as India Infoline Finance Holdings Limited
2011	Became a member of the Stock Exchanges and was granted a certificate of registration as a “stock broker” by SEBI
2015	Registered with AMFI as a “mutual fund distributor” and was allotted an AMFI registration number Obtained approval from the Stock Exchanges for our internet trading application i.e. 5paisa Trade Station
2016	Obtained approval from the Stock Exchanges for its mobile application i.e., 5paisa Trading and robo-advisory. Launched the discount brokerage business offering execution of trades at flat ₹ 10 per order Became a member of CDSL and was granted a certificate of registration as a “depository participant” by SEBI
2017	Granted a certificate of registration as a “research analyst” by SEBI Demerger of our Company and IIFL Holdings Ltd. Company pursuant to the Scheme of Arrangement Got listed on the Stock Exchanges on November 16, 2017.

Awards and Accreditations

Calendar Year	Awards and accreditations
2018	Awarded the ‘Best Digital Start-up of the Year’ by World Digital Marketing Congress.

Strikes, lock-outs, injunctions, and restraining orders

There have been no lock-outs or strikes at any time in our Company and our Company is not operating under any injunction or restraining order.

Details regarding acquisition of business/ undertakings, mergers, amalgamation, revaluation of assets, if any

Details regarding the Scheme of Arrangement between IIFL Holdings Limited and 5paisa Capital Limited

The National Company Law Tribunal, Mumbai bench, had *vide* order dated September 6, 2017, sanctioned the Scheme of Arrangement between IIFL Holdings Limited (“**Demerged Company**”) and 5paisa Capital Limited, (the “**Resulting Company**”) and their respective Shareholders (the “**Scheme**”). The Scheme *inter alia* provided for demerger of 5paisa digital undertaking business from IIFL Holdings Limited to 5paisa Capital Limited. The effective date of the demerger was October 1, 2016.

Upon the Scheme coming into effect and in consideration of the transfer and vesting of the 5paisa digital Undertaking into our Company, 17,716,500 Equity Shares held by IIFL Holdings Limited in our Company were cancelled and in lieu of the same, the equity shareholders of IIFL Holdings Limited as on October 18, 2017, were allotted one Equity Share for every 25 equity shares of Rs 2 each fully paid-up held by such equity shareholders in IIFL Holdings Limited. Accordingly, 12,739,022 Equity Shares were issued and allotted to the said eligible shareholders of IIFL Holdings Limited on October 20, 2017. The Equity Shares of our Company so issued pursuant to the Scheme were listed and admitted for trading on the Stock Exchanges on November 16, 2017.

As per the Scheme, IIFL Holdings Limited transferred the assets and liabilities pertaining to 5paisa Digital Undertaking (“**Demerged Undertaking**”) at the respective carrying values as appearing in the books of accounts of IIFL Holdings Limited on October 1, 2016. The difference between the value of the assets and liabilities pertaining to Demerged Undertaking amounting to ₹ 47,709,974 (after adjusting for the amount to the share capital) has been recognised as capital reserve in the books of accounts of our Company as on appointed date.

Upon the Scheme becoming operative, all staff and employees of IIFL Holdings Limited pertaining to the Demerged Undertaking in service as on the effective date were deemed to have become staff and employees of our Company without any break in their service and continuance in other conditions of their employment.

Capital raising activities through equity and debt

Except as mentioned in “*Capital Structure*” on page 51, our Company has not raised any capital through equity. Our Company has not raised any capital through debt since its incorporation.

Defaults or rescheduling of borrowings with financial institutions/banks and conversion of loans into equity

There have been no defaults or rescheduling of borrowings with financial institutions/ banks in respect of our current borrowings from lenders. None of our outstanding loans have been converted into Equity Shares.

Changes in the activities of our Company during the last five years

Except as stated in this Draft Letter of Offer, there has been no change in the activities of our Company during the last five years which may have a material effect on the profit/ loss account of our Company including discontinuance of line of business, loss of agencies or markets and similar factors.

Injunction or restraining order

Our Company is not operating under any injunction or restraining order.

Revaluation of assets

Our Company has not revalued its assets since its incorporation.

Our shareholders

As on September 7, 2018, our Company had 25,874 shareholders. For further details regarding our shareholders, see “*Capital Structure*” on page 51.

Strategic or financial partners

Our Company does not have any strategic or financial partner.

Details of public/ rights issues made in the past five years

Except as disclosed in “*Capital Structure*” on page 51, our Company has not made public/ rights issues in the past five years.

Shareholders’ agreements

As on the date of this Draft Letter of Offer, there are no subsisting Shareholders’ agreements to which our Company is a party to. Further, to the extent that our Company is aware, there are no subsisting Shareholders’ agreements which have been entered inter se our Shareholders, as on the date of this Draft Letter of Offer.

Other agreements

Our Company has not entered into any material contract which is not in the ordinary course of business carried on or intended to be carried on by our Company in the last two years preceding this Draft Letter of Offer.

Our holding company

As on date of this Draft Letter of Offer, our Company does not have a holding company.

Our subsidiaries, associate companies and joint venture companies

As on date of this Draft Letter of Offer, our Company does not have any associate companies and joint venture companies. Our Company has one subsidiary, details in relation to the same are as follows:

5paisa P2P Limited

Corporate Information

5paisa P2P Limited (“**5paisa P2P**”) was incorporated on December 7, 2017 as a public limited company under the Companies Act, 2013. 5paisa P2P had filed an application with the RBI for obtaining the registration for NBFC Peer to Peer Lending Platform (NBFC-P2P) towards which RBI has granted in-principle approval. 5paisa P2P has not yet commenced operations.

Capital Structure

The authorised share capital of 5paisa P2P is ₹ 25 million divided into 2,500,000 equity shares of face value of ₹ 10 each, and the issued, paid-up, and subscribed share capital of the company is ₹ 20.50 million divided into 2,050,000 equity shares of face value ₹10 each.

Shareholding

The entire shareholding of 5paisa P2P Limited is owned by 5paisa Capital Limited.

Accumulated Profits or Losses

5paisa P2P has not yet commenced operations.

Interest of the Subsidiary in our Company

Our Subsidiary has not commenced operations as on the date of filing of this Draft Letter of Offer and it does not have any interest in our Company.

Transactions with our Subsidiary

There are no sales or purchases between our Company and our Subsidiary where such sales or purchases exceed in value in the aggregate 10.00% of the total sales or purchases of our Company, during the preceding five Fiscals.

Common Pursuits

5paisa P2P has not yet commenced operations. Our Company has adopted necessary procedures and practices as permitted by law to address any conflicting situations as and when they arise.

Other Confirmations

1. 5paisa P2P is not listed on any stock exchange in India or abroad nor has it been refused listing of its securities on any recognised stock exchange(s) in India or abroad and no penalty or suspension has been imposed by such exchange(s).
2. 5paisa P2P does not fall under the definition of sick companies under SICA, under the Insolvency Code and it is not under winding up.

OUR MANAGEMENT

As per our Articles of Association, our Company is required to have not less than three and not more than 15 directors unless otherwise determined by our Company in a general meeting. As on the date of this Draft Letter of Offer, our Company has five directors out of which two are independent directors.

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

Sr. No	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
1.	Dr. Archana Niranjn Hingorani <i>Designation:</i> Chairperson and Independent Director <i>Occupation:</i> Professional <i>Address:</i> 701, Orchid Breeze, 7 th Floor 16 th Road, Opp. Khar Gymkhana Ground, Khar, Mumbai 400 052 <i>Nationality:</i> Indian <i>Term:</i> Five years with effect from June 7, 2017 <i>DIN:</i> 00028037 <i>Date of appointment/ reappointment:</i> June 7, 2017	53	<ul style="list-style-type: none"> Alembic Pharmaceuticals Limited PNB Metlife India Insurance Company Limited Edmobile Labs Private Limited DEN Networks Limited SIDBI Venture Capital Limited
2.	Prakarsh Gagdani <i>Designation:</i> Whole Time Director and CEO <i>Occupation:</i> Service <i>Address:</i> 801, Solitair, Orchard Avenue Street, Powai Hiranandani Garden, Mumbai 400 076 <i>Nationality:</i> Indian <i>Term:</i> upto December 21, 2021 <i>DIN:</i> 07376258 <i>Date of appointment/ reappointment:</i> July 17, 2018	37	<ul style="list-style-type: none"> IIFL Insurance Brokers Limited 5paisa P2P Limited
3.	Sarbeswar Lenka <i>Designation:</i> Additional (Non-Executive) Director <i>Occupation:</i> Professional <i>Address:</i> 501, Dheeraj Devki CHS LTD, Hill Road, Opp. Bandra Police station, Bandra West, Mumbai 400 050 <i>Nationality:</i> Indian <i>Term:</i> Till ensuing annual general meeting <i>DIN:</i> 07306325 <i>Date of appointment/ reappointment:</i> July 18, 2018	60	
4.	Nirali Sanghi <i>Designation:</i> Independent Director <i>Occupation:</i> Professional <i>Address:</i> 23, Sea Gull, Carmichael Road, Near Japanese Consulate, Cumballa Hill, Mumbai 400 026 <i>Nationality:</i> American <i>Term:</i> Five years with effect from January 11, 2018 <i>DIN:</i> 00319389 <i>Date of appointment/ reappointment:</i> January 11, 2018	50	<ul style="list-style-type: none"> India Parenting Private Limited
5.	Santosh Jayaram <i>Designation:</i> Whole Time Director <i>Occupation:</i> Service <i>Address:</i> 1B, Jatin Das Road, Lake Market, Sarat Bose Road, Kolkata 700 029 <i>Nationality:</i> Indian <i>Term:</i> Three years with effect from January 11, 2018 <i>DIN:</i> 07955607 <i>Date of appointment/ reappointment:</i> January 11, 2018	30	<ul style="list-style-type: none"> 5paisa P2P Limited

Relationship between our Directors

None of our Directors are related to each other.

Brief Biographies of Directors

Dr. Archana Niranjana Hingorani, aged 53 years, is a Chairperson and Independent Director of our Company. She holds a bachelor's degree in arts from the University of Mumbai, a master's degree in business administration from the Graduate School of Business, University of Pittsburgh, USA and a doctorate degree in philosophy from the Joseph M. Katz Graduate School of Business, University of Pittsburgh, USA. She has 23 years of experience in financial services and private equity fund investment. Prior to joining our Company, she was associated with the IL&FS Group for 23 years, in various capacities, including being the CEO of IL&FS Investment Managers Limited. She has been the recipient of various awards such as 'Ten most influential women in private real estate investing' by PERE in 2010, 'Most Powerful Women' in 2014, 2015, 2016 and 2017 by Fortune India, 'Most Powerful Women' in 2011, 2012 and 2013 by Business Today, '25 Most Influential Women in Asia Asset Management' by Asian Investor in May, 2014, and 'Distinguished International Alumnus' in the year 2016 by the Katz Graduate School of Business, University of Pittsburgh, USA.

Prakarsh Gagdani, aged 37 years, is a Whole Time Director and CEO of our Company. He holds a post graduate diploma degree in portfolio management from Pondicherry University and has done his bachelor's in management studied from University of Mumbai. In the past, he was associated with Angel Fincap Private Limited for about 12 years where he was Vice President at the end of his employment.

Sarbeswar Lenka aged 60 years, is an Additional (Non-Executive) Director in our Company. He holds a degree of Bachelors of science from Utkal University, Bhubaneswar and he is also an associate member of The Indian Institute of Bankers. He has around 34 years of banking & financial services experience and has been associated with the State Bank of India and SBICAP Securities Limited. He was associated with Chhattisgarh Rajya Gramin Bank – Raipur as its Chairman from August 2012 to September 2015.

Nirali Sanghi, aged 50 years, is an Independent Director in our Company. She completed her master's in business administration from Columbia University (New York, USA). She founded India Parenting Private Limited in 1999 and serves as its Chief Executive Officer and President. Prior to that, she worked with the Boston Consulting Group (India) Private Limited from April 1, 1996 to March 10, 1999.

Santosh Jayaram aged 30 years, is a Whole Time Director of our Company. He holds a bachelor's degree in technology (manufacturing engineering) from NMIS University, Mumbai and a master's degree in business administration (in technology) from NMIS University, Mumbai. He has been associated with our Company since around three years and has about seven years of experience in the areas of business process re-engineering, digitisation, product development, mobile application development and user experience management.

Confirmation

None of our Directors is or was a director of any listed company during the last five years preceding the date of this Draft Letter of Offer, whose shares have been or were suspended from being traded on the BSE or NSE.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange during the term of their directorship in such company.

None of the Directors of our Company are or were associated as a director of any other company against which SEBI has initiated any proceedings or investigations during the tenure of their directorship in such other company. No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested as a member by any person either to induce such director to become, or to help such director to qualify as a Director, or otherwise for services rendered by him/ her or by the firm or company in which he/ she is interested, in connection with the promotion or formation of our Company.

None of the Directors of our Company has been declared as a wilful defaulter, as defined by the SEBI ICDR Regulations. There are no violations of securities laws committed by our Directors in the past and no such proceedings are pending against them.

Terms of appointment of the Executive Directors

Prakarsh Gagdani, pursuant to a Board resolution dated April 17, 2018 and shareholders' approval dated July

17, 2018, was re-appointed as the Whole Time Director of our Company for a period of three years until December 21, 2018. Set out below are the details of salary and benefits which Prakarsh Gagdani is entitled to:

A. **Period of appointment:** Until December 21, 2021.

B. **Remuneration:**

Basic Salary: ₹ 2,80,000 per month.

C. **Perquisites:**

Category (A):

1. Housing: Rent Free Accommodation or House Rent Allowance of ₹ 1,40,000 per month.
2. Medical Reimbursement for self and family as per the rules of the Company.
3. Leave Travel Assistance as per the rules of the Company.
4. Other perquisites as per service rules of the Company.

Category (B)

1. Contribution to Provident Fund, Superannuation Fund, Annuity Fund or Gratuity as per the rules of the Company.
2. Encashment of leave as per the rules of the Company.

The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of the Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof.

- D. **Increment:** Board / Nomination and Remuneration Committee can determine the remuneration on an annual basis subject to increment not exceeding 25% p.a. of basic salary, allowances and perquisites.
- E. **Commission/Bonus:** He shall be paid commission/Bonus as permissible under the Companies Act, 2013 and as determined by our Board / Nomination and Remuneration Committee from time to time.
- F. Subject as aforesaid, the Whole Time Director shall be governed by such other Rules as are applicable to the Senior Executives of the Company from time to time.
- G. The Company has in place the Employee Stock Option Schemes (ESOPs) and as per the ESOP Scheme, Prakarsh Gagdani will be eligible for the grant of ESOPs, as may be considered by our Board/ Nomination and Remuneration Committee from time to time.
- H. On January 29, 2018, 1,25,000 stock options were granted to Prakarsh Gagdani and the same are under vesting, as per the ESOP Scheme.
- I. The aggregate of the remuneration and perquisites as aforesaid in any Fiscal shall not exceed the limit from time to time under Section 197, Section 198 and other applicable provisions of the Act and Rules made thereunder, read with Schedule V of the said Act or any statutory modification(s) or re-enactment thereof for the time being in force, or otherwise as may be permissible at law.
- J. When in any Fiscal, the Company has no profits or its profits are inadequate, the remuneration including the perquisites as aforesaid will be paid to Prakarsh Gagdani in accordance with the applicable provisions of Schedule V of the Act, and subject to the approval of the Central Government, if required.
- K. The Board/Nomination and Remuneration Committee will review and recommend the remuneration payable to the Whole Time Director during the tenure of his appointment.
- L. Prakarsh Gagdani shall liable to retire by rotation.

Santosh Jayaram, pursuant to a Board resolution dated April 17, 2018 and shareholders' approval dated July 17,

2018, was appointed as the Whole Time Director of our Company for a period of three years with effect from January 11, 2018. Set out below are the details of salary and benefits which Prakarsh Gagdani is entitled to:

- A. **Period of appointment:** 3 years with effect from January 11, 2018.
- B. **Remuneration:**
Basic Salary: ₹ 60,174 per month.
- C. **Perquisites:**
Category (A):
1. Housing: Rent Free Accommodation or House Rent Allowance of ₹ 30,087 per month.
 2. Medical Reimbursement for self and family as per the rules of the Company.
 3. Leave Travel Assistance as per the rules of the Company.
 4. Other perquisites as per service rules of the Company.
- Category (B)
1. Contribution to Provident Fund, Superannuation Fund, Annuity Fund or Gratuity as per the rules of the Company.
 2. Encashment of leave as per the rules of the Company
- The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of the Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof.
- D. **Increment:** Board / Nomination and Remuneration Committee can determine the remuneration on an annual basis subject to increment not exceeding 25% p.a. of basic salary, allowances and perquisites.
- E. **Commission/Bonus:** He shall be paid commission/bonus as permissible under the Companies Act, 2013 and as determined by our Board / Nomination and Remuneration Committee from time to time.
- F. Subject as aforesaid, the Whole Time Director shall be governed by such other Rules as are applicable to the Senior Executives of the Company from time to time.
- G. The Company has in place the Employee Stock Option Schemes (ESOP) and as per the ESOP Scheme, Santosh Jayaram will be eligible for the grant of ESOPs, as may be considered by our Board/ Nomination and Remuneration Committee from time to time.
- H. On January 29, 2018, 20,000 stock options were granted to. Santosh Jayaram and the same are under vesting, as per the ESOP Scheme.
- I. The aggregate of the remuneration and perquisites as aforesaid in any Fiscal shall not exceed the limit from time to time under Section 197, Section 198 and other applicable provisions of the Act and Rules made thereunder, read with Schedule V of the said Act or any statutory modification(s) or re-enactment thereof for the time being in force, or otherwise as may be permissible at law.
- J. When in any Fiscal, the Company has no profits or its profits are inadequate, the remuneration including the perquisites as aforesaid will be paid to Santosh Jayaram in accordance with the applicable provisions of Schedule V of the Act, and subject to the approval of the Central Government, if required.
- K. Our Board/Nomination and Remuneration Committee will review and recommend the remuneration payable to the Whole Time Director during the tenure of his appointment.
- L. Santosh Jayaram shall liable to retire by rotation.

Payment or benefit to Directors of our Company

A. Details of remuneration paid to Executive Directors for Fiscal 2018 are as follows:

Sr. No.	Name of Executive Director	Total Remuneration (in ₹ million)
1.	Prakarsh Gagdani	5.28
2.	Santosh Jayaram	1.79

B. Details of remuneration paid to Non-Executive and Independent directors in Fiscal 2018

Pursuant to the resolution passed by our Board on May 2, 2017 our Independent Directors are entitled to receive a sitting fee of ₹ 30,000 for attending each meeting of our Board, ₹ 30,000 for attending each meeting of the Audit Committee and ₹ 15,000 for attending the meetings of the other Committees. The sitting fees paid to our Non-Executive and Independent Directors for Fiscal 2018 are as follows:

Sr. No.	Name of Director	Total Remuneration (including sitting fees) (in ₹ million)
1.	Dr. Archana Niranjan Hingorani	0.34
2.	Nirali Sanghi	0.04

Shareholding of Directors in our Company

As per our Articles of Association, our Directors are not required to hold any qualification shares.

The shareholding of our Directors as of the date of filing this Draft Letter of Offer is set forth below:

Name of Director	Number of Equity Shares	Percentage (%)
Prakarsh Gagdani	2,490	0.02
Total	2,490	0.02

Appointment of relatives of Directors to any office or place of profit

None of the relatives of our Directors currently hold any office or place of profit in our Company.

Arrangement or understanding with major shareholders, customers, suppliers or others

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on our Board of Directors.

Interest of Directors

All Directors may be deemed to be interested to the extent of their shareholding and dividend entitlement in our Company, fees payable to them for attending meetings of our Board or a committee thereof, to the extent of other remuneration and reimbursement of expenses, if any, payable to them, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

1. Interest in the property

Our Directors have no interest in any property acquired by our Company two years prior to the date of this Draft Letter of Offer, or proposed to be acquired by our Company, or in any transaction for acquisition of land, construction of buildings and supply of machinery.

2. Business interest

Except as stated in “Related Party Transactions” on page 141, and to the extent of their shareholding in our Company, if any, our Directors do not have any other interest in our business or our Company.

3. *Payment of benefits*

No amount or benefit has been paid or given within two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors.

4. *Loans to Directors*

No loans have been availed by the Directors from our Company. None of the beneficiaries of loans, advances and sundry debtors are related to the Directors of our Company.

5. *Bonus or profit sharing plan for the Directors*

None of the Directors are party to any bonus or profit sharing plan of our Company, except for Prakarsh Gagdani and Santosh Jayaram who may be entitled to bonus in accordance with the terms of their employment.

6. *Service contracts with Directors*

Except in respect of statutory benefits upon termination of their employment in our Company or on retirement, no officer of our Company, including our executive director and the Key Management Personnel have entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

7. *Interest in promotion of our Company*

Our Directors have no interests in the promotion of our Company as at the date of this Draft Letter of Offer.

Changes in our Board in the last three years

Name	Date of appointment/ change/ cessation	Reason
Vishal Rana	December 22, 2015	Resigned as Whole Time Director
Prakarsh Gagdani	December 22, 2015	Appointed as an additional Director and Whole Time Director
Prakarsh Gagdani	July 21, 2016	Confirmation of appointment as Director and Whole Time Director by shareholders
Krishna Visvanath Iyer	March 31, 2017	Appointed as an additional Independent Director
Krishna Visvanath Iyer	July 19, 2017	Confirmation of appointment as Independent Director by shareholders
Dr. Archana Niranjana Hingorani	June 07, 2017	Appointed as an additional Independent Director.
Dr. Archana Niranjana Hingorani	July 19, 2017	Confirmation of appointment as Independent Director by shareholders
Prakarsh Gagdani	January 11, 2018	Designated as Chief Executive Officer
Mohan Radhakrishnan	January 11, 2018	Resigned as Non- Executive Director
Krishna Visvanath Iyer	January 11, 2018	Resigned as Independent Director
Narendra Jain	January 11, 2018	Resigned as Non- Executive Director
Nirali Sanghi	January 11, 2018	Appointed as an additional Independent Director.
Santosh Jayaram	January 11, 2018	Appointed as an additional Director and Whole Time Director
Nirali Sanghi	July 17, 2018	Confirmation of appointment as Independent Director by shareholders
Santosh Jayaram	July 17, 2018	Confirmation of appointment as Director and Whole Time Director by shareholders
Prakarsh Gagdani	July 17, 2018	Reappointed as a Whole Time Director
Sarbeswar Lenka	July 18, 2018	Appointed as an Additional Non-Executive Director

Borrowing Powers of our Board

Our Articles of Association, subject to the provisions of the Companies Act, 2013, authorize our Board at its discretion to generally raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. Our Board is authorized to borrow money from banks, financial institutions or any other lending institutions or persons or such other corporates or entities as our Board may deem fit, notwithstanding that the money to be borrowed, together with the money already borrowed by our Company will exceed aggregate of its paid up share capital and free reserves, apart from temporary loans obtained from our Company's bankers in the ordinary course of business, up to a limit not exceeding in the aggregate ₹15,000 million.

Corporate Governance

The provisions relating to corporate governance prescribed under the SEBI Listing Regulations and Companies Act, 2013 are applicable to our Company. In respect of corporate governance, we are in compliance with the requirements of the applicable laws including SEBI Listing Regulations, equity listing agreement with the Stock Exchanges, the Companies Act, 2013, and the rules made thereunder. The corporate governance framework is based on an effective independent Board, separation of our Board's supervisory role from the executive management team and constitution of our Board committees and formulation of policies, each as required under law, including the SEBI Listing Regulations.

Our Board has been constituted in compliance with the Companies Act, 2013, the SEBI Listing Regulations and in accordance with best practices in corporate governance. Our Board functions either as a full board, or through various committees constituted to oversee specific operational areas.

Currently, our Board has five Directors. In compliance with the SEBI Listing Regulations, we have two Executive Directors, two Independent Directors and one Additional (Non-Executive) Director on our Board.

Committees of our Board

In addition to the committees of our Board detailed below, our Board may, from time to time, constitute committees for various functions.

1. Audit Committee

The members of the audit committee are:

Name of the member	Designation
Dr. Archana Niranjana Hingorani	Chairperson
Nirali Sanghi	Member
Sarbeswar Lenka	Member

The audit committee was constituted by a resolution of our Board dated March 31, 2017 and was last re-constituted by a resolution of our Board dated July 17, 2018. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations, and its terms of reference are as follows:

- (a) Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of our Company;
- (c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (i) Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - (ii) Changes, if any, in accounting policies and practices and reasons for the same;

- (iii) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (iv) Significant adjustments made in the financial statements arising out of audit findings;
 - (v) Compliance with listing and other legal requirements relating to financial statements;
 - (vi) Disclosure of any related party transactions; and
 - (vii) Qualifications/ modified opinions in the draft audit report.
- (e) Reviewing, the quarterly financial statements with the management before submission to the Board for approval;
 - (f) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 - (g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 - (h) Approval or any subsequent modification of transactions of our Company with related parties;
 - (i) Scrutiny of inter-corporate loans and investments;
 - (j) Valuation of undertakings or assets of our Company, wherever it is necessary;
 - (k) Evaluation of internal financial controls and risk management systems;
 - (l) Monitoring the end use of funds raised through public offers and related matters, if any;
 - (m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - (n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - (o) Discussion with internal auditors of any significant findings and follow up there on;
 - (p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 - (q) Discussion with statutory auditors before the commencement of the audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - (r) The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company;
 - (s) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - (t) To establish and review the functioning of the whistle blower mechanism;
 - (u) Approval of appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
 - (v) Related Party Transactions:
 - (i) all related party transactions shall require prior approval of the Audit Committee.

- (ii) the Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions, namely:
 - 1 the criteria for granting the omnibus approval shall be specified which shall be in line with the Company's policy on related party transactions and such approval shall be based on the factors namely repetitiveness of the transactions (in past or in future) and the justification for the need of omnibus approval;
 - 2 the Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;
 - 3 such omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- (iii) the omnibus approval shall specify:
 - 1 the name(s) of the related party, nature of transaction, period of transaction, maximum value of transactions that shall be entered into and the value of transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - 2 the extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - 3 the indicative base price or current contracted price and the formula for variation in the price if any;
 - 4 such other conditions as the Audit Committee may deem fit.

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction;

- (iv) the Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
 - (v) such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year;
 - (vi) However, such prior and omnibus approval shall not be required in case of the transactions entered into between the company and its wholly owned subsidiary/ subsidiaries whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.
- (w) Review of:
- (i) management discussion and analysis of financial condition and results of operations;
 - (ii) statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - (iii) management letters / letters of internal control weaknesses issued by the statutory auditors;
 - (iv) internal audit reports relating to internal control weaknesses;
 - (v) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
 - (vi) statement of deviations including:
 - 1 quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations;

- 2 annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations;
- (x) The Audit Committee shall have authority to investigate into any matter in relation to the items specified above and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company;
- (y) Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or the SEBI Listing Regulations or by any other regulatory authority.

2. *Nomination and Remuneration Committee*

The members of the nomination and remuneration committee are:

Name of the member	Designation
Nirali Sanghi	Chairperson
Dr. Archana Niranjana Hingorani	Member
Sarbeswar Lenka	Member

The Nomination and Remuneration committee was constituted by a resolution of our Board dated March 31, 2017 and was last re-constituted by a resolution of our Board dated July 17, 2018. The scope and function of the Nomination and Remuneration committee is in accordance with Section 178 of the Companies Act, 2013. The terms of reference of the nomination and remuneration committee are as follows:

- (a) Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (b) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees and while formulating this policy ensure that:
- (i) Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
- (ii) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- (iii) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of our Company and its goals and ensure that the policy is disclosed in the Board's report.
- (c) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- (d) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (e) Devising a policy on diversity of the board of directors.

3. *Stakeholders' Relationship Committee*

The members of the stakeholders' relationship committee are:

Name of the member	Designation
Nirali Sanghi	Chairperson
Dr. Archana Niranjana Hingorani	Member
Prakarsh Gagdani	Member

The stakeholders' relationship committee was constituted by a resolution of our Board dated October 13, 2017 and was reconstituted on January 11, 2018. The scope and function of the stakeholders' relationship committee is

in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations. The terms of reference of the stakeholders' relationship committee are as follows:

- (a) To consider and resolve stakeholders and investors grievances;
- (b) It shall consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends;
- (c) To approve allotment of shares, debentures and other securities as per the authority conferred to the Stakeholders Relationship Committee by the Board of Directors, from time to time;
- (d) To approve/ authorize the officers of the Company to approve requests for transfer, transposition, deletion, consolidation, sub-division, change of name/address etc. in respect of shares, debentures and securities received by the Company;
- (e) To review or address the complaints received by the Company from investors, SEBI, the Stock Exchanges, Ministry of Corporate Affairs, etc. and the action taken for redressal of the same and to suggest resolution of long pending complaints;
- (f) To approve and ratify the action taken by the authorized officers of the Company in compliance investors for issues of duplicate/replacement/consolidation/sub-division and other purposes for the shares, debentures and securities of the Company;
- (g) To monitor and expedite the status and process of dematerialisation and dematerialization of shares, debentures and securities of the Company;
- (h) To give directions for monitoring the stock of blank stationery and for printing of stationery required by the secretarial department of the Company, from time to time, for issuance of share certificates, debenture certificates, allotment letters, warrants, pay orders, cheques and other related stationary;
- (i) To review the status of unpaid dividend, interest and undelivered share certificates and measures taken by the Company to resolve or reduce them;
- (j) To ensure compliance of transfer of unpaid dividend and shares to investor education and protection fund on or before due date;
- (k) To monitor the progress of release of unpaid dividend and process of dissemination of these records in accordance with the prescribed guidelines, rules and regulations;
- (l) To review the results of any investigation or audit conducted by any statutory authority;
- (m) Review the effectiveness of the system for monitoring compliance with laws and regulations;
- (n) Review the mechanism of handling investor's complaints and the status of any pending complaints which remain unresolved or unattended;
- (o) Any significant or important matters affecting the interest of the Company.

Management Organisation Chart



Key Management Personnel

The details of the Key Management Personnel as on the date of this Draft Letter of Offer are as follows:

Prakarsh Gagdani, aged 37 years, is a Whole Time Director and Chief Executive Officer of our Company. For further details in relation to Prakarsh Gagdani, see section titled “*Our Management –Brief Biographies of Directors*” on page 108.

Santosh Jayaram, aged 30 years is a Whole Time Director of our Company. For further details in relation to Santosh Jayaram., see section titled “*Our Management –Brief Biographies of Directors*” on page 108.

Mahesh Shetty, aged 36 years, is the Chief Financial Officer of our Company since July 18, 2018. He holds a bachelor’s in commerce and bachelor’s in law degree from University of Mumbai and is a qualified Chartered Accountant, Cost Accountant and Company Secretary. He has 16 years of experience in the field of accounts and finance. Before joining our Company, he was associated with Oman India Investment Company Private Limited. He handles finance and accounts functions in our Company. Since he has been appointed on July 18, 2018, no remuneration has been paid to him for the last Fiscal.

Roshan Dave, aged 33 years, is the Company Secretary & Compliance Officer of our Company since February 1, 2018. He holds a Bachelor’s Degree in commerce and LL.B from Mumbai University and is a qualified company secretary from Institute of Company Secretaries of India. He has around eight years of experience in the field of secretarial, legal and compliance. In the past, he was associated with IIFL Securities Limited and ALBA Asia Private Limited. He handles secretarial, legal and compliance functions in our Company. The remuneration paid to him during the last Fiscal was ₹ 0.2 million.

None of our Key Management Personnel are related to each other or to the Directors.

All our Key Management Personnel are the permanent employees of our Company.

There is no arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any of our Key Management Personnel were appointed.

Shareholding of Key Management Personnel

Prakarsh Gagdani holds 2,490 Equity Shares and Roshan Dave holds one Equity Share of the Company. Apart from them, none of our other Key Management Personnel hold any Equity Shares in the Company.

Bonus or profit-sharing plan of the Key Management Personnel

None of the Key Management Personnel are party to any bonus or profit sharing plan of our Company, except for Prakarsh Gagdani and Santosh Jayaram who may be entitled to bonus in accordance with the terms of their employment.

Interests of Key Management Personnel

None of the Key Management Personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in the ordinary course of business. The Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held by them, if any.

None of the Key Management Personnel have been paid any consideration of any nature from our Company, other than their remuneration.

No loans have been availed of by the Key Management Personnel from our Company.

Contingent and deferred compensation payable to Key Management Personnel

Other than employee stock options there is no contingent or deferred compensation payable to our Key

Management Personnel.

Changes in our Key Management Personnel

The changes in our Key Management Personnel in the last three years are as follows:

Name	Date of change	Reason for change
Vishal Rana	December 22, 2015	Resigned as Whole Time Director
Prakarsh Gagdani	December 22, 2015	Appointed as Whole Time Director
Jayesh Sharma	February 15, 2017	Appointed as Company Secretary
Ankita Lakhotia	March 31, 2017	Appointed as Chief Financial Officer
Jayesh Sharma	October 13, 2017	Resigned as Company Secretary
Harshit Choudhary	October 13, 2017	Appointed as Company Secretary
Santosh Jayaram	January 11, 2018	Appointed as Whole Time Director
Harshit Choudhary	January 31, 2018	Resigned as Company Secretary
Roshan Dave	February 01, 2018	Appointed as Company Secretary
Ankita Lakhotia	July 17, 2018	Resigned as Chief Financial Officer
Prakarsh Gagdani	July 17, 2018	Re-appointed as Whole Time Director
Mahesh Shetty	July 18, 2018	Appointed as Chief Financial Officer

Payment or Benefit to officers of our Company

Except as disclosed in this Draft Letter of Offer, no non-salary amount or benefit has been paid or given or is intended to be paid or given to any of our Company's employees including the Key Management Personnel and our Directors within two preceding years.



EMPLOYEE STOCK OPTION

For details of options granted under 5PCL ESOS 2017 see "*Capital Structure – Employee Stock Option Schemes of our Company*" on page 54.

OUR PROMOTER AND PROMOTER GROUP

The Promoters of our Company are Nirmal Bhanwarlal Jain and Venkataraman Rajamani. As on the date of this Draft Letter of Offer, our Promoters collectively hold 2,614,977 Equity Shares equivalent to 20.52% of the pre-Issue paid-up Equity Share capital of our Company. Our Promoters will continue to hold [●] of the post-Issue paid-up Equity Share capital of our Company. For details, see “*Capital Structure – Build-up of our Promoters shareholding in our Company*” on page 52.

Details of our Promoters

	<p>1. Nirmal Bhanwarlal Jain</p> <p><i>Nirmal Bhanwarlal Jain</i>, aged 51 years, is the Promoter of our Company.</p> <p>Address: 101-A, Ashoka Guruprasad CHS Ltd. Hanuman Road, Vile Parle (East) Mumbai 400 057</p> <p>Voter ID: AMD3028164</p> <p>Driving License: MH-02-92-10565.</p> <p>Nirmal Bhanwarlal Jain holds a post-graduate diploma in management from Indian Institute of Management, Ahmedabad and is a Chartered accountant and a Cost accountant. He has about 23 years of experience in financial services and other sectors. He is the founder and chairman of IIFL Holdings Limited. He founded Probit Research and Services Limited (later renamed to IIFL Holdings Limited) in the year 1995. He has been instrumental in steering the IIFL Group into various financial sector activities. He has been conferred with the CA Entrepreneur Leader Award in the Financial Services Industry.</p> <p>Other than, IIFL Holdings Limited, Pratham Education Foundation, IIFL Home Finance Limited, IIFL Wealth Management Limited, India Infoline Finance Limited, MNJ Consultants Private Limited, he is not involved as a director in any other ventures.</p>
	<p>2. Venkataraman Rajamani</p> <p><i>Venkataraman Rajamani</i>, aged 50 years, is the Promoter of our Company.</p> <p>Address: 604, Glen Heights Hiranandani Gardens, Powai, Andheri - 400076</p> <p>Voter ID: SHA1673714</p> <p>Driving License: MH-02-19960019154</p> <p>Venkataraman Rajamani holds degree of B. Tech (electronics and electrical communications engineering) degree from Indian Institute of Technology, Kharagpur and post graduate diploma in management from Indian Institute of Management, Bengaluru. He joined IIFL in the year 1999 and is currently the co-promoter and managing director of IIFL Holdings Limited</p> <p>Other than, IIFL Holdings Limited, IIFL Home Finance Limited, Samasta Microfinance Limited, IIFL Wealth Management Limited and India Infoline Finance Limited, he is not involved as a director in any other ventures.</p>

We confirm that the PAN, passport number and bank account numbers of our individual Promoters have been submitted to the Stock Exchanges at the time of submission of this Draft Letter of Offer with them.

Interests of Promoters in promotion of our Company

Our Promoters are interested in our Company to the extent that they promote our Company, to the extent of their shareholding in our Company and the dividends payable, if any, and any other distributions in respect of the Equity Shares held by them. For details of our Promoters’ shareholding in our Company, see “*Capital Structure-Notes on Capital Structure*” on page 51.

Interest of Promoters in property of our Company

None of our Promoters are interested in the properties acquired or proposed to be acquired by our Company in the two years preceding the date of this Draft Letter of Offer, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Business Interest

None of our Promoters are interested as a member of a firm or company and no sum has been paid or agreed to be paid to any of our Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by such Promoter(s) or by such firm or company in connection with the promotion or formation of our Company.

Related Party Transactions

For details of related party transactions entered into by our Company with our Promoters and Group Companies during the last Fiscal, the nature of transactions and the cumulative value of transactions, see “*Related Party Transactions*” on page 141.

Payment or Benefits to Promoters or Promoter Group

Except in the ordinary course of business and otherwise as disclosed in the section titled “*Related Party Transactions*” on page 141, there has been no payment or benefit provided to our Promoters or Promoter Group by our Company during the two years preceding the date of this Draft Letter of Offer, nor is there any intention to pay or give any benefit to our Promoters or Promoter Group.

Except as stated in “*Related Party Transactions*” on page 141, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Letter of Offer or proposes to enter into any such contract in which our Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with.

Experience of the Promoters in the business of our Company

Our Promoters Nirmal Bhanwarlal Jain and Venkataraman Rajamani have been associated with our Company as its Promoters from October 20, 2017, pursuant to the Scheme of Arrangement between IIFL Holdings Limited and our Company. Our Promoters are Directors of IIFL Holdings Limited, which was the Promoter of our Company from July 10, 2007 to September 30, 2017.

Disassociation by our Promoters in the preceding three years

Except as disclosed below, our Promoters have not disassociated themselves from any company during the preceding three years:

S. No.	Name of the disassociated entity	Reasons for and terms of disassociation	Date of disassociation
1.	Sunder Bhanwar Holiday Home Private Limited (“SBHPL”)	Nirmal Jain was one of the promoters of SBHPL. He sold his entire stake in the SBHPL.	March 4, 2018

Confirmations

- Our Promoters, relatives of our Promoters and members of our Promoter Group have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI and there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against them.
- Our Promoters are not, and have not been, in the past, promoter(s), director(s) or persons in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

- Except as disclosed in “*Outstanding Litigation and Material Developments*” on page 240 there is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last five years preceding the date of this Draft Letter of Offer against our Promoters.
- Our Promoters are not and have never been a promoter, director or person in control of any other company which is debarred from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority or which is a wilful defaulter as categorized by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.
- Our Promoters are not interested in any other entity which holds any intellectual property rights that are used by our Company.
- Our Promoters and their immediate relatives have not given any loan to our Company, secured or unsecured, as on date of this Draft Letter of Offer. Further, our Promoters have not given any guarantee to a third party with respect to loans, secured or unsecured, availed by our Company as on date of this Draft Letter of Offer. Further, our Promoters are not related to any beneficiary of loans and advances provided by our Company.
- Except as disclosed in “*Related Party Transactions*” on page 141, there have been no sales or purchases between our Company and Promoter Group where such sale or purchase exceeded in value in the aggregate of 10% of the total sales or purchase of our Company.
- Our Promoters are not related to any of the sundry debtors of our Company.
- Our Promoters have not taken any unsecured loans which may be recalled by the lenders at any time.

Change in the management and control of our company

Our Company was incorporated on July 10, 2007 and was originally promoted by IIFL Holdings Limited as its wholly owned subsidiary. Pursuant to the Scheme of Arrangement, with effect from the effective date i.e. September 30, 2017, the entire shareholding of our erstwhile promoter i.e., IIFL Holdings Limited was cancelled and in lieu thereof, our Company allotted Equity Shares to the shareholders of IIFL Holdings Limited. Pursuant to the Scheme of Arrangement, Nirmal Bhanwarlal Jain and Venkataraman Rajamani became the Promoters of our Company. For details, see “*History and Certain Corporate Matters – Details regarding the Scheme of Arrangement between IIFL Holdings Limited and 5paisa Capital Limited*” on page 104.

Promoter group

In addition to the Promoters named above, the names of the persons and entities constituting the Promoter Group of our Company in terms of Regulation 2(I)(zb) of the SEBI ICDR Regulations are set out below:

1. Natural persons who are part of the Promoter Group

The natural persons who are part of the Promoter Group (due to their relationship with our Promoters), other than our Promoters, are as follows:

Name of the Promoter	Name of the relative	Relationship with the Promoter
Nirmal Bhanwarlal Jain	Madhu N. Jain	Spouse
Venkataraman Rajamani	Aditi Athavankar	Spouse

2. Entities forming part of the Promoter Group

- Ardent Impex Private Limited
- Orpheus Trading Private Limited
- Kalki Family Private Trust (Aditi Avinash Athavankar being the trustee of this trust)

Shareholding of the Promoter Group in our Company

For details of shareholding of members of the Promoter Group as on the date of this Draft Letter of Offer, see section titled “*Capital Structure – Notes to Capital Structure*” on page 51.

GROUP COMPANIES

*In terms of the SEBI ICDR Regulations, for the purposes of identification of group companies for disclosure in connection with the Issue, our Company has considered companies which are included in the list of related parties in our Restated Consolidated Financial Statements (“**Relevant Period**”) in accordance with applicable accounting standards, i.e. Accounting Standard 18 (“**AS 18**”) and such other companies considered material by our Board. Our Subsidiary is also appearing in the list of related parties in our Restated Consolidated Financial Statements in accordance with AS 18. For further details of our Subsidiary, see “History and Certain Corporate Matters- Our subsidiaries, associate companies and joint venture companies” on page 105..*

*Pursuant to the materiality policy adopted by our Board of directors through its resolution dated September 12, 2018 (“**Materiality Policy**”), for the purpose of disclosure in this Draft Letter of Offer, a company shall be considered as a material ‘Group Company’ by our Board, if such company is: (a) a member of the ‘Promoter Group’ (as defined under the SEBI ICDR Regulations); (b) has not been disclosed as related parties in accordance with the applicable accounting standards; and (c) has entered into one or more transactions with our Company during the last completed fiscal (i.e., Fiscal 2018), which cumulatively in value exceeds 10 % of the total standalone revenue of our Company, as per the last restated standalone financial statements of our Company included in this Draft Letter of Offer; and (d) such company which would be considered as a related party in terms of AS 18, in the financial statements of the Company for periods subsequent to the Relevant Period, up to the date of filings of the offer documents.*

On the basis of the Materiality Policy, other than the companies already covered under AS 18 in the Restated Consolidated Financial Statements, no company was considered to be material by our Board for the purposes of disclosure in this Draft Letter of Offer. It is clarified that the companies which (a) subsequent to the Relevant Period have ceased to be related parties of our Company in terms of AS 18, and (b) are consolidated under Accounting Standard 21, shall not be considered as ‘Group Companies’ for the purposes of disclosure in this Draft Letter of Offer. It is further clarified that in addition to the entities covered above, if companies which, subsequent to the Relevant Period, become related parties in accordance with the applicable accounting standard shall be considered as ‘Group Companies’ for the purposes of disclosure in this Draft Letter of Offer.

The following are our Group Companies:

1. IIFL Holdings Limited
2. India Infoline Finance Limited
3. IIFL Wealth Management Limited
4. IIFL Home Finance Limited (Formerly India Infoline Housing Finance Limited)
5. IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited)
6. IIFL Facilities Services Limited (Formerly IIFL Real Estate Limited)
7. IIFL Securities Limited (Formerly India Infoline Limited)
8. Samasta Microfinance Limited
9. IIFL Management Services Limited (Formerly India Infoline Insurance Services Limited)
10. IIFL Insurance Brokers Limited (Formerly India Infoline Insurance Brokers Limited)
11. India Infoline Media & Research Services Limited
12. IIFL Commodities Limited (Formerly India Infoline Commodities Limited)
13. IIFL Trustee Limited
14. IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)
15. IIFL Alternate Asset Advisors Limited
16. IIFL Distribution Services Limited
17. IIFL Investment Adviser and Trustee Services Ltd
18. IIFL Private Wealth Hong Kong Limited
19. IIFL Private Wealth Management (Dubai) Limited
20. IIFL Inc
21. IIFL Wealth (UK) Limited
22. IIFL Private Wealth (Suisse) SA
23. IIFL Capital Inc.
24. IIFL Asset Management (Mauritius) Limited
25. IIFL (Asia) Pte. Limited
26. IIFL Capital Pte. Limited
27. IIFL Securities Pte. Limited
28. IIFL Asset Reconstruction Limited
29. Ayusha Dairy Private Limited

30. IIFL Wealth Securities IFSC Limited
31. IIFL Securities Services IFSC Limited
32. IIFL Capital (Canada) Limited
33. Clara Developers Private Limited
34. India Infoline Foundation
35. Ardent Impex Private Limited
36. Orpheus Trading Private Limited

Details of our Group Companies

As on date of this Draft Letter of Offer, amongst our Group Companies, the equity shares of only one Group Company are listed on the Stock Exchanges. Following are the five largest Group Companies of our Company:

1. IIFL Holdings Limited
2. India Infoline Finance Limited
3. IIFL Home Finance Limited
4. IIFL Wealth Finance Limited
5. IIFL Wealth Management Limited

Details of our Group Companies are provided below:

1. *IIFL Holdings Limited (“IHL”)*

Corporate information

IHL was originally incorporated as “Probity Research and Services Private Limited”, a private limited company under the provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated October 18, 1995 by the registrar of companies. Subsequently, IHL was converted into a public limited company and its name was changed to “Probity Research and Services Limited” pursuant to the issuance of fresh certificate of incorporation dated April 28, 2000, by the registrar of companies. Subsequently, the name of IHL was changed to “India Infoline.com Limited” pursuant to the issuance of a fresh certificate of incorporation dated May 23, 2000 by the registrar of companies. Subsequently, the name of IHL was changed to “India Infoline Limited” pursuant to the issuance of fresh certificate of incorporation dated March 23, 2001, by the registrar of companies. Subsequently, the name of IHL was changed to “IIFL Holdings Limited” pursuant to the issuance of fresh certificate of incorporation dated February 18, 2014, by the registrar of companies.

IHL is registered with SEBI as a merchant banker and investment adviser and is, *inter alia*, engaged in the business of wealth management, financing, investment banking, capital markets and insurance and financial products distribution etc. through its various subsidiaries.

On October 16, 2015, the FIH Mauritius Investments Ltd (“**Acquirer**”) and HWIC Asia Fund (Class A Shares), I Investments Limited and FIH Private Investments Ltd (“**Persons Acting in Concert**” or “**PACs**”) made an open offer to the shareholders of IIFL Holdings Limited pursuant to acquisition of up to 26% of the post offer equity share capital of IIFL Holdings Limited. In relation to the open offer, the Acquirer and the PACs gave an undertaking to SEBI, *inter alia*, stating that: (i) they will not exercise voting rights on resolutions placed before equity shareholders of IIFL Holdings Limited in relation to such number of equity shares held by them that represent more than 25% of the paid up equity share capital of IIFL Holdings Limited at the time of voting on the relevant resolution; and (ii) they will not acquire additional equity shares of IIFL Holdings Limited to exceed the 39.97%, including by way of a creeping acquisition of upto 5% of the equity share capital under Regulation 3(2) of the Takeover Regulations unless the Acquirer and PAC make an open offer or obtain the prior consent of SEBI for such acquisition. Further, the Acquirer and the PACs clarified that they are financial investors and do not intend to acquire control of IIFL Holdings Limited and appoint any additional directors on the board of directors of IIFL Holdings Limited and IIFL Holdings Limited will continue its business operations under its present management as it has done in the past, and the acquisition of the equity shares will not have any repercussions on the employment and IIFL Holdings Limited’s place of business.

The board of Directors of **IIFL Holding Limited (“IHL”)** at its meeting held on January 31, 2018, approved the draft composite scheme of arrangement amongst IHL, India Infoline Media and Research Services Limited (“**IIFL M&R**”), IIFL Securities Limited (“**IIFL Securities**”), IIFL Wealth Management Limited (“**IIFL Wealth**”), India Infoline Finance Limited (“**IIFL Finance**”), IIFL Distribution Services Limited (“**IIFL Distribution**”), and their

respective shareholders, under Sections 230-232 and other applicable provisions of the Companies Act, 2013 (“Scheme”) which *inter-alia*, envisages the following:

- amalgamation of IIFL M&R with IHL;
- demerger of the Securities Business Undertaking (as defined in the scheme) of IHL into IIFL Securities;
- demerger of the Wealth Business Undertaking (as defined in the scheme) of IHL into IIFL Wealth;
- amalgamation of IIFL Finance with IHL; and
- transfer of the Broking and Depository Participant Business Undertaking (as defined in the Scheme) of IIFL Wealth to its wholly owned subsidiary i.e., IIFL Distribution, on a going-concern basis.

The appointed date for the amalgamation of IIFL M&R with IHL was opening hours of April 1, 2017 and for all the other steps, the appointed date was opening hours of April 1, 2018. The scheme will be given effect upon receipt of requisite approvals of NCLT and of various regulatory authorities. The draft Scheme is available on websites of IIFL Holdings Ltd i.e. www.iifl.com and also on the websites of NSE and BSE.

Interest of our Promoters

Our Promoters Nirmal Bhanwarlal Jain and Venkataraman Rajamani, directly hold 4,79,52,000 and 10,909,432 issued, subscribed and paid up equity shares of face value of ₹ 2 each, respectively of IHL, amounting to 15.03% and 3.42% of the issued, subscribed and paid up capital of IHL, respectively. Further, Nirmal Bhanwarlal Jain is the executive chairman of IHL and Venkataraman Rajamani is the managing director of IHL.

Financial Information

The following information has been derived from the audited financial statements of IHL for the last three Fiscals:
(in ₹ million, except per share values)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Equity capital	637.96	635.82	633.07
Reserves and surplus (excluding revaluation)	50,018.77	43,178.37	32,888.09
Sales/Turnover	64,375.56	49,247.32	39,626.43
Profit/(Loss) after tax	11,620.77	8,221.80	5,548.08
Earnings per share (₹) (Basic)	28.63	21.64	16.33
Earnings per share (₹) (Diluted)	28.55	21.52	16.22
Net asset value per share (₹)	158.81	137.82	105.90

Significant notes by auditors

There are no significant notes of the auditors for the last three Fiscals.

Share price information

The equity shares of IHL are listed on NSE and BSE.

The details of the highest and the lowest prices on NSE during the preceding six months are as follows:

Month	Month High	Month Low
March, 2018	874.00	685.00
April, 2018	806.05	695.55
May, 2018	774.00	653.20
June, 2018	748.00	660.20
July, 2018	685.00	590.00
August, 2018	754.00	669.40

The details of the highest and the lowest prices on BSE during the preceding six months are as follows:

Month	Month High	Month Low
March, 2018	872.70	688.25
April, 2018	810.00	701.00
May, 2018	770.00	655.60

Month	Month High	Month Low
June, 2018	747.80	660.00
July, 2018	687.80	593.40
August, 2018	752.15	670.00

As on September 12, 2018, the closing share price of IHL on NSE was ₹ 646.20 and the market capitalization as per the closing price on NSE was ₹ 206,179.57 million.

As on September 12, 2018, the closing share price of IHL on BSE was ₹ 645.35 and the market capitalization as per the closing price on BSE was ₹ 205,908.37 million.

2. India Infoline Finance Limited (“IIFL”)

Corporate information

IIFL was originally incorporated as “India Infoline Investment Services Private Limited”, a private limited company under provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated July 7, 2004 by the registrar of companies. Subsequently, IIFL was converted into a public limited company and its name was changed to “India Infoline Investment Services Limited” pursuant to the issuance of fresh certificate of incorporation dated July 10, 2007, by the registrar of companies. Subsequently, the name of IIFL was changed to “India Infoline Finance Limited” pursuant to the issuance of fresh certificate of incorporation dated November 18, 2011, by the registrar of companies.

IIFL is registered with the RBI as a systemically important non-deposit taking non-banking financial company and focuses on mortgage loans, commercial vehicle finance, gold loan, capital market finance and healthcare finance.

Interest of our Promoters

Our Promoters Nirmal Bhanwarlal Jain and Venkataraman Rajamani, directly hold 4,950 and 5,000 issued, subscribed and paid-up equity shares of face value of ₹ 10 each of IIFL, respectively, as nominees of IHL. Further, Nirmal Bhanwarlal Jain and Venkataraman Rajamani are the whole time directors of IIFL.

Financial Information

The following information has been derived from the audited financial statements of IIFL for the last three Fiscals:

(in ₹ million, except per share values)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Equity capital	2,807.42	2,371.65	2,371.54
Reserves and surplus (excluding revaluation)	36,478.37	31,893.52	19,018.67
Sales/Turnover	38,569.63	31,680.07	27,323.51
Profit/(Loss) after tax	5,543.01	4,231.96	3,387.01
Earnings per share (₹) (Basic)	23.10	17.29	12.61
Earnings per share (₹) (Diluted)	19.54	15.79	12.57
Net asset value per share (₹)	139.94	123.70	90.20

Significant notes by auditors

There are no significant notes of the auditors for the last three Fiscals.

3. IIFL Home Finance Limited (“IIHFL”)

Corporate information

IIFL Home Finance Limited was originally incorporated as India Infoline Housing Finance Limited under the provisions of Companies Act, 1956 on December 26, 2006. Subsequently, the name was changed to IIFL Home Finance Limited pursuant to the issuance of fresh certificate of incorporation dated May 2, 2018, by the registrar of companies. It is registered with the National Housing Bank (“NHB”) as housing finance company vide

Registration No. 02.0070.09 dated February 3, 2009 and notified as a financial institution under SARFAESI Act vide Government notification dated June 23, 2010.

Interest of our Promoters

Our Promoters do not hold directly any equity shares in IIHFL. Further, Nirmal Bhanwarlal Jain and Venkataraman Rajamani are directors of IIHFL.

Financial Information

The following information has been derived from the audited financial statements of IIHFL for the last three Fiscals:

(in ₹ million, except per share values)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Equity capital	199.68	199.68	149.68
Reserves and surplus (excluding revaluation)	11,309.41	9,335.32	4,829.65
Sales/Turnover	12,686.66	9,063.13	5,522.59
Profit/(Loss) after tax	1,974.09	835.58	720.59
Earnings per share (₹) (Basic)	98.86	49.78	52.58
Earnings per share (₹) (Diluted)	98.86	49.78	51.17
Net asset value per share (₹)	571.51	472.65	324.43

Significant notes by auditors

There are no significant notes of the auditors for the last three Fiscals.

4. IIFL Wealth Finance Limited (“IWFL”)

Corporate information

IWFL was originally incorporated as “Chephis Capital Markets Limited”, a public limited company, under the provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated August 31, 1994 by the registrar of companies. On February 13, 2016, IIFL Wealth Management Limited acquired 100% equity shares capital of IWFL and subsequently, the name of IWFL was changed to “IIFL Wealth Finance Limited” pursuant to the issuance of the fresh certificate of incorporation dated March 12, 2016, by the registrar of companies.

IWFL is registered with the RBI as a systemically important non-deposit accepting non-banking financial company and is, *inter-alia*, primarily engaged in the lending/ financing activities and offers broad suite of financial products such as loan against securities, loan against property, etc. to corporate and high net worth clients. IWFL has also obtained a composite corporate agency license from Insurance Regulatory and Development Authority of India and is eligible to procure business under life, health and general insurance categories.

Interest of our Promoters

Our Promoters, Nirmal Bhanwarlal Jain and Venkataraman Rajamani, neither directly hold any equity shares nor are directors in IWFL.

Financial Information

The following information has been derived from the audited financial statements of IWFL for the last three Fiscals:

(in ₹ million except per share values)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Equity capital	2,624.50	2,624.50	2,521.16
Reserves and surplus (excluding revaluation)	9,664.00	8,018.12	6,497.59
Sales/Turnover	7,829.77	4,614.72	73.93
Profit/(Loss) after tax	1,560.20	1,003.86	17.41
Earnings per share (₹) (Basic)	5.94	3.93	0.98

Earnings per share (₹) (Diluted)	5.94	3.93	0.98
Net asset value per share (₹)	46.82	40.55	35.77

Significant notes by auditors

There are no significant notes of the auditors for the last three Fiscals.

5. IIFL Wealth Management Limited (“IIFLW”)

Corporate information

IIFLW was incorporated as a public limited company, under the provisions of the Companies Act, 1956 pursuant to a certificate of incorporation dated January 17, 2008 issued by the registrar of companies.

It is registered with SEBI as stock broker, depository participant, research analyst and portfolio manager. It is engaged *inter-alia*, in the distribution of financial products and acts as a wealth manager, investment manager, asset manager, financial consultant, management consultant, advisor and provides consultancy, advisory, counselling services, financial services and facilities of every description and manages and mobilises funds and assets of various companies, mutual funds, individual investors, firms, associations and other corporate bodies, private and institutional investors.

It is engaged in carrying on the activities of managing investment in equity and derivative instruments, commodities, debt instruments, mutual funds, alternative investment funds, government securities, post office schemes, saving instruments, insurance products, money market instruments and securities of all types.

It is also engaged, *inter-alia*, in the promotion, support and carrying on the business of providing asset management services to funds including alternative investment funds and wealth management services to individuals, firms, associations, institutions, corporate and body corporate and passing on the benefits of such investment as interest, dividend, bonus etc. and providing a complete range of financial services.

Interest of our Promoters

Our Promoters, Nirmal Bhanwarlal Jain and Venkataraman Rajamani, are directors of IIFLW and do not hold directly, any equity shares in IIFLW.

Financial Information

The following information has been derived from the audited financial statements of IIFLW for the last three Fiscals:

(in ₹ million, except per share values)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Equity capital	159.51	155.93	147.92
Reserves and surplus (excluding revaluation)	18,735.97	15,085.69	12,144.72
Sales/Turnover	17,378.02	10,828.59	5,908.74
Profit/(Loss) after tax	3,853.11	2,504.70	1,693.85
Earnings per share (₹) (Basic)	49.00	33.86	28.78
Earnings per share (₹) (Diluted)	47.37	33.60	25.50
Net asset value per share (₹)	236.92	195.50	166.21

Significant notes by auditors

There are no significant notes of the auditors for the last three Fiscals.

Details of Group Companies with negative net worth

As on date of this Draft Letter of Offer, none of our Group Companies have negative net worth.

Details of other Group Companies

Sr. No.	Name of the Group Company	Corporate Information	Brief description of activities	Interest of our Promoters
1.	IIFL Facilities Services Limited	IIFL Facilities Services Limited was originally incorporated as IIFL Realty Limited, a public limited Company under the provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated December 23, 2007. Subsequently the name was changed to IIFL Facilities Services Limited, pursuant to the issuance of fresh certificate of incorporation dated September 15, 2015, by the registrar of companies. Subsequently the name was changed to IIFL Real Estate Limited pursuant to the issuance of fresh certificate of incorporation dated with effect from April 28, 2017, by the registrar of companies. Subsequently, the name was changed to IIFL Facilities Services Limited, pursuant to the issuance of fresh certificate of incorporation dated August 23, 2017, by the registrar of companies.	IIFL Facilities Services Limited provides office space to companies in the IIFL group.	Our Promoters neither directly hold any equity shares nor are directors in IIFL Facilities Services Limited.
2.	IIFL Securities Limited (“ISL”)	ISL was originally incorporated as “Agri Marketing Services India Private Limited”, a private limited company under the provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated March 21, 1996, by the registrar of companies. Subsequently, the name of ISL was changed to “India Infoline.com Distribution Company Private Limited” pursuant to the issuance of fresh certificate of incorporation dated May 8, 2000, by the registrar of companies. Subsequently, ISL was converted into a public limited company and its name was changed to “India Infoline.com Distribution Company Limited” pursuant to a certificate of incorporation dated December 2, 2005, by the registrar of	ISL is a SEBI registered intermediary which is engaged in the business of providing equity broking services, depository participant services, portfolio management services, mutual fund distribution and services as a research analyst and an investment adviser.	Our Promoters, Nirmal Bhanwarlal Jain and Venkataraman Rajamani, directly hold five and ten issued, subscribed and paid-up equity shares of ISL, respectively, of face value of ₹ 10 each, as nominees of IIFL Holdings Limited.

Sr. No.	Name of the Group Company	Corporate Information	Brief description of activities	Interest of our Promoters
		companies. Subsequently, the name of ISL was changed to “India Infoline” pursuant to the issuance of fresh certificate of incorporation dated April 13, 2006, by the registrar of companies. Subsequently, the name of ISL was changed to “India Infoline Limited”, pursuant to the issuance of fresh certificate of incorporation dated February 27, 2014, by the registrar of companies. Subsequently, the name of ISL was changed to “IIFL Securities Limited”, pursuant to the issuance of fresh certificate of incorporation dated March 7, 2018, by the registrar of companies.		
3.	Samasta Microfinance Limited	Samasta Microfinance Limited was originally incorporated as “Colanac Finance Limited”, a public limited company under the provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated August 9, 1995, by the registrar of companies. Subsequently, the name was changed to “Samasta Microfinance Limited” pursuant to the issuance of fresh certificate of incorporation dated July 25, 2008, by the registrar of companies.	Samasta Microfinance Limited carries on the business of providing micro finance as an RBI registered Microfinance Company.	None of our Promoters directly hold any equity shares in Samasta Microfinance Limited. However, Venkataraman Rajamani is one of the directors of Samasta Microfinance Limited.
4.	IIFL Management Services Limited	IIFL Management Services Limited was originally incorporated as India Infoline Insurance Services Limited, a public limited Company under the provisions of the Companies Act, 1956, pursuant to the issuance of a certificate of incorporation dated November 30, 2011. Subsequently, the name was changed to IIFL Management Services Limited pursuant to the issuance of fresh certificate of incorporation dated	IIFL Management Services Limited carries on the business of real estate advisory services	Our Promoters, Nirmal Bhanwarlal Jain and Venkataraman Rajamani directly hold 100 issued, subscribed and paid-up equity shares each, of face value of ₹10 of IIFL Management Services Limited as nominees of IIFL Holdings Limited. None of our Promoters are directors in IIFL Management Services Limited.

Sr. No.	Name of the Group Company	Corporate Information	Brief description of activities	Interest of our Promoters
		October 19, 2017, by the registrar of companies.		
5.	IIFL Insurance Brokers Limited	IIFL Insurance Brokers Limited was originally incorporated as India Infoline Insurance Brokers Limited, a public limited Company under the provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated July 5, 2005. Subsequently, the name was changed to IIFL Insurance Brokers Limited, pursuant to the issuance of fresh certificate of incorporation dated with effect from March 29, 2018, by the registrar of companies	IIFL Insurance Brokers Limited carries on the business of insurance broking and is registered with Insurance Regulatory and Development Authority of India	Nirmal Bhanwarlal Jain and Venkataraman Rajamani directly hold 100 issued, subscribed and paid-up equity shares each, of face value of ₹10 each of IIFL Insurance Brokers Limited as nominees of IIFL Holdings Limited. None of our Promoters are directors in IIFL Insurance Brokers Limited.
6.	India Infoline Media & Research Services Limited	India Infoline Media and Research Services Limited was incorporated as a public limited company under the provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated November 16, 2006 by the registrar of companies.	India Infoline Media and Research Services Limited carries on the business of designing and developing websites, web portals, software and providing internet-based services	Our Promoters neither directly hold any equity shares nor are directors in India Infoline Media and Research Services Limited.
7.	IIFL Commodities Limited	IIFL Commodities Limited was originally incorporated as "India Infoline Commodities Private Limited", a private limited company under the provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated March 29, 2004, by the Registrar of Companies. Subsequently, IIFL Commodities Limited was converted into a public limited company and its name was changed to "India Infoline Commodities Limited" pursuant to a certificate of incorporation dated July 25, 2007, by the Registrar Of Companies. Subsequently, the name of IIFL Commodities Limited was changed to "IIFL Commodities Limited" pursuant to the issuance of fresh certificate of	IIFL Commodities Limited carries on the business of commodities broking	Nirmal Bhanwarlal Jain and Venkataraman Rajamani directly hold 4,950 and 5,000 issued, subscribed and paid-up equity shares of face value of ₹10 of IIFL Commodities Limited as nominees of IIFL Holdings Limited. None of our Promoters are directors in IIFL Commodities Limited.

Sr. No.	Name of the Group Company	Corporate Information	Brief description of activities	Interest of our Promoters
		incorporation dated March 28, 2018, by the Registrar of Companies.		
8.	IIFL Trustee Limited	IIFL Trustee Limited was originally incorporated as “India Infoline Trustee Company Limited”, a public limited company under the provision of Companies Act 1956 pursuant to issuance of a certificate of incorporation dated June 15, 2009, by the registrar of companies. Subsequently, the name was changed to “IIFL Trustee Limited” pursuant to the issuance of fresh certificate of incorporation dated December 9, 2015, by the registrar of companies.	IIFL Trustee Limited acts as trustee to IIFL Mutual Funds and alternative investment funds	Our Promoters neither directly hold any equity shares nor are directors in IIFL Trustee Limited.
9.	IIFL Asset Management Limited	IIFL Asset Management Limited was originally incorporated as “India Infoline Asset Management Company Limited”, a public limited company under the provision of Companies Act 1956 pursuant to issuance of a certificate of incorporation dated March 22, 2010, by the registrar of companies. Subsequently, the name was changed to “IIFL Asset Management Limited” pursuant to the issuance of fresh certificate of incorporation dated December 30, 2015, by the registrar of companies.	IIFL Asset Management Company Limited is a SEBI registered portfolio management and asset management company	Our Promoters neither directly hold any equity shares nor are directors in IIFL Asset Management Limited
10.	IIFL Alternate Asset Advisors Limited	IIFL Alternate Asset Advisors Limited was originally incorporated as “IIFL Alternate Asset Advisors Limited”, a public limited company under the provision of Companies Act 1956 pursuant to issuance of a certificate of incorporation dated July 19, 2011, by the registrar of companies.	IIFL Alternate Asset Advisors Limited acts as an investment manager to schemes of alternative investment funds	Our Promoters neither directly hold any equity shares nor are directors in IIFL Alternate Asset Advisors Limited
11.	IIFL Distribution Services Limited	IIFL Distribution Services Limited was originally incorporated as “Finest Investment & Constructions Private Limited”, a private limited company under the	IIFL Distribution Services Limited carries on the business of distribution of financial products and is registered with AMFI	Our Promoters neither directly hold any equity shares nor are directors in IIFL Distribution Services Limited

Sr. No.	Name of the Group Company	Corporate Information	Brief description of activities	Interest of our Promoters
		provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated January 30, 1995 by the registrar of companies. Subsequently, the name of IIFL Distribution Services Limited was changed to "Finest Wealth Managers Private Limited" pursuant to the issuance of fresh certificate of incorporation dated October 1, 2004, by the registrar of companies. Subsequently, the name of IIFL Distribution Services Limited was changed to "IIFL Distribution Services Private Limited" pursuant to the issuance of fresh certificate of incorporation dated May 25, 2012, by the registrar of companies. Subsequently, IIFL Distribution Services Limited was converted into a public limited company and its name was changed to "IIFL Distribution Services Limited" pursuant to a certificate of incorporation dated August 27, 2014, by the registrar of companies.		
12.	IIFL Investment Adviser and Trustee Services Ltd	IIFL Investment Adviser and Trustee Services Ltd was originally incorporated as "IIFL Trustee Services Limited", a public limited company under the provision of Companies Act 1956 pursuant to issuance of a certificate of incorporation dated December 24, 2010, by the registrar of companies. Subsequently, the name was changed to "IIFL Investment Adviser and Trustee Services Limited" pursuant to the issuance of fresh certificate of incorporation dated August 19, 2013, by the registrar of companies.	IIFL Investment Advisors and Trustee Services Limited carries on the business of providing trustee services and is registered with SEBI as an investment adviser	Our Promoters neither directly hold any equity shares nor are directors in IIFL Investment Adviser and Trustee Services Limited
13.	IIFL Private Wealth Hong Kong Limited	IIFL Private Wealth Hong Kong Limited is company limited by shares and	IIFL Private Wealth Hong Kong Limited carries on the	Our Promoters neither directly hold any equity shares nor are directors in

Sr. No.	Name of the Group Company	Corporate Information	Brief description of activities	Interest of our Promoters
		incorporated in Hong Kong under Companies Ordinance (Chapter 32 of the Laws of Hong Kong) pursuant to issuance of certificate of incorporation dated June 4, 2010, by the Registrar of Companies, Hong Kong.	business of advising and dealing in securities	IIFL Private Wealth Hong Kong Limited
14.	IIFL Private Wealth Management (Dubai) Limited	IIFL Private Wealth Management (Dubai) Limited is company limited by shares and registered under Companies Law, Dubai International Financial Centre (DIFC) Law.	IIFL Private Wealth Management (Dubai) Limited carries on the business of distribution of financial products	Our Promoters neither directly hold any equity shares nor are directors in IIFL Private Wealth Management (Dubai) Limited
15.	IIFL Inc.	IIFL Inc is company incorporated under The Business Corporate Law on October 24, 2012.	IIFL Inc. has applied for registration as a broker-dealer with Securities and Exchange Commission, United States of America and is awaiting approval in relation to the same.	Our Promoters neither directly hold any equity shares nor are directors in IIFL Inc.
16.	IIFL Wealth (UK) Limited	IIFL Wealth (UK) Limited was incorporated on February 18, 2008 in the name of Richmond Company 225 Limited under the Companies Act, 1985 as a private Limited Company and the Company is limited by the Registrar of Companies for England and Wales. Subsequently the name of the Company was change from Richmond Company 225 Limited to IIFL Wealth (UK) Limited” pursuant to the issuance of certificate of incorporation on name change dated May 9, 2008, by the Registrar of Companies for England and Wales	IIFL Wealth (UK) Limited carries on the business of distribution of financial products	Our Promoters neither directly hold any equity shares nor are directors in IIFL Wealth (UK) Limited
17.	IIFL Private Wealth (Suisse) SA	IIFL Private Wealth (Suisse) SA was registered on April 1, 2011.	IIFL Private Wealth (Suisse) SA carries on the business of providing investment advisory services and distribution of financial products	Our Promoters neither directly hold any equity shares nor are directors in IIFL Private Wealth (Suisse) SA
18.	IIFL Capital Inc.	IIFL Capital Inc was incorporated under Section 402 of the Business Corporation Law of New York, United State of America.	IIFL Capital Inc. is a registered as a broker dealer with Financial Industry Regulatory Authority and Securities and Exchange Commission, United States of America.	Our Promoters neither directly hold any equity shares nor are directors in IIFL Capital Inc

Sr. No.	Name of the Group Company	Corporate Information	Brief description of activities	Interest of our Promoters
19.	IIFL Asset Management (Mauritius) Limited	IIFL Asset Management (Mauritius) Limited, a private limited company was originally incorporated in the Republic of Mauritius as “IIFL Private Wealth (Mauritius) Limited” on December 15, 2010. Subsequently, the name was changed to “IIFL Asset Management (Mauritius) Limited” pursuant to the issuance of fresh certificate of incorporation dated September 16, 2016, by the Republic of Mauritius.	IIFL Asset Management (Mauritius) Limited is registered as an investment advisor with Financial Service Commission, Mauritius. It acts as an investment manager and is engaged in the business of distribution of financial products and is registered with SEBI as a foreign portfolio investor.	Our Promoters neither directly hold any equity shares nor are directors in IIFL Asset Management (Mauritius) Limited
20.	IIFL (Asia) Pte. Limited	IIFL (Asia) Pte. Limited is a private limited company incorporated under the Companies Act (Cap 50)-Registrar of Companies and Business- Accounting and Corporate Regulatory Authority (ACRA), Singapore on August 29, 2007.	IIFL (Asia) Pte. Limited is an investment holding company and presently holds investments in IIFL Securities Pte Ltd and IIFL Capital Pte Ltd	Our Promoters neither directly hold any equity shares nor are directors in IIFL (Asia) Pte. Limited
21.	IIFL Capital Pte. Limited	IIFL Capital Pte. Limited was originally incorporated as “IIFL Wealth Pte. Limited” is a private limited company incorporated under the Companies Act (Cap 50)-Registrar of Companies and Business- Accounting and Corporate Regulatory Authority (ACRA), Singapore on May 06, 2008. Subsequently, the name was changed to “IIFL Capital Pte. Limited” pursuant to the issuance of fresh certificate of incorporation dated May 22, 2008.	IIFL Capital Pte. Limited carries on the business of providing fund management services	Our Promoters neither directly hold any equity shares nor are directors in IIFL Capital Pte. Limited
22.	IIFL Securities Pte. Limited	IIFL Securities Pte. Limited is a private limited company incorporated under the Companies Act (Cap 50)-Registrar of Companies and Business- Accounting and Corporate Regulatory Authority (ACRA), Singapore on August 12, 2008	IIFL Securities Pte. Limited carries on the business of distribution of financial products	Our Promoters neither directly hold any equity shares nor are directors in IIFL Securities Pte. Limited
23.	IIFL Asset Reconstruction Limited	IIFL Assets Reconstruction Limited is incorporated as a public limited company under the provisions of the Companies Act, 2013 pursuant to the issuance of	IIFL Asset Reconstruction Limited is proposed to carry on the asset reconstruction business	Nirmal Bhanwarlal Jain and Venkataraman Rajamani directly hold ten issued, subscribed and paid-up equity shares of IIFL Asset Reconstruction Limited,

Sr. No.	Name of the Group Company	Corporate Information	Brief description of activities	Interest of our Promoters
		a certificate of incorporation dated December 7, 2014, by the Registrar Of Companies.		respectively, of face value of ₹10 each, as nominees of IIFL Holdings Limited. None of our Promoters are directors in IIFL Asset Reconstruction Limited
24.	Ayusha Dairy Private Limited	Ayusha Dairy Private Limited was originally incorporated as “Grha Samarthana Home Finance Private Limited”, a private limited company under the provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated May 3, 2011, by the registrar of companies. Subsequently, the name was changed to “Ayusha Dairy Private Limited” pursuant to the issuance of fresh certificate of incorporation dated February 23, 2012, by the registrar of companies.	Ayusha Dairy Private Limited is proposed to carry on the business of providing dairy products	Our Promoters neither directly hold any equity shares nor are directors in Ayusha Dairy Private Limited
25.	India Infoline Foundation	India Infoline Foundation was incorporated as a section 25 under the provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated February 18, 2014 by the registrar of companies.	India Infoline Foundation is a not for profit company and engages in charitable/ social activities.	Our Promoters neither directly hold any equity shares nor are directors in India Infoline Foundation.
26.	IIFL Wealth Securities IFSC Limited	IIFL Wealth Securities IFSC Limited, a public limited company incorporated under the provision of Companies Act, 2013 pursuant to issuance of certificate of incorporation dated June 22, 2018 by the Registrar of Companies.	IIFL Wealth Securities IFSC Limited proposes to carry on business as an IFSC (International Financial Service Centre) Unit in accordance with the SEBI (IFSC) Guidelines, 2015 and to act as an intermediary in terms of such guidelines or otherwise deal on any global exchanges including IFSC in shares, stocks, debentures, debentures stock, bonds, depository receipts, hedge instruments, warrants, certificates, options futures, money market securities, marketable or non-marketable securities, derivatives and other instruments or securities issued or guaranteed by any Government, semi-government, or any other authority or to deal in other permissible securities as prescribed in such guidelines	Our Promoters neither directly hold any equity shares nor are directors in IIFL Wealth Securities IFSC Limited.

Sr. No.	Name of the Group Company	Corporate Information	Brief description of activities	Interest of our Promoters
			or as may be amended from time to time.	
27.	IIFL Securities Services IFSC Limited	IIFL Securities Services IFSC Limited is incorporated as a public limited company under the provisions of the Companies Act, 2013 pursuant to the issuance of a certificate of incorporation dated August 7, 2018, by the Registrar of Companies.	IIFL Securities Services IFSC Limited proposes to carry on business as an IFSC (International Financial Service Centre) Unit in accordance with the SEBI (IFSC) Guidelines, 2015 and to act as intermediary in terms of such guidelines in IFSC or otherwise deal on any global exchanges including IFSC in shares, stocks, debentures, debentures stock, bonds, depository receipts, hedge instruments, warrants, certificates, options futures, money market securities, marketable or non-marketable securities, derivatives and other instruments or securities issued or guaranteed by any Government, semi-government, or any other authority or to deal in other permissible securities as prescribed in such guidelines or as may be amended from time to time.	Our Promoters neither directly hold any equity shares nor are directors in IIFL Securities Services IFSC Limited
28.	Clara Developers Private Limited	Clara Developers Private Limited, a private limited company incorporated under the provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated February 7, 2011, by the registrar of companies.	Clara Developers Private Limited is engaged in the business of Real Estate Developments	Our Promoters neither directly hold any equity shares nor are directors in Clara Developers Private Limited
29.	IIFL Capital (Canada) Limited	IIFL Capital (Canada) Limited is company incorporated under the laws of the Province of Ontario pursuant to issuance of certificate of incorporation dated November 14, 2016.	IIFL Capital (Canada) Limited is seeking "Exempt market Dealer License" from Ontario Securities Commission	Our Promoters neither directly hold any equity shares nor are directors in IIFL Capital (Canada) Limited
30.	Ardent Impex Private Limited	Ardent Impex Private Limited a private limited company incorporated under the provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated July 12, 1999, by the registrar of companies.	Ardent Impex Private Limited is engaged in investing in securities	Our Promoters neither directly hold any equity shares nor are directors in Ardent Impex Private Limited

Sr. No.	Name of the Group Company	Corporate Information	Brief description of activities	Interest of our Promoters
31.	Orpheus Trading Private Limited	Orpheus Trading Private Limited is a private limited company incorporated under the provisions of the Companies Act, 1956 pursuant to the issuance of a certificate of incorporation dated May 24, 2004 by the registrar of companies.	Orpheus Trading Private Limited is engaged in investing in securities	Our Promoters Nirmal Bhanwarlal Jain and Venkataraman Rajamani, directly hold 9,316 and 125,644 issued, subscribed and paid up equity shares of face value of ₹ 10 each, respectively of Orpheus Trading Private Limited, amounting to 2.74% and 36.95% of the issued, subscribed and paid up capital of Orpheus Trading Private Limited, respectively. None of our Promoter is a director in this company

Nature and extent of interest of Group Companies

(a) *In the promotion of our Company*

None of our Group Companies have any interest in the promotion or other interest in our Company.

(b) *In the properties acquired or proposed to be acquired by our Company in the two years preceding the filing of this Draft Letter of Offer*

None of our Group Companies are interested in the properties acquired or proposed to be acquired by our Company in the two years preceding the filing of this Draft Letter of Offer

(c) *In transactions for acquisition of land, construction of building and supply of machinery*

None of our Group Companies are interested in any transactions for the acquisition of land, construction of building or supply of machinery.

Common pursuits among the Group Companies with our Company

Some of our Group Companies conduct business activities similar to those conducted by our Company. Our Company shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as and when they arise.

Business Transactions within the Group Companies and significance on the financial performance of our Company

For more information, see “*Related Party Transactions*” on page 141.

Sale/ purchase between Group Companies and our Company

Except as disclosed in “*Related Party Transactions*” on page 141, none of our Group Companies are involved in any sales or purchase with our Company where such sales or purchases exceed in value in the aggregate of 10% of the total sales or purchases of our Company.

Business interest of Group Companies

None of our Group Companies have any business interest in our Company.

Interest of our Promoters in our Group Companies

Except to the extent of their shareholding and directorships as disclosed above, our Promoters do not have any other interest in any of our Group Companies.

Defunct Group Companies

As on the date of this Draft Letter of Offer, none of our Group Companies have become sick or defunct within the meaning of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, and Companies Act, respectively and no application has been made to the registrar of companies for striking off the name of any of our Group Companies during the five years preceding the date of filing of this Draft Letter of Offer.

Further, none of our Group Companies have been declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016 and there are no insolvency or bankruptcy proceedings initiated against any of our Group Companies.

Loss making Group Companies

The following table sets forth the details of our Group Companies which have incurred loss in the last Fiscal and profit/loss made by them in the last three Fiscals:

(in ₹ million)

S. No.	Name of the Group Company	Profit/(Loss)		
		Financial Year 2018	Financial Year 2017	Financial Year 2016
1.	IIFL (Asia) Pte Ltd (IIFL Asia)	(1.18)	(0.75)	(17.48)
2.	IIFL Inc.	(18.36)	(4.78)	1.43
3.	IIFL Capital (Canada) Limited	(2.10)	N.A.	N.A.
4.	Clara Developers India Limited	(0.02)	(0.02)	(0.14)

Confirmations

- (a) None of the equity shares of our Group Companies, except IIFL Holdings Limited, are listed on any stock exchange. None of our Group Companies have made any public or rights issue of securities to public in the preceding three years, except as disclosed in “Other Regulatory and Statutory Disclosures - Performance vis-à-vis objects” on page 267.
- (b) None of our Group Companies have been debarred from accessing the capital market for any reasons by SEBI, or any other regulatory authorities.
- (c) None of our Group Companies have been identified as wilful defaulters by any bank, financial institution or consortium thereof in accordance with the guidelines for wilful defaulters issued by the RBI.
- (d) None of our Group Companies have outstanding unsecured loans, which may be recalled by the lenders at any time.

RELATED PARTY TRANSACTIONS

For details of the related party transactions the last five Fiscals, as per the requirements under the relevant accounting standards and as reported in the Restated Financial Statements, see “*Financial Information*” on page 143.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders, at their discretion, subject to the provisions of our Articles of Association and applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position of our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of, or may enter into, to finance our fund requirements for our business activities. Our Company has no formal dividend policy.

For further details, see “*Financial Indebtedness*” on page 229.

Our Company has not declared any dividends in last five Fiscals preceding the filing of this Draft Letter of Offer.

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SECTION VI - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Particulars	Page no.
Restated Standalone Financial Information	144 to 183
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INDEPENDENT AUDITOR REPORT ON THE RESTATED STANDALONE FINANCIAL INFORMATION

The Board of Directors

Spaisa Capital Limited

Sun Infotech Park, Road No 16V,
Plot No B-23, Thane Industrial Area,
Wagle Estate, Thane - 400604

Dear Sirs,

- 1 We have examined (as appropriate, refer paragraphs 4 and 5 below) the attached Restated Standalone Financial Information of Spaisa Capital Limited (the “Company”), which comprise of the Restated Standalone Summary Statement of Assets and Liabilities as at March 31, 2018, 2017, 2016, 2015 and 2014, the Restated Standalone Summary Statement of Profit and Loss and the Restated Standalone Summary Statement of Cash Flows for the years ended March 31, 2018, 2017, 2016, 2015 and 2014 and the Standalone Summary Statement of Significant Accounting Policies, and related Annexures thereto (collectively, the “Restated Standalone Financial Information”), as approved by the Board of Directors of the Company at their meeting held on September 12, 2018 for the purpose of inclusion in the Draft Letter of Offer (“DLOF”) prepared by the Company in connection with its proposed Rights Issue of equity shares prepared in terms of the requirements of:
 - a) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (“SEBI ICDR Regulations”); and
 - b) The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India, as amended from time to time (the “Guidance Note”).
- 2 The preparation of the Restated Standalone Financial Information is the responsibility of the Management of the Company for the purpose set out in paragraph 10 below. The Management’s responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Standalone Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Companies Act, 2013 (“Act”), SEBI ICDR Regulations and the Guidance Note.

Our responsibility is to examine the Restated Standalone Financial Information and confirm whether such Restated Standalone Financial Information comply with the requirements of the Act, ICDR Regulations and the Guidance Note.

- 3 We have examined such Restated Standalone Financial Information taking into consideration:
- a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated August 20, 2018 in connection with the proposed rights issue of equity shares of the Company; and
 - b) The Guidance Note.
- 4 These Restated Standalone Financial Information have been compiled by the Management from:
- a) audited standalone financial statements of the Company as at and for the years ended March 31, 2018, 2017(after giving effect to the Scheme of Demerger between the Company and IIFL Holdings Limited with effect from 1st October 2016), 2016, 2015 and 2014 prepared in accordance with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Accounting Standards) Rules as amended from time to time (referred to as Indian GAAP) which have been approved by the Board at their meeting held on April 17, 2018, October 13, 2017, May 04, 2016, May 06, 2015 and May 10, 2014
 - b) The unmodified auditor's report issued by us to the shareholders on the financial statements for the financial years 2016-17 (after giving effect to the Scheme of Demerger between the Company and IIFL Holdings Limited with effect from 1st October 2016) and 2017-18 dated October 13, 2017 and April 17, 2018 respectively. The predecessor auditors of the Company M/s Sharp & Tannan Associates, Chartered Accountants had issued an unmodified auditor's report to the shareholders on the financial statements for the financial years 2016-17 (before giving effect to the Scheme of Demerger between the Company and IIFL Holdings Limited with effect from 1st October 2016), 2015-16, 2014-15 and 2013-14 dated May 02, 2017, May 04, 2016, May 06, 2015 and May 10, 2014 respectively on which we have relied;
- 5 Based on our examination and according to the information and explanations given to us, we report that the Restated Standalone Financial Information:
- a) have been prepared after incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively in the respective financial years to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2018;
 - b) have been prepared after incorporating adjustments for the material amounts in the respective financial years to which they relate;
 - c) do not contain any extra-ordinary items that need to be disclosed separately and do not contain any qualification requiring adjustments; and
 - d) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
- 6 We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

- 7 The Restated Standalone Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of predecessor / other auditors' reports mentioned in paragraph 4 above on the audited standalone financial statements.
- 8 This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or by the predecessor / other auditors', nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- 9 We have no responsibility to update the predecessor / other auditors' report for events and circumstances occurring after the date of the report.
- 10 Our report is intended solely for use of the Management for inclusion in the DLOF to be filed with Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited in connection with the proposed offer of rights shares of the Company. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing.

For V.Sankar Aiyar & Co.,
Chartered Accountants
FRN.109208W
Peer Review Certificate No 008953

(G. Sankar)
Partner
M. No. 46050
Place: Mumbai
Date: September 12, 2018

5paia Capital Limited
Annexure I: Restated Standalone Summary Statement of Assets and Liabilities

(` in Millions)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
I EQUITY AND LIABILITIES						
(1) Shareholder's funds						
(a) Share Capital	4	127.39	127.39	30.50	30.50	30.50
(b) Reserve and Surplus	5	501.98	754.95	90.81	145.80	110.49
Sub Total		629.37	882.34	121.31	176.30	140.99
(2) Non Current Liabilities						
(a) Long-Term borrowings		-	-	-	-	-
(b) Deferred Tax Liabilities (Net)		-	-	-	-	-
(c) Other Long-Term liabilities		-	-	-	-	-
(d) Long-Term Provisions	6	2.07	3.15	0.31	0.56	0.48
Sub Total		2.07	3.15	0.31	0.56	0.48
(3) Current Liabilities						
(a) Short-Term Borrowings	7	161.47	-	23.10	148.30	-
(b) Trade Payables	8	-	-	-	-	-
(A) total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		20.69	4.50	-	-	0.01
(c) Other Current Liabilities	9	452.29	161.62	297.96	7.04	1.55
(d) Short-Term Provisions	10	52.02	40.60	2.14	14.94	15.73
Sub Total		686.47	206.72	323.20	170.28	17.29
TOTAL		1,317.91	1,092.21	444.82	347.14	158.76
II ASSETS						
(1) Non-Current Assets						
(a) Fixed Assets	11					
(i) Tangible Assets		12.49	2.68	1.27	-	-
(ii) Intangible Assets		8.76	2.02	0.97	-	-
(iii) Capital work in progress		0.05	1.27	0.49	-	-
Sub Total		21.30	5.97	2.73	-	-
(b) Non-Current Investments	12	20.50	-	-	-	-
(c) Deferred Tax Assets (Net)	13	149.29	70.17	23.62	0.11	0.10
(d) Long-Term Loans & Advances	14	325.98	41.10	43.55	36.40	42.10
(e) Other Non-Current Assets		-	-	-	-	-
Sub Total		495.77	111.27	67.17	36.51	42.20
(2) Current Assets						
(a) Current Investments		-	-	-	-	-
(b) Inventories	15	36.00	25.54	10.48	-	0.12
(c) Trade Receivables	16	5.66	4.10	-	-	-
(d) Cash and Bank Balances	17	286.47	811.23	128.30	280.73	115.46
(e) Short-Term Loans & Advances	18	40.64	15.85	3.31	0.98	0.84
(f) Other Current Assets	19	432.07	118.25	232.83	28.92	0.14
Sub Total		800.84	974.97	374.92	310.63	116.56
TOTAL		1,317.91	1,092.21	444.82	347.14	158.76

The accompanying summary of significant accounting policies (Annexure IV), restated notes to accounts (Annexure V), notes on adjustments for restated standalone summary financial information (Annexure VI), Restated Standalone Summary Statement Of Accounting Ratios (Annexure VII), Restated Standalone Summary Statement Of Tax Shelter (Annexure VIII), Restated Standalone Summary Statement of Capitalisation (Annexure IX) are an integral part of this statement

As per our attached report of even date

For V Sankar Aiyar & Co
Chartered Accountants
Firm's Registration No.109208W
By the hand of

For and on behalf of the Board of Directors

Prakarsh Gagdani
Whole Time Director & CEO
(DIN :- 07376258)

Santosh Jayaram
Whole Time Director
(DIN :- 07955607)

G Sankar
Partner
Membership No. 046050

Mahesh Shetty
Chief Financial Officer

Roshan Dave
Company Secretary

Place : Mumbai
Dated : September 12, 2018

5paisa Capital Limited
Annexure II: Restated Standalone Summary Statement of Profit & Loss for the year ended

(` in Millions)

Particulars	Note No.	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Income						
Revenue From Operations	20	196.52	74.67	(12.18)	113.71	45.77
Total Revenue		196.52	74.67	(12.18)	113.71	45.77
Expenditure						
Employee Benefits Expense	21	193.35	82.38	21.63	20.19	19.30
Finance Cost	22	7.95	12.51	18.05	22.95	0.02
Other Expenses	23	320.64	140.81	25.01	18.83	9.04
Depreciation and Amortisation	24	6.67	2.77	0.12	-	-
Total Expenditure		528.61	238.47	64.81	61.97	28.36
Profit Before Tax		(332.09)	(163.80)	(76.99)	51.74	17.41
Tax Expenses						
Current Tax Expenses For Current Year		-	-	-	16.44	5.86
Deferred Tax Expenses		(79.12)	(46.55)	(23.51)	(0.01)	(0.10)
Short / (excess) provision of tax for earlier year		(0.00)	(0.35)	1.51	-	0.01
Sub Total		(79.12)	(46.90)	(22.00)	16.43	5.77
Profit (Loss) For The Year		(252.97)	(116.90)	(54.99)	35.31	11.64
Earnings Per Share (Face Value `10 each)	25					
Basic (in Rs.)		(19.86)	(14.41)	(18.03)	11.58	3.82
Diluted (in Rs.)		(19.86)	(14.41)	(18.03)	11.58	3.82

The accompanying summary of significant accounting policies (Annexure IV), restated notes to accounts (Annexure V), notes on adjustments for restated standalone summary financial information (Annexure VI), Restated Standalone Summary Statement Of Accounting Ratios (Annexure VII), Restated Standalone Summary Statement Of Tax Shelter (Annexure VIII), Restated Standalone Summary Statement of Capitalisation (Annexure IX) are an integral part of this statement

As per our attached report of even date

For V Sankar Aiyar & Co
Chartered Accountants
Firm's Registration No.109208W
By the hand of

For and on behalf of the Board of Directors

Prakarsh Gagdani
Whole Time Director & CEO
(DIN :- 07376258)

Santosh Jayaram
Whole Time Director
(DIN :- 07955607)

G Sankar
Partner
Membership No. 046050

Mahesh Shetty
Chief Financial Officer

Roshan Dave
Company Secretary

Place : Mumbai
Dated : September 12, 2018

Spaia Capital Limited

Annexure III: Restated Standalone Summary Statement of Cash Flow for the year ended

(` in Millions)

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Cash Flows From Operating Activities					
Net profit before taxation and extraordinary item	(332.09)	(163.80)	(76.98)	51.73	17.42
Adjustments for:					
Net Loss/(gain) on Sale of Current Investments	(14.39)	(22.58)	(0.17)	(0.17)	(7.71)
Interest Income	(9.34)	(5.02)	(15.21)	(22.92)	(6.31)
Gratuity	0.61	1.28	(0.29)	0.04	0.29
Leave Encashment	0.81	0.49	0.11	0.17	0.25
Interest Expenses	6.23	11.24	18.05	22.95	0.02
Dividend Income	(0.20)	-	-	(1.12)	(0.46)
Operating Profit before Working Capital Changes	(348.37)	(178.42)	(74.49)	50.69	3.50
Changes in Working Capital :					
(Increase)/Decrease in Long Term Loan and Advances	(284.88)	2.46	(7.15)	5.60	(42.00)
Increase/(Decrease) in Other Current Liabilities	290.66	2.07	(0.28)	2.17	1.50
Decrease/(Increase) in Short Term Loans and advances	(24.79)	(12.53)	(2.33)	(0.13)	(0.19)
(Increase) / Decrease in Trade inventories	(10.46)	(15.06)	(10.48)	0.12	(0.12)
Decrease / (Increase) in other current assets	(313.82)	0.24	(0.64)	(1.11)	(0.15)
Decrease / (Increase) in other non current assets	-	-	-	0.10	(0.10)
Increase / (Decrease) in Short term Provision	10.00	34.18	(12.87)	(0.92)	14.84
Increase / (Decrease) in Long term Provision	(1.08)	2.84	-	-	-
Increase / (Decrease) in Short term & Long term Borrowings	161.47	(23.10)	(125.20)	148.30	-
Decrease / (Increase) in Trade Receivable	(1.56)	177.64	(203.26)	(27.67)	-
Increase / (Decrease) in Trade Payable	16.19	(201.29)	291.19	3.31	0.01
Cash generated from/(Used) operations	(506.64)	(210.97)	(145.51)	180.46	(22.71)
Net income tax (paid) / refunds	0.00	0.35	(1.51)	(16.44)	(5.87)
Net cash from/(used in) operating activities (a)	(506.63)	(210.63)	(147.02)	164.01	(28.58)
Cash Flows From Investing Activities					
(Purchase) of Current Investments	(39,742.70)	(37,531.90)	-	-	-
Sale of Current Investments	39,742.70	37,531.90	-	0.17	132.84
Capital Gain on Investment	14.39	22.58	0.17	-	-
Interest received	9.34	5.02	15.21	22.92	6.31
Dividend Income	0.20	-	-	1.12	0.46
Bank Balance not considered as Cash and Cash Equivalents	(57.25)	(5.00)	200.00	(149.93)	(100.07)
Payments for purchase of equity instruments of other entity	(20.50)	-	-	-	-
(Purchase) /Sale of fixed assets (includes intangible assets) (net)	(15.33)	(2.80)	(2.73)	-	-
Net cash from/(used in) investing activities (b)	(69.16)	19.81	212.64	(125.73)	39.54
Cash Flows From Financing Activities					
Increase in share capital	-	879.99	-	-	-
Interest Paid	(6.23)	(11.24)	(18.05)	(22.95)	(0.02)
Net cash from/(used in) financing activities (c)	(6.23)	868.75	(18.05)	(22.95)	(0.02)
Net increase / (decrease) in cash and cash equivalents (a + b + c)	(582.02)	677.93	47.57	15.33	10.94
Cash and Cash equivalents at beginning of year	756.23	78.30	30.73	15.39	4.45
Cash and Cash equivalents at end of year (Note 16)	174.22	756.23	78.30	30.73	15.39
Net increase / (decrease) in cash and cash equivalents	(582.02)	677.93	47.57	15.33	10.94

The accompanying summary of significant accounting policies (Annexure IV), restated notes to accounts (Annexure V), notes on adjustments for restated standalone summary financial information (Annexure VI), Restated Standalone Summary Statement Of Accounting Ratios (Annexure VII), Restated Standalone Summary Statement Of Tax Shelter (Annexure VIII), Restated Standalone Summary Statement of Capitalisation (Annexure IX) are an integral part of this statement

As per our attached report of even date

For V Sankar Aiyar & Company

Chartered Accountants

Firm's Registration No.109208W

By the hand of

For and on behalf of the Board of Directors

Prakarsh Gagdani

Whole Time Director & CEO

(DIN :- 07376258)

Santosh Jayaram

Whole Time Director

(DIN :- 07955607)

G Sankar

Partner

Membership No. 046050

Mahesh Shetty

Chief Financial Officer

Roshan Dave

Company Secretary

Place :Mumbai

Dated : September 12, 2018

Annexure IV: Restated Standalone Summary of Significant Accounting Policies

Note: 1 Corporate Information:

Spaia Capital Ltd ["5PCL"] is engaged in providing an online technology platform for trading in National Stock Exchange of India Ltd & BSE Ltd through web based trading terminal, mobile application and a state of the art Call and Trade Unit. 5PCL is also a SEBI approved Research analyst, a Depository Participant under CDSL and registered member of AMFI. 5PCL provides a wide range of financial services to its customers including depository services, distribution of mutual funds, bonds and debentures, Equity and Mutual fund research etc through its technology based platforms. The Company's shares have been listed with Mumbai Stock Exchange and National Stock Exchange on 16th November, 2017.

Note: 2 Scheme of Arrangement between IIFL Holdings Limited and Spaia Capital Limited

The Scheme of Arrangement between IIFL Holdings Limited and Spaia Capital Limited was approved by National Company Law Tribunal, Mumbai Bench ("NCLT") on 06.09.2017. The certified true copy of the order was duly filed with Registrar of Companies, Mumbai and the Scheme was made effective from 30.09.2017. Pursuant to order of NCLT, Mumbai Bench, Spaia digital Undertaking (the undertaking) on going concern basis was vested from IIFL Holdings Limited (IHL) to Spaia Capital Ltd. (5PCL) w.e.f. the appointed date i.e. 01.10.2016.

Spaia Digital Undertaking Business includes development/ maintenance of technology application for online trading through trading terminal and mobile application, source code of mobile application, domain name (Spaia.com), software rights, brand i.e. Spaia establishment, protection and support, Infrastructure and facilities services etc.

In accordance with the said Scheme of Arrangement:

- 2.1
- a. The whole of the undertaking including all assets and liabilities of the undertaking were transferred to and vested by IHL to 5PCL at respective book values from 01.10.2016.
 - b. The equity share capital of 5 PCL of ₹177,165,000 held by IHL was cancelled and in lieu of the same 5PCL issued 12,739,022 equity shares ₹10 to the shareholders of IHL, whose names appear in the Register of Members of IHL on the Record Date i.e. 18th Oct 2017.
 - c. The excess of net assets value of Spaia Digital Undertaking transferred to 5 PCL over the value of equity shares referred to in (c) below, as reduced by the face value of the equity share capital of 5PCL cancelled, referred in (b) above, has been recorded as "Capital Reserve" in March 2017 financials which has been arrived as follows:-

Particulars	Amount (₹ in millions)
Net assets value of Spaisa Digital Undertaking (a)	(2.06)
Equity shares cancelled (b)	177.16
New equity share capital to be issued (c)	127.39
Capital Reserve (a+ b-c)	47.71

2.2 During the period between the appointed date and the effective date, IHL carried on the business and activities relating to the said Undertaking and held the properties and assets pertaining to the said Undertaking for and on account of and in trust for 5PCL. All the profits or income accruing or arising to IHL or expenditure or loss arising or incurred or suffered by IHL pertaining to the said Undertaking during the period 01.04.2017 to 30.09.2017 have also been incorporated in the financial statements for FY 2017-18.

2.3 The Company has accounted for the scheme with effect from 1st October 2016.

Note: 3 Significant Accounting Policies:

3.1 Basis of accounting and preparation of financial statements:

The restated standalone summary statement of assets and liabilities of the Company as at March 31, 2018, March 31, 2017 (after giving effect to the Scheme of Demerger referred to in Note 2 above), March 31, 2016, March 31, 2015 and March 31, 2014 and the related restated standalone summary statement of profit and loss and related restated standalone summary statement of cash flows for the periods ended years ended March 31, 2018, March 31, 2017 (after giving effect to the Scheme of Demerger referred to in Note 2 above), March 31, 2016, March 31, 2015 and March 31, 2014 (herein collectively referred to as "Restated Standalone Summary Financial Information") have been compiled by management from the then audited standalone financial statements for the years ended March 31, 2018, March 31, 2017 (after giving effect to the Scheme of Demerger referred to in Note 2 above), March 31, 2016, March 31, 2015 and March 31, 2014 respectively.

The Restated Standalone Summary Statements of the Company for the years ended March 31, 2018, March 31, 2017 (after giving effect to the Scheme of Demerger referred to in Note 2 above), March 31, 2016, March 31, 2015 and March 31, 2014 have been prepared using the historical audited general purpose financial statements of the Company as at and for the years ended March 31, 2018, March 31, 2017 (after giving effect to the Scheme of Demerger referred to in Note 2 above), March 31, 2016, March 31, 2015 and March 31, 2014 respectively has been prepared using the historical audited special purpose financial statements of the Company as at and for the year ended March 31, 2018, which were prepared under generally accepted accounting principles in India (Indian GAAP) and originally approved by the Board of Directors of the Company at that relevant time.

The Company has prepared the standalone financial statements to comply in all material respects with the accounting standards specified under the Companies Act, 1956 (the "Act") and as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016 and other accounting principles generally accepted in India. The standalone financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company to the

period/years presented in the Restated Standalone Summary Financial Information. These Restated Standalone Summary financial statements have been prepared using presentation and disclosure requirements of the Schedule III of Companies Act 2013. The Restated Summary Financial Information are presented in Indian rupees (in millions), unless otherwise stated.

The Restated Standalone Summary Financial Information have been prepared specifically for the inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with its proposed Rights issue.

The Restated Standalone Summary Financial Information have been prepared by the Company to comply in all material respects with the requirements of Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of the Companies Act, 2013 read with rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI on August 26, 2009 as amended from time to time ("the SEBI ICDR Guidelines").

3.2 Use of Estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles which requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

3.3 Fixed Assets and Depreciation and Amortization:

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any thereon. Depreciation is charged using the straight line method based on the useful life of fixed assets as estimated by the management as specified below. Depreciation is charged from the month in which new assets are put to use. No depreciation is charged for the month in which assets are sold. In the case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the assets. Individual assets / group of similar assets costing up to ₹5,000 have been depreciated in full in the year of purchase. Lease hold land is depreciated on a straight line basis over the lease hold period.

Estimated useful life of the assets is as under:

Class of assets	March 31, 2018	March 31, 2017	March 31, 2016
Buildings*	20	20	20
Computers*	3	3	3
Electrical equipment*	5	5	5
Office equipment	5	5	5
Furniture and fixtures *	5	5	5
Vehicles*	5	5	5
Software	3	3	3

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.
Company did not have any Fixed assets till March 31, 2015.

3.4 Translation of foreign currency items:

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Exchange difference, if any, arising out of transactions settled during the year are recognized in the statement of Profit and Loss. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date. The exchange gains or losses, if any, are recognized in the statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet.

3.5 Revenue Recognition:

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

- (a) Brokerage income earned on secondary market operations are accounted on trade dates.
- (b) Income from arbitrage comprises profit/loss on sale of securities held as stock-in-trade and profit / loss on equity derivative instruments is accounted as follows;
 - (i) Profit / loss on sale of securities is determined based on the FIFO cost of the securities sold.
 - (ii) Profit / loss on arbitrage transactions is accounted for as explained below:

Initial and additional margin paid over and above initial margin for entering into contracts for Equity Index / Stock Futures / Currency Futures and or Equity Index / Stock Options / Currency Options which are released on final settlement/squaring-up of underlying contracts are disclosed under other current assets. "Mark-to-market margin- Equity Index / Stock Futures / Currency Futures" representing the amounts paid in respect of mark to market margin is disclosed under 'other current assets.'

"Equity Index / Stock Option / Currency Option Premium Account" represents premium paid or received for buying or selling the Options, respectively.

On final settlement or squaring up of contracts for Equity Index / Stock Futures / Currency Future, the realized profit or loss after adjusting the unrealized loss already accounted, if any, is recognized in the Statement of Profit and Loss. On settlement or squaring up of Equity Index / Stock Options / Currency Option before expiry, the premium prevailing in "Equity Index / Stock Option / Currency Option Premium Account" on that date is recognized in the Statement of Profit and Loss.

As at the Balance Sheet date, the Mark to Market / Unrealised Profit / (Loss) on all outstanding Arbitrage portfolio comprising of Securities and Equity/Currency Derivatives positions is determined on scrip basis (e.g. Nifty, SBI, HDFC etc.) with net unrealized losses on scrip basis being recognized in the Statement of Profit and Loss and the net unrealized gains on scrip basis are ignored.

3.6 **Other Income Recognition:**

- (a) Interest Income is recognized on accrual basis.
- (b) Dividend income is recognized when the right to receive payment is established.

3.7 **Employee Benefits:**

The company's contribution towards Provident Fund and Family Pension Fund, which are defined contribution, are accounted for on an accrual basis and recognised in the Statement of Profit & loss. The Company has provided "Compensated Absences" on the basis of actuarial valuation.

Gratuity is post-employment benefit and is in the nature of defined benefit plan. The Liability recognized in the Balance Sheet in respect of gratuity is the present value of defined benefit obligation at the Balance Sheet date together with the adjustments for unrecognized actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method.

3.8 **Provisions, Contingent Liabilities and Contingent Assets:**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent Assets are neither recognized nor disclosed in the financial statements.

3.9 **Preliminary Expenses**

Preliminary Expenses is written off in same financial year in which they are incurred.

3.10 **Taxes on Income:**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, disallowance and exemptions in accordance with the applicable tax laws.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. At each reporting date, the Company re-assesses unrecognized deferred tax assets. Deferred tax liability is recognised as and when arisen.

3.11 Operating Leases:

Lease rentals in respect of operating lease arrangements are charged to the Statement of Profit & Loss in accordance with Accounting Standard 19 – Leases, issued by the Institute of Chartered Accountants of India.

3.12 Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other Investments are classified as non – current investments. Current investments are stated at lower of cost or fair value. Non – current investments are carried at cost. Provision for diminution in value of non – current investments is made, if in the opinion of the management such diminution is other than temporary. For investment in mutual funds, the net assets value (NAV) declared by the mutual funds at the Balance Sheet date is considered as the fair value.

3.13 Inventories:

Closing stock is valued at cost or market value whichever is lower. Cost is computed on FIFO basis. The comparison of cost and market value for arbitrage portfolio is done separately for each script.

3.14 Earnings Per Share:

Basic earnings per share for equity shareholders have been calculated by dividing the Net Profit after Tax or loss by the weighted average number of equity shares outstanding during the period.

The diluted earnings per share for equity shareholders have been computed by dividing the Net Profit after Tax or loss by the weighted average number of shares after giving dilutive effect of all potential equity shares.

Annexure V: Restated Standalone Summary of Notes to Summary Financial Statements

Note: 4. Issued, Subscribed and Paid-up share capital:

a) The Authorized, Issued, Subscribed and fully paid up share capital comprises equity shares as follows:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Authorized :					
30,000,000 Equity Shares of ₹10 each (March 31, 2017 : 18,000,000 Equity Shares of ₹10 each, March 31, 2016, March 31, 2015 and March 31, 2014 10,000,000 Equity Shares of ₹10 each)	300.00	180.00	100.00	100.00	100.00
Issued , Subscribed and Paid Up :					
12,739,022 Equity Shares of ₹10 each fully paid-up (March 31, 2017 : 17,716,500 Equity Shares of ₹10 each fully paid-up till September 30, 2016 and NIL thereafter March 31, 2016, March 31, 2015 and March 31, 2014 3,050,000 Equity Shares of ₹10 each fully paid-up)	127.39	-	30.50	30.50	30.50
Share Suspense Account					
12,739,022 Equity Shares of ₹ 10 each to be issued as fully paid-up to the shareholders of IIFL Holdings Limited pursuant to the Scheme of Arrangement (Refer Note 2A)	-	127.39	-	-	-
Total	127.39	127.39	30.50	30.50	30.50

b) Reconciliation of the shares outstanding

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions	No. of Shares	₹ in Millions
At the Beginning of the Year	-	-	3,050,000	30.50	3,050,000	30.50	3,050,000	30.50	3,050,000	30.50
Add:- Issued during the Year	12,739,022	127.39	14,666,500	146.67	-	-	-	-	-	-
Less : Shares Cancelled under Scheme of Arrangement (Refer Note 2(A))	-	-	17,716,500	177.17	-	-	-	-	-	-
Add: Shares to be issued pursuant to scheme of arrangement (Refer Note 2A)	-	-	12,739,022	127.39	-	-	-	-	-	-
Outstanding at the end of the year	12,739,022	127.39	12,739,022	127.39	3,050,000	30.50	3,050,000	30.50	3,050,000	30.50

c) Terms/rights attached to equity shares

The company has only one class of shares referred to as equity shares having a par value of ` 10/- each. Each holder of equity shares is entitled to one vote per share.

d) Equity Shares held by Holding company / Ultimate holding company and their subsidiaries

Particulars	March 31, 2018		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class	No. of Shares	% holding in the class	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹10 each fully paid*	-	-	-	-	3,050,000	100%	3,050,000	100%	3,050,000	100%

* Note: 100% Equity Shares 17,716,500 were held by IIFL Holdings Limited -The Holding Company up to September 30, 2016.

e) Detail of shareholders holding more than 5% shares in the Company

Particulars	March 31, 2018		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class	No. of Shares	% holding in the class	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹10 each fully paid*										
IIFL Holdings Limited	-	-	-	-	3,050,000	100%	3,050,000	100%	3,050,000	100%
FIH Mauritius Investments Ltd	3,385,657	26.58	-	-	-	-	-	-	-	-
Nirmal Bhanwar Lal Jain	2,178,600	17.10	-	-	-	-	-	-	-	-
Hwic Asia Fund Class A Shares	1,134,501	8.91	-	-	-	-	-	-	-	-
Madhu N Jain	6,80,000	5.34	-	-	-	-	-	-	-	-

* Note: 100% Equity Shares 17,716,500 were held by IIFL Holdings Limited -The Holding Company up to September 30, 2016.

Note: 5. Reserves and Surplus:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Securities Premium Account					
Opening balance	823.33	90.00	90.00	90.00	90.00
Addition during the year	-	733.33	-	-	-
Deduction during the year	-	-	-	-	-
Closing balance	823.33	823.33	90.00	90.00	90.00
Capital Reserve					
Opening balance	47.71	-	-	-	-
Addition during the year (Refer Note)	-	47.71	-	-	-
Deduction during the year	-	-	-	-	-
Closing balance	47.71	47.71	-	-	-
Profit and loss Account					
Opening balance	(116.09)	0.81	55.80	20.49	8.85
Addition during the year	(252.97)	(116.90)	(54.99)	35.31	11.64
Closing balance	(369.06)	(116.09)	0.81	55.80	20.49
Total	501.98	754.95	90.81	145.80	110.49

Note: 6. Long Term Provisions:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at 31 March 2014
Provision for Gratuity	1.36	2.58	0.25	0.33	0.29
Provision for Leave Encashment	0.71	0.57	0.06	0.23	0.19
Total	2.07	3.15	0.31	0.56	0.48

Note: 7. Short Term Borrowings:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Bank overdrafts/ Cash Credit – Secured*, Repayable on Demand	161.47	-	-	-	-
Unsecured loans from related parties repayable on demand	-	-	23.10	148.30	-
Total	161.47	-	23.10	148.30	-

* Secured by Term Deposit of ₹50 crores pledged by group company.

Note: 8. Trade Payable:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
- Outstanding dues of micro & small enterprises*	-	-	-	-	-
- Outstanding dues of creditors other than micro & small enterprises	20.69	4.50	-	-	0.01
Total	20.69	4.50	-	-	0.01

*No Interest has been paid/is payable by company during the year to “Suppliers” referred under the Micro, Small & Medium Enterprises Development Act, 2006.

The aforementioned is based on the response received by the Company to its inquiries with suppliers with regards to applicability under the said act.

Note: 9. Other Current Liabilities:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Advances from customers	0.65	-	-	-	-
Accrued Salaries & Benefits	1.89	1.07	2.45	1.71	0.58
Contractually reimbursable expenses@	0.28	0.00	0.01	0.27	0.39
Statutory liabilities payable	15.58	4.39	0.96	1.68	0.48
Client payables	433.89	156.16	294.54	3.39	0.10
Total	452.29	161.62	297.96	7.05	1.55

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

Note: 10. Short Term Provisions:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Provision for expenses	47.80	38.96	1.59	1.33	0.77
Bonus Payable	2.91	0.74	0.15	6.00	12.00
Provision for tax@	-	0.00	0.35	7.50	2.90
Provision for Leave encashment	0.54	0.18	0.02	0.11	0.06
Provision for Gratuity@	0.77	0.72	0.03	0.00	0.00
Total	52.02	40.60	2.14	14.94	15.73

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

Note:11. Fixed Assets:**Tangible Assets**

Gross Block (At Cost)					(₹ in Million)
Particulars	Computers	Electrical Equipment	Furniture & Fixtures	Office Equipment	Total
At April 1,2013	-	-	-	-	-
Addition	-	-	-	-	-
Deductions/Adjustments during the year	-	-	-	-	-
As at March 31,2014	-	-	-	-	-
Addition	-	-	-	-	-
Deductions/Adjustments during the year	-	-	-	-	-
As at March 31,2015	-	-	-	-	-
Addition	1.00	-	-	0.36	1.36
Deductions/Adjustments during the year	-	-	-	-	-
As at March 31,2016	1.00	-	-	0.36	1.36
Addition on account of Scheme of Arrangement	-	-	-	0.68	0.68
Addition	0.47	0.32	1.84	0.46	3.09
Deductions/Adjustments during the year	-	-	-	-	-
As at March 31,2017	1.47	0.32	1.84	1.50	5.13
Addition	10.87	0.78	1.41	0.73	13.79
Deductions/Adjustments during the year	-	-	-	0.04	0.04
As at March 31,2018	12.34	1.10	3.25	2.19	18.88

Accumulated Depreciation					(₹ in Million)
Particulars	Computers	Electrical Equipment	Furniture & Fixtures	Office Equipment	Total
At April 1,2013	-	-	-	-	-
Addition	-	-	-	-	-
Deductions/Adjustments during the year	-	-	-	-	-
As at March 31,2014	-	-	-	-	-
Addition	-	-	-	-	-
Deductions/Adjustments during the year	-	-	-	-	-
As at March 31,2015	-	-	-	-	-
Addition	0.06	-	-	0.03	0.09
Deductions/Adjustments during the year	-	-	-	-	-
As at March 31,2016	0.06	-	-	0.03	0.09
Accumulated Depreciation on account of scheme of arrangement	-	-	-	0.23	0.23
Addition	0.41	0.25	1.01	0.46	2.13
Deductions/Adjustments during the year	-	-	-	-	-
As at March 31,2017	0.47	0.25	1.01	0.72	2.45
Addition	2.26	0.08	0.83	0.81	3.98
Deductions/Adjustments during the year	-	-	-	0.04	0.04
As at March 31,2018	2.73	0.33	1.84	1.49	6.39

Net Block					(₹ in Million)
Particulars	Computers	Electrical Equipment	Furniture & Fixtures	Office Equipment	Total
As at March 31,2014	-	-	-	-	-
As at March 31,2015	-	-	-	-	-
As at March 31,2016	0.94	-	-	0.33	1.27
As at March 31,2017	1.00	0.07	0.83	0.78	2.68
As at March 31,2018	9.61	0.78	1.41	0.70	12.49

Intangible Assets

(₹ in Million)

Particulars	Gross Block (At Cost)		Depreciation		Net Block	
	Software	Total	Software	Total	Software	Total
At April 1,2013	-	-	-	-	-	-
Addition	-	-	-	-	-	-
Deductions/Adjustments during the year	-	-	-	-	-	-
As at March 31,2014	-	-	-	-	-	-
Addition	-	-	-	-	-	-
Deductions/Adjustments during the year	-	-	-	-	-	-
As at March 31,2015	-	-	-	-	-	-
Addition	1.00	1.00	0.03	0.03	-	-
Deductions/Adjustments during the year	-	-	-	-	-	-
As at March 31,2016	1.00	1.00	0.03	0.03	0.97	0.97
Addition	1.69	1.69	0.64	0.64	-	-
Deductions/Adjustments during the year	-	-	-	-	-	-
As at March 31,2017	2.69	2.69	0.67	0.67	2.02	2.02
Addition	9.43	9.43	2.69	2.69	-	-
Deductions/Adjustments during the year	-	-	-	-	-	-
As at March 31,2018	12.12	12.12	3.36	3.36	8.76	8.76

Note: 12. Non Current Investments:

(₹ in Millions)

Particulars	As at March 31,2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Investment in Subsidiaries - Equity Instruments (Unquoted)					
Spaisa P2P Limited (w.e.f. December 7, 2017) (2,050,000 Equity Shares of Rs. 10/- each)	20.50	-	-	-	-
Total	20.50	-	-	-	-

Note: 13. Deferred Tax Assets:

(₹ in Millions)					
Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31 , 2016	As at March 31, 2015	As at March 31 , 2014
Depreciation	0.02	0.01	(0.15)	-	-
Deferred Tax Asset for Gratuity / Leave	0.87	0.41	0.08	0.11	0.10
Encashment					
Provision for Doubtful debts	0.29	-	-	-	-
Short term/Long Term Capital losses/ Business Loss*	148.11	69.75	23.69	-	-
Total	149.29	70.17	23.62	0.11	0.10

*Considering the future projections and that the carried forward losses are only for the last 3 years, the Company is of the opinion that sufficient taxable income will be available in future against which the deferred tax assets arising from carried forward business loss can be utilized.

Note: 14. Long Term Loans & Advances:

(₹ in Millions)					
Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31 , 2016	As at March 31, 2015	As at March 31 , 2014
Unsecured, Considered Good :					
Deposits With Exchange	322.48	38.92	42.03	36.40	42.00
Security Deposits	2.07	-	-	-	-
Advance Income Tax & Tax Deducted at Source	1.43	2.18	1.52	-	-
Others	-	-	-	-	0.10
Total	325.98	41.10	43.55	36.40	42.10

Note: 15. Inventories - (At lower of cost or net realisable value):

(₹ in Millions)

Script Name	As at March 31,2018		As at March 31,2017		As at March 31,2016		As at March 31,2015		As at March 31,2014	
	Qty. in Nos.	₹ in Millions	Qty. in Nos.	₹ in Millions	Qty. in Nos.	₹ in Millions	Qty. in Nos.	₹ in Millions	Qty. in Nos.	₹ in Millions
Exchange Traded Fund										
EQ-SBISENSEXETF	6,212	2.13	5,497	1.65	2,177	0.54	-	-	-	-
EQ-SETFBANK EQ	1,595	0.39	14,564	3.07	7,360	1.14	-	-	-	-
EQ-SETFBS	20,630	2.18	32,380	2.85	-	-	-	-	-	-
EQ-SETFNIFTYNEXT 50 EQ	1,601	0.46	5,029	1.23	-	-	-	-	-	-
EQ-SETFNIFTY EQ	34,474	3.51	62,332	5.77	11,225	0.85	-	-	-	-
EQ-UTINIFTYETF	7,359	7.76	10,908	9.62	5,234	3.95	-	-	-	-
EQ-UTISENSEXETF	8,473	2.89	4,604	1.35	11,118	2.64	-	-	-	-
EQ-UTINEXT50	56,816	16.49	-	-	-	-	-	-	-	-
DLF LTD	911	0.18	-	-	-	-	-	-	-	-
SUZLON ENERGY LTD	1,261	0.01	-	-	-	-	-	-	-	-
EQ-SETFBSE100	-	-	-	-	12,246	0.96	-	-	-	-
EQ-SETFNIFJR EQ	-	-	-	-	2,133	0.40	-	-	-	-
EQ-IIFLNIFTY	-	-	-	-	-	-	-	-	180	0.12
TOTAL	139,332	36.00	135,314	25.54	51,493	10.48	-	-	180	0.12
Aggregate Market Value-Stock		36.11		26.66		10.48		-		0.12

Note: 16. Trade Receivables:

(₹ in Millions)

Particulars	As at March 31,2018	As at March 31,2017	As at March 31, 2016	As at March 31,2015	As at March 31, 2014
Unsecured, considered good, unless otherwise stated					
Outstanding for a period exceeding six months from date they are due for payment.	-	-	-	-	-
Others	5.66	4.10	-	-	-
Total	5.66	4.10	-	-	-

Note: 17. Cash and Bank Balances:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Cash & Cash Equivalents:					
Balances with banks:					
In current accounts					
Client bank accounts	163.65	124.26	54.84	9.92	-
Others Bank accounts #	10.57	631.97	23.46	20.81	15.39
Total Cash & Cash Equivalent (a)	174.22	756.23	78.30	30.73	15.39
Other Balances					
In Deposit account (Maturity more than 3 months to 12 months)*	105.00	55.00	50.00	250.00	-
In Deposit account (Maturity more than 12 months)*	7.25	-	-	-	100.07
Total Other Balances (b)	112.25	55.00	50.00	250.00	100.07
Total (a + b)	286.47	811.23	128.30	280.73	115.46

includes Cheque on hand ₹ 0.17 Million as at March 31, 2018 ₹ 9.20 Million as at March 31, 2017 and ₹ 0.44 Million as at March 31 2016

*Includes fixed deposits to the extent of ₹ 112.25 Million as at March 31, 2018, ₹ 55.00 Million as at March 31, 2017, ₹ 50.00 Million as at March 31, 2016, ₹ 250.00 Million as at March 31, 2015 and ₹ 10.00 Million as at March 31, 2014 pledged with banks for Bank Guarantees and with the stock exchanges for Margin / Capital purpose.

Note: 18. Short term Loan and Advances:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Unsecured, Considered Good :					
Advances recoverable in cash or in kind or for value to be received.	4.00	1.97	0.06	-	-
Balance with Government authorities					
Service Tax / GST Credit Receivable	36.64	13.88	3.25	0.98	0.84
Total	40.64	15.85	3.31	0.98	0.84

Note: 19. Other Current Assets:

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Margin with exchanges	-	-	0.46	-	-
Prepaid expenses	3.44	1.46	1.36	1.01	0.14
Client Receivables	429.76	116.79	231.01	27.91	-
Provision for doubtful client receivables	(1.13)	-	-	-	-
Total	432.07	118.25	232.83	28.92	0.14

Note: 20. Revenue from Operations:

(₹ in Millions)

Particulars	For the year ended on				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Capital Market activities	151.32	16.04	2.92	5.86	-
Fund Based activities	29.81	51.97	(15.10)	107.85	45.77
Financial Products distribution	15.39	6.66	-	-	-
Total	196.52	74.67	(12.18)	113.71	45.77

Note: 21. Employee Benefits Expense:

(₹ in Millions)

Particulars	For the year ended on				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Salaries and bonus	179.61	76.73	21.47	19.82	18.71
Contribution to provident and other funds	10.54	3.26	0.31	0.12	0.00
Gratuity *	0.61	1.28	(0.29)	0.04	0.29
Staff Welfare Expenses	1.78	0.62	0.03	0.04	0.05
Leave Encashment	0.81	0.49	0.11	0.17	0.25
Total	193.35	82.38	21.63	20.19	19.30

* The Company is recognising and accruing the employee benefit as per accounting standard (AS) – 15 on “Employee Benefits” the disclosures of which are as under.

(₹ in Millions)

Assumptions	For the year ended on				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Discount rate previous year	6.77%	7.72%	7.89%	9.14%	-
Salary Escalation previous year	5.00%	5.00%	5.00%	5.00%	-
Discount rate current year	7.35%	6.77%	7.72%	7.89%	9.14%
Salary Escalation Current Year	8.00%	5.00%	5.00%	5.00%	5.00%

(₹ in Millions)

Change in Benefit Obligation	For the year ended on				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Liability at the beginning of the year	1.50	0.27	0.33	0.29	-
Interest Cost	0.10	0.02	0.03	0.03	-
Current Service Cost	0.58	0.11	0.11	0.11	-
Past Service Cost	(0.03)	-	-	-	-
Benefit Paid	-	(0.04)	-	-	-
Actuarial (gain)/ Loss on obligations	(1.68)	0.97	(0.42)	(0.09)	-
Liability Transferred in/(out)	1.66	0.17	0.23	-	0.29
Liability at the end of the year	2.13	1.50	0.27	0.33	0.29

(₹ in Millions)

Amount recognised in the Balance Sheet	For the year ended on				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Liability at the end of the year	2.13	1.50	(0.27)	(0.33)	0.29
Fair Value of plan Assets at the end of the year	-	-	-	-	-
Funded Status (Surplus/(Deficit))	2.13	1.50	(0.27)	(0.33)	-
Amount of liability recognised in the Balance Sheet	(2.13)	1.50	(0.27)	(0.33)	0.29

(₹ in Millions)

Expenses Recognised in the Income statement	For the year ended on				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Current Service Cost	0.58	0.11	0.11	0.11	0.29
Interest Cost	0.10	0.02	0.03	0.03	-
Past Service Cost	(0.03)	-	-	-	-
Actuarial Gain or Loss	(1.68)	0.97	(0.42)	(0.09)	-
Expense recognised in P&L	(1.03)	1.10	(0.29)	0.04	0.29

(₹ in Millions)

Balance Sheet reconciliation	For the year ended on				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Opening Net liability	1.50	0.27	0.33	0.29	0.29
Expense as above	(1.03)	1.10	(0.29)	0.04	-
Liability Transferred in/(out)	1.66	0.17	0.23	-	-
Benefit Paid	-	(0.04)	-	-	-
Amount recognised in the Balance Sheet	2.13	1.50	0.27	0.33	0.29

Defined Contribution Plans:

The Company has also recognised the following amounts as an expense.

(₹ in Millions)

Particulars	For the year ended on				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Contribution to provident fund and EPS@	7.64	2.57	0.30	0.12	0.00

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

Note: 22. Finance Costs:

(₹ in Millions)

Particulars	For the year ended on				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Interest expenses	6.23	11.23	18.05	22.94	0.02
Other borrowing cost	1.72	1.28	-	0.01	-
Total	7.95	12.51	18.05	22.95	0.02

Note: 23. Other expenses:**(₹ in Millions)**

Particulars	For the year ended on				
	March 31,2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Advertisement	155.70	66.52	0.17	0.22	-
Books & Periodicals@	0.02	0.00	0.00	0.00	0.02
Brokerage related Expenses	17.73	1.38	4.05	5.18	0.65
Exchange and statutory Charges@	0.71	0.15	0.25	0.11	0.00
Marketing and commission expenses	10.34	2.21	0.28	0.03	-
Directors Sitting Fees	0.66	-	-	-	-
Bank Charges@	0.61	0.10	4.32	4.72	0.00
Communication	7.03	2.35	1.40	0.17	0.55
Electricity	9.84	5.42	0.37	0.59	1.67
Legal and professional charges	29.53	17.31	3.24	0.20	0.01
Miscellaneous expenses	0.04	0.15	0.03	0.01	0.05
Office expenses	9.16	3.90	0.93	0.62	0.18
Meeting Seminar & subscription	1.27	0.97	0.22	0.25	0.27
Postage and courier@	0.40	0.30	0.02	0.02	0.00
Printing and stationery@	0.58	0.24	0.02	0.05	0.00
Provision for doubtful debts and bad debts@	1.14	(0.00)	(0.01)	(0.05)	0.00
Rent	30.45	15.78	3.06	2.36	-
Insurance	0.39	0.08	0.32	0.11	-
Rates & taxes	7.51	1.89	0.22	0.11	-
Repairs & Maintenance					
- Computer	0.62	0.32	0.03	0.01	-
- Others@	3.33	0.46	0.02	0.03	0.00
Remuneration to Auditors :					
As auditors - statutory audit	0.10	0.01	0.01	0.01	0.01
Certification work and other matters	0.01	0.01	0.01	-	-
Software Charges/ Technology Cost	26.59	17.48	3.46	3.05	5.34
Travelling and conveyance	6.88	3.78	2.59	1.03	0.29
Total	320.64	140.81	25.01	18.83	9.04

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

Note: 24. Depreciation and Amortisation

(₹ in Millions)

Particulars	For the year ended on				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Depreciation - Tangible Assets	3.98	2.13	0.09	-	-
Amortisation – Intangible Assets	2.69	0.64	0.03	-	-
Total	6.67	2.77	0.12	-	-

Note: 25. Earnings per Share (EPS):

(₹ in Millions)

Particulars	For the year ended on				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Net Profit after Tax for the Year	(252.97)	(116.90)	(54.99)	35.31	11.64
Weighted Average No. of Shares	1,27,39,022	8,113,182	3,050,000	3,050,000	3,050,000
Basic EPS	(19.86)	(14.41)	(18.03)	11.58	3.82
Diluted EPS	(19.86)	(14.41)	(18.03)	11.58	3.82

*The Employee Stock Options granted by the Company which are potential equity shares are ignored for purpose of computation of diluted earnings per share for the period ended March 31, 2018 since they are anti-dilutive, considering that the company has incurred losses.

Note: 26.

The Company operates from and uses the premises, infrastructure and other facilities and services as provided to it by group companies which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for by the company were identified and recovered from them based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.

Note: 27.

A) Disclosures in respect of applicability of AS – 18 Related Party Disclosures:

Nature of relationship	Name of party
Subsidiary	Spaia P2P Limited w.e.f. 07.12.2017
Other Related Parties	
Holding Company ceased w.e.f 01.10.2016 *	IIFL Holdings Limited
Fellow Subsidiaries up to 30.09.2016 and under common control w.e.f. 01.10.2016	IIFL Commodities Limited (formerly known as India Infoline Commodities Limited) India Infoline Media & Research Services Limited India Infoline Finance Limited IIFL Securities Limited (Formerly known as India Infoline Limited) IIFL Management Services Limited (formerly known as India Infoline Insurance Services Limited) IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited) IIFL Wealth Management Limited IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited) IIFL Wealth UK Limited IIFL Capital Inc India Infoline Foundation IIFL Assets Reconstruction Limited India Infoline Commodities DMCC (up to 16th January 2016) IIFL Securities Ceylon (Pvt) Limited (up to 30th December 2013) IIFL Capital Ceylon Limited (up to 20th March 2014)
Group Companies up to 30.09.2016 and under common control w.e.f. 01.10.2016	IIFL Home Finance Limited (IFormerly known as India Infoline Housing Finance Limited) Samasta Microfinance Limited (w.e.f. 01 st Mar 2017) Ayusha Dairy Private Limited (w.e.f. 01 st Mar 2017) IIFL Capital Pte. Ltd IIFL Securities Pte. Limited IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)
	IIFL Alternate Asset Advisors Limited IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited) IIFL Trustee Limited (Formerly India Infoline Trustee Company Limited) IIFL Distribution Services Limited (Formerly IIFL Distribution Services Private Limited) IIFL Investment Advisers & Trustee Services Limited (Formerly IIFL Trustee Services Limited) IIFL Asia Pte Limited IIFL Private Wealth Hong Kong Limited IIFL Asset Management (Mauritius) Limited {Formerly IIFL Private Wealth (Mauritius) Ltd. IIFL Private Wealth Management (Dubai) Limited

Nature of relationship	Name of party
	IIFL Inc. IIFL Private Wealth (Suisse) SA. Clara Developers Private Limited IIFL Capital (Canada) Limited IIFL Properties Private limited (Formerly known as Ultra Sign & Display Private Limited) (Upto 31 st Mar 2016) India Alternatives Investment Advisors Private Limited (Upto 30 th Mar 2017)
Key Managerial Personnel	Mr. PrakarshGagdani (w.e.f 22 Dec 2015) Mr. Santosh Jayaram(w.e.f. 11 th Jan 2018) Mr. Vishal Rana (up-to 22 Dec 2015)
Others	Mr. R Venkataraman Mr.Nirmal Jain Orpheus Trading Pvt. Limited Ardent ImpexPvt. Limited Madhu Jain (wife of Mr. Nirmal Jain) Aditi Venkataraman (wife of Mr. R Venkataraman)

B) Significant Transaction with Related Parties and balances.

(₹ in Millions)

Nature of Transaction	For the year ended on				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Advance Taken (Max)					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	200.50	200.50	4.44
Advance Taken Return Back (Max)					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	52.20	52.20	4.44
ICD Received					
India Infoline Finance Limited	100.00	9.50	543.00	1,069.50	-
IIFL Holdings Limited	460.00	13.40	190.60	-	-
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	60.00	8,400.00	182.30	-	-
IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited)	-	850.00	-	-	-
IIFL Commodities Limited (formerly known as India Infoline Commodities Limited)	-	-	-	48.00	-
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	-	20.00	-
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	-	-	17.50	-	-
India Infoline Media & Research Services Limited	-	-	5.00	-	-
ICD Received (Return)					
India Infoline Finance Limited	100.00	9.50	543.00	1,069.50	-
IIFL Holdings Limited	460.00	13.40	167.50	-	-
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	60.00	8,400.00	182.30	-	-
IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited)	-	850.00	-	-	-
IIFL Commodities Limited (formerly known as India Infoline Commodities Limited)	-	-	-	48.00	-
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	-	20.00	-
IIFL Insurance Brokers Limited (Formerly Known as India	-	-	17.50	-	-

Nature of Transaction	For the year ended on				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Infoline Insurance Brokers Limited)					
India Infoline Media & Research Services Limited	-	-	5.00	-	-
ICD Given					
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	55.60	-	-
IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)		84.00	-	-	-
ICD Given (Received Back)					
IIFL Facilities Services Limited (Formerly known as IIFL Realty Limited)	-	-	55.60	-	-
IIFL Insurance Brokers Limited (Formerly known as India Infoline Insurance Brokers Limited)	-	84.00	-	-	-
Interest Expenses (ICD)					
India Infoline Finance Limited	0.46	-	3.32	3.23	-
IIFL Holdings Limited	4.13	1.00	3.54	-	-
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	0.18	9.43	0.65	-	-
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	9.47	0.13	-
IIFL Commodities Limited (formerly known as India Infoline Commodities Limited)	-	-	-	0.29	-
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	-	-	0.01	-	-
India Infoline Media & Research Services Limited@	-	-	0.00	-	-
Interest Expenses					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	-	18.96	-
Allocation / Reimbursement of Expenses Paid					
IIFL Securities Limited (Formerly known as India Infoline Limited)	26.03	15.85	4.73	15.13	
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	12.37	4.64	-	-	-
India Infoline Finance Limited	0.26	0.02	-	-	-

Nature of Transaction	For the year ended on				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
India Infoline Housing Finance Limited	0.01	-	-	-	-
IIFL Holdings Limited	1.73	-	-	-	-
IIFL Management Services Limited (formerly known as India Infoline Insurance Services Limited)	0.01	-	-	-	-
Allocation / Reimbursement of Expenses Received					
IIFL Securities Limited (Formerly known as India Infoline Limited)	0.15	7.80	0.12	23.74	11.51
IIFL Wealth Management Limited	-	0.05	-	-	-
IIFL Commodities Limited (formerly known as India Infoline Commodities Limited)	-	-	-	1.50	-
India Infoline Media & Research Services Limited	-	-	0.06	-	-
Rent Expense					
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	26.33	13.62	3.03	-	-
IIFL Properties Private limited (Formerly known as Ultra Sign & Display Private Limited)	-	-	0.01	-	-
Remuneration					
PrakarshGagdani	5.28	5.29	0.96	-	-
Santosh Jayaram	0.45	-	-	-	-
Vishal Rana	-	-	5.33	6.90	-
Others Paid					
IIFL Securities Limited (Formerly known as India Infoline Limited)	0.24	0.02	1.10	27.09	-
India Infoline Finance Limited	-	0.01	0.06	-	-
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	0.04	-	-	-	-
IIFL Holdings Limited	2.05	-	-	0.15	-
Others Received					
IIFL Securities Limited (Formerly known as India Infoline Limited)	0.10	8.83	0.18	0.66	-
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	0.10	-	-	-	-
India Infoline Finance Limited	0.05	-	-	-	-

Nature of Transaction	For the year ended on				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
IIFL Holdings Limited	-	-	-	-	-
Service Income					
IIFL Securities Limited (Formerly known as India Infoline Limited)	4.83	0.54	-	-	-
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	4.86	0.74	-	-	-
Brokerage/Commission Income					
IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)	0.10	-	-	-	-
Security Deposit (Received)					
IIFL Holdings Limited	0.20	-	-	-	-
Security Deposit (Repaid)					
IIFL Holdings Limited	0.20	-	-	-	-
Investment in Subsidiaries					
Spaisa P2P Limited	20.50	-	-	-	-
Sundry Payables					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	-	-	148.30	-
IIFL Holdings Limited	-	-	23.10	-	-
Sundry Receivables					
IIFL Wealth Management Limited	-	-	-	1.56	-

@ Amount is Less than ₹ 0.01 million, hence shown ₹ 0.00 million

* The relationship with holding company and fellow subsidiary has ceased to exist however these are under common control with, the reporting enterprise.

Note: 28. Segment Reporting:

In the opinion of the management, there is only one reportable business segment as envisaged by AS 17 'Segment Reporting', issued by the Institute of Chartered Accountants of India. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company.

Note: 29. There is no pending litigation by and on the Company as on the balance sheet date.

Note: 30. Capital and Other Commitments at Balance Sheet date

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Outstanding commitments (net of advances)	1.11	4.11	-	-	-
Total	1.11	4.11	-	-	-

Note: 31. The shareholders of the Company have approved two ESOP scheme(s) having a pool size of 600,000 options each i.e. Spaisa Capital Limited Employee Stock Option Scheme 2017 and Spaisa Capital Limited Employee Stock Option Trust Scheme 2017. The Nomination and Remuneration Committee of the Board of Directors of the Company granted 220,000 options under Spaisa Capital Limited Employee Stock Options Scheme 2017 to the eligible employees of the Company on January 29, 2018. Further, the Scheme(s) has been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

Note: 32. Earnings and expenses in foreign currency

(₹ in Millions)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Earnings in Foreign Currency	-	-	-	-	-
Total Income	-	-	-	-	-
Expenses in Foreign Currency					
Advertisement Expenses	3.02	1.57	-	-	-
Total Expenses	3.02	1.57	-	-	-

Note: 33. Disclosure on Specified Bank Notes (SBNs)

During the year FY 2016-17, the Company had no specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	NIL	NIL	NIL
(+) Permitted receipts	NIL	NIL	NIL
(-) Permitted payments	NIL	NIL	NIL
(-) Amount deposited in Banks	NIL	NIL	NIL
Closing cash in hand as on 30.12.2016	NIL	NIL	NIL

Note: 34. Previous year figures are re-grouped, re-classified & rearranged, wherever considered necessary to confirm to current year's presentation.

As per our attached report of even date

For V. Sankar Aiyar & Co
Chartered Accountants
Firm's Registration No.109208W
By the hand of

For and on behalf of the Board of Directors

G Sankar
Partner
Membership No.: 046050

Prakarsh Gagdani
Whole Time Director & CEO
(DIN: - 07376258)

Santosh Jayaram
Whole Time Director
(DIN: -07955607)

Mahesh Shetty
Chief Financial Officer

Roshan Dave
Company Secretary

Place: Mumbai
Dated: September 12, 2018

Spaisa Capital Limited

Annexure VI: Restated Standalone Summary Statements on the Adjustments to Audited Financial Statements

(₹ in Millions)

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Profit after tax as per audited financial statements	(252.97)	(116.90)	(54.99)	35.31	11.64
Impact of adjustments due to qualifications in auditor's reports	-	-	-	-	-
Impact of adjustments of material amounts	-	-	-	-	-
Impact of changes in accounting policies	-	-	-	-	-
Profit after tax as per summary restated financial	(252.97)	(116.90)	(54.99)	35.31	11.64

Notes:

1 - There were no qualifications in auditors reports in any of the years and no changes in accounting policies requiring adjustments to the audited financial statements.

2 - Appropriate adjustments have been made in the Restated Standalone Summary Statements of Assets and Liabilities, Profit and Loss and Cash Flow in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended), by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Company as at and for the nine months period ended March 31, 2018, prepared in accordance with Schedule III of the Companies Act, 2013

Spaisa Capital Limited
Annexure :VII Restated Standalone Summary Statement Of Accounting Ratios

(₹ in Millions)

Particular	Reference	For the year ended March, 31				
		March 31st 2018	March 31st 2017	March 31st 2016	March 31st 2015	March 31st 2014
Basis for computation of Accounting Ratios						
Restated Profit after tax (A) (Refer Annexure II)	A	(252.97)	(116.90)	(54.99)	35.31	11.64
Restated Net profit attributable to equity shareholders for calculation of basic & diluted earnings per share	B	(252.97)	(116.90)	(54.99)	35.31	11.64
Weighted average number of Equity Shares outstanding during the year for calculating basic earnings per share (Refer Note 25)	C	1,27,39,022	81,13,182	30,50,000	30,50,000	30,50,000
Weighted average number of Equity Shares outstanding during the year for calculating diluted earnings per share (Refer Note 25)	D	1,27,39,022	81,13,182	30,50,000	30,50,000	30,50,000
Equity share capital	E	127.39	127.39	30.50	30.50	30.50
Reserves and surplus	F	501.98	754.95	90.81	145.80	110.49
Net worth (E + F)	G	629.37	882.34	121.31	176.30	140.99
Net asset value	H	629.37	882.34	121.31	176.30	140.99
Number of equity shares outstanding at the end of the year	I	1,27,39,022	1,27,39,022	30,50,000	30,50,000	30,50,000
Accounting Ratios						
Basic earnings per share (Rs.) (A / C)	J	(19.86)	(14.41)	(18.03)	11.58	3.82
Diluted earnings per share (Rs.) (A / D)	K	(19.86)	(14.41)	(18.03)	11.58	3.82
Return on net worth % (A / G * 100)	L	(40.19)	(13.25)	(45.33)	20.03	8.25
Net asset value per equity share (Rs.) (H / I)	M	49.41	69.26	39.77	57.80	46.23

Notes: The above ratios are calculated as under:

a) Earnings per share = Restated Net profit after tax attributable to equity shareholders / weighted average number of shares outstanding during the year.

b) Return on net worth (%) = Restated Profit after tax / net worth of the year.

Net worth means the aggregate of the paid up share capital, securities premium account, and other reserves and surplus (excluding revaluation reserve), as restated at the end of the year. The Company does not have any revaluation reserve.

c) Net asset value per equity share (₹) = Net worth / Total number of equity shares outstanding as at the end of the year.

Spaisa Capital Limited
Annexure : VIII - Restated Standalone Summary Statement Of Tax Shelter

(₹ in Millions)

Particulars	As at				
	March 31st 2018	March 31st 2017	March 31st 2016	March 31st 2015	March 31st 2014
Restated Profit before tax	(332.09)	(163.80)	(76.99)	51.74	17.41
Tax rate	30.90%	30.90%	30.90%	32.45%	32.45%
Tax thereon at the above rate	-	-	-	16.79	5.65
Tax temporary differences					
On account of depreciation on fixed assets	-	-	-	-	-
On account of provision for employee benefits	-	-	-	1.42	0.18
Others	-	-	-	-	-
Tax permanent differences					
Others	-	-	-	(0.26)	(0.15)
Brought forward losses	-	-	-	-	-
Total tax expense as per normal provisions (A)	-	-	-	17.95	5.67
Book Profit as per MAT	(332.09)	(163.80)	(76.99)	51.74	17.23
MAT rate	19.06%	19.06%	19.06%	20.01%	20.01%
Tax liability as per MAT (B)	-	-	-	10.35	3.45
Current tax being higher of A or B	-	-	-	17.95	5.67
Current tax	-	-	-	17.95	5.67

The figures above have been taken from the income tax returns filed for the relevant financial years. The short provision in tax for FY 2014-15 has been provided for in Financial Year 2015-16 as previous year taxes.

Spaisa Capital Limited
Annexure - IX: Restated Standalone Summary Statement of Capitalisation

(₹ in Millions)

Particulars	Pre-issue as at March 31, 2018	Post-issue as adjusted for the issue
Shareholders' funds		
Share Capital	127.39	Refer Note 2 below
Reserve & Surplus	501.98	
Total Shareholders' funds (Equity) (A)	629.37	
Debt		
Long Term Debt	-	
Short-Term Debt	161.47	
Total debt (B)	161.47	
Long term debt/equity ratio	-	
Total debt equity ratio	0.26	

1. The figures disclosed above are based on the restated financial information of the Company.
2. The corresponding post Right Issue Capitalisation data for each of the amount given in the above table as not determinable at this stage pending the completion of the Right Issue process and hence the same have not been provided in the above statement.

INDEPENDENT AUDITOR REPORT ON THE RESTATED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors

Spaisa Capital Limited

Sun Infotech Park, Road No 16V,
Plot No B-23, Thane Industrial Area,
Wagle Estate, Thane - 400604

Dear Sirs,

- 1 We have examined (as appropriate, refer paragraphs 5 below) the attached Restated Consolidated Financial Information of Spaisa Capital Limited (the “Company”) along with its subsidiary (the “Group”), which comprise of the Restated Consolidated Summary Statement of Assets and Liabilities as at March 31, 2018, the Restated Consolidated Summary Statement of Profit and Loss and the Restated Consolidated Summary Statement of Cash Flows for the year ended March 31, 2018 and the Consolidated Summary Statement of Significant Accounting Policies, and related Annexures thereto (collectively, the “Restated Consolidated Financial Information”), as approved by the Board of Directors of the Company at their meeting held on September 12, 2018 for the purpose of inclusion in the Draft Letter of Offer (“DLOF”) prepared by the Company in connection with its proposed Rights Issue of equity shares prepared in terms of the requirements of:
 - a) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (“SEBI ICDR Regulations”); and
 - b) The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India, as amended from time to time (the “Guidance Note”).
- 2 The preparation of the Restated Consolidated Financial Information is the responsibility of the Board of Directors of the Company for the purpose set out in paragraph 10 below. The Board of Directors responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Group complies with the Companies Act, 2013 (“Act”), SEBI ICDR Regulations and the Guidance Note.

Our responsibility is to examine the Restated Consolidated Financial Information and confirm whether such Restated Consolidated Financial Information comply with the requirements of the Act, ICDR Regulations and the Guidance Note.

- 3 We have examined such Restated Consolidated Financial Information taking into consideration:
- a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated August 20, 2018 in connection with the proposed rights issue of equity shares of the Company; and
 - b) The Guidance Note.
- 4 These Restated Consolidated Financial Information have been compiled by the Management from audited consolidated financial statements of the Company as at and for the year ended March 31, 2018 prepared in accordance with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Accounting Standards) Rules as amended from time to time (referred to as Indian GAAP) which have been approved by the Board at their meeting held on April 17, 2018 on which we had issued an unmodified auditor's report to the shareholders dated April 17, 2018.
- 5 Based on our examination and according to the information and explanations given to us, we report that the Restated Consolidated Financial Information:
- a) have been prepared after incorporating adjustments for the changes in accounting policies retrospectively in the respective financial years to reflect the same accounting treatment as per the accounting policies followed as at and for the year ended March 31, 2018;
 - b) have been prepared after incorporating adjustments for the material amounts in the respective financial years to which they relate;
 - c) do not contain any extra-ordinary items that need to be disclosed separately and do not contain any qualification 156 requiring adjustments; and
 - d) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
- 6 We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
- 7 The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of predecessor / other auditors' reports mentioned in paragraph 4 above on the audited consolidated financial statements.
- 8 This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or by the predecessor / other auditors', nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- 9 We have no responsibility to update our auditors' report for events and circumstances occurring after the date of the report.
- 10 Our report is intended solely for use of the Management for inclusion in the DLOF to be filed with Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited in connection with the proposed offer of rights shares of the

Company. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing.

For V.Sankar Aiyar & Co.,
Chartered Accountants
FRN.109208W
Peer Review Certificate No 008953

(G. Sankar)
Partner
M. No. 46050
Place: Mumbai
Date: September 12, 2018

5paisa Capital Limited
Annexure I: Restated Consolidated Summary Statement of Assets and Liabilities

(` in Millions)

Particulars	Note No.	As at March 31, 2018
I EQUITY AND LIABILITIES		
(1) Shareholder's funds		
(a) Share Capital	4	127.39
(b) Reserve and Surplus	5	501.98
Sub Total		629.37
(2) Non Current Liabilities		
(a) Long-Term borrowings		-
(b) Deferred Tax Liabilities (Net)		-
(c) Other Long-Term liabilities		-
(d) Long-Term Provisions	6	2.07
Sub Total		2.07
(3) Current Liabilities		
(a) Short-Term Borrowings	7	161.47
(b) Trade Payables	8	-
(A) total outstanding dues of micro enterprises and small enterprises		-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		20.69
(c) Other Current Liabilities	9	452.29
(d) Short-Term Provisions	10	52.02
Sub Total		686.47
TOTAL		1,317.91
II ASSETS		
(1) Non-Current Assets		
(a) Fixed Assets	11	
(i) Tangible Assets		12.49
(ii) Intangible Assets		8.76
(iii) Capital work in progress		0.05
Sub Total		21.30
(b) Non-Current Investments		
(c) Deferred Tax Assets (Net)	12	149.29
(d) Long-Term Loans & Advances	13	325.98
(e) Other Non-Current Assets		-
Sub Total		475.26
(2) Current Assets		
(a) Current Investments		-
(b) Inventories	14	36.00
(c) Trade Receivables	15	5.66
(d) Cash and Bank Balances	16	306.97
(e) Short-Term Loans & Advances	17	40.64
(f) Other Current Assets	18	432.07
Sub Total		821.34
TOTAL		1,317.91

The accompanying summary of significant accounting policies (Annexure IV), restated notes to accounts (Annexure V), notes on adjustments for restated consolidated summary financial information (Annexure VI), Restated consolidated Summary Statement Of Accounting Ratios (Annexure VII), Restated consolidated Summary Statement Of Tax Shelter (Annexure VIII), Restated consolidated Summary Statement of Capitalisation (Annexure IX) are an integral part of this statement

As per our attached report of even date

For V Sankar Aiyar & Co

Chartered Accountants

Firm's Registration No.109208W

By the hand of

For and on behalf of the Board of Directors

Prakarsh Gagdani

Whole Time Director & CEO

(DIN :- 07376258)

Santosh Jayaram

Whole Time Director

(DIN :- 07955607)

G Sankar

Partner

Membership No. 046050

Mahesh Shetty

Chief Financial Officer

Roshan Dave

Company Secretary

Place : Mumbai

Dated : September 12, 2018

Spaisa Capital Limited

Annexure II: Restated Consolidated Summary Statement of Profit & Loss for the year ended

(` in Millions)

Particulars	Note No	March 31, 2018
Income		
Revenue From Operations	19	196.52
Total Revenue		196.52
Expenditure		
Employee Benefits Expense	20	193.35
Finance Cost	21	7.95
Other Expenses	22	320.64
Depreciation and Amortisation	23	6.67
Total Expenditure		528.61
Profit Before Tax		(332.09)
Deferred Tax Expenses		(79.12)
Short / (excess) provision of tax for earlier year		(0.00)
Sub Total		(79.12)
Profit (Loss) For The Year		(252.97)
Earnings Per Share (Face Value `10 each)	24	
Basic (in Rs)		(19.86)
Diluted (in Rs)		(19.86)

The accompanying summary of significant accounting policies (Annexure IV), restated notes to accounts (Annexure V), notes on adjustments for restated consolidated summary financial information (Annexure VI), Restated consolidated Summary Statement Of Accounting Ratios (Annexure VII), Restated consolidated Summary Statement Of Tax Shelter (Annexure VIII), Restated consolidated Summary Statement of Capitalisation (Annexure IX) are an integral part of this statement

As per our attached report of even date

For V Sankar Aiyar & Co

Chartered Accountants

Firm's Registration No.109208W

By the hand of

For and on behalf of the Board of Directors

Prakarsh Gagdani

Whole Time Director & CEO
(DIN :- 07376258)

Santosh Jayaram

Whole Time Director
(DIN :- 07955607)

G Sankar

Partner

Membership No. 046050

Mahesh Shetty

Chief Financial Officer

Roshan Dave

Company Secretary

Place : Mumbai

Dated : September 12, 2018

Spaia Capital Limited

Annexure III: Restated Consolidated Summary Statement of Cash Flow for the year ended

(₹ in Millions)

Particulars	March 31, 2018	
Cash Flows From Operating Activities		
Net profit before taxation and extraordinary item		(332.09)
Adjustments for:		
Net Loss/(gain) on Sale of Current Investments	(14.38)	
Interest Income	(9.34)	
Gratuity	0.61	
Leave Encashment	0.80	
Interest Expenses	6.23	
Dividend Income	(0.20)	(16.28)
Operating Profit before Working Capital Changes		(348.37)
Changes in Working Capital :		
(Increase)/Decrease in Long Term Loan and Advances	(284.87)	
Increase/(Decrease) in Other Current Liabilities	290.67	
Decrease/(Increase) in Short Term Loans and advances	(24.79)	
(Increase) / Decrease in Trade inventories	(10.46)	
Decrease / (Increase) in other current assets	(313.82)	
Increase / (Decrease) in Short term Provision	10.02	
Increase / (Decrease) in Long term Provision	(1.07)	
Increase / (Decrease) in Short term & Long term Borrowings	161.47	
Decrease / (Increase) in Trade Receivable	(1.56)	
Increase / (Decrease) in Trade Payable	16.19	(158.21)
Cash generated from/(Used) operations		(506.58)
Net income tax (paid) / refunds		0.00
Net cash from/(used in) operating activities (a)		(506.58)
Cash Flows From Investing Activities		
(Purchase) of Current Investments		(39,742.70)
Sale of Current Investments		39,742.70
Capital Gain on Investment		14.38
Interest received		9.34
Dividend Income		0.20
Bank Balance not considered as Cash and Cash Equivalents		(57.25)
(Purchase) /Sale of fixed assets (includes intangible assets) (net)		(15.34)
Net cash from/(used in) investing activities (b)		(48.69)
Cash Flows From Financing Activities		
Increase in share capital		-
Interest Paid		(6.23)
Net cash from/(used in) financing activities (c)		(6.23)
Net increase / (decrease) in cash and cash equivalents (a + b + c)		(561.51)
Cash and Cash equivalents at beginning of year		756.23
Cash and Cash equivalents at end of year (Note 15)		194.72
Net increase / (decrease) in cash and cash equivalents		(561.51)

The accompanying summary of significant accounting policies (Annexure IV), restated notes to accounts (Annexure V), notes on adjustments for restated consolidated summary financial information (Annexure VI), Restated consolidated Summary Statement Of Accounting Ratios (Annexure VII), Restated consolidated Summary Statement Of Tax Shelter (Annexure VIII), Restated consolidated Summary Statement of Capitalisation (Annexure IX) are an integral part of this statement

As per our attached report of even date

For V Sankar Aiyar & Company

Chartered Accountants

Firm's Registration No.109208W

By the hand of

For and on behalf of the Board of Directors

Prakarsh Gagdani

Whole Time Director & CEO

(DIN :- 07376258)

Santosh Jayaram

Whole Time Director

(DIN :- 07955607)

G Sankar

Partner

Membership No. 046050

Mahesh Shetty

Chief Financial Officer

Roshan Dave

Company Secretary

Place :Mumbai

Dated : September 12, 2018

Annexure IV: Notes forming part of Consolidated Financial Statements

Note: 1 Corporate Information:

The financial statements comprise financial statements of “5Paisha Capital Limited” (“the holding company”) and its subsidiary for the year ended 31st March, 2018.

5paisha Capital Ltd [“5PCL”] is engaged in providing an online technology platform for trading in National Stock Exchange of India Ltd & BSE Ltd through web based trading terminal, mobile application and a state of the art Call and Trade Unit. 5PCL is also a SEBI approved Research analyst, a Depository Participant under CDSL and registered member of AMFI. 5PCL provides a wide range of financial services to its customers including depository services, distribution of mutual funds, bonds and debentures, Equity and Mutual fund research etc through its technology based platforms. The Company’s shares have been listed with Mumbai Stock Exchange and National Stock Exchange on 16th November, 2017.

The subsidiary was incorporated on December 17, 2017 with the objective to provide an online marketplace to the participants involved in peer to peer lending and also to act as a distributor of financial products including distribution of insurance products. The company has applied to RBI for NBFC P2P License.

Note: 2 Scheme of Arrangement between IIFL Holdings Limited and 5paisha Capital Limited

The Scheme of Arrangement between IIFL Holdings Limited and 5paisha Capital Limited was approved by National Company Law Tribunal, Mumbai Bench (“NCLT”) on 06.09.2017. The certified true copy of the order was duly filed with Registrar of Companies, Mumbai and the Scheme was made effective from 30.09.2017. Pursuant to order of NCLT, Mumbai Bench, 5paisha digital Undertaking (the undertaking) on going concern basis was vested from IIFL Holdings Limited (IHL) to 5paisha Capital Ltd. (5PCL) w.e.f. the appointed date i.e. 01.10.2016.

5paisha Digital Undertaking Business includes development/ maintenance of technology application for online trading through trading terminal and mobile application, source code of mobile application, domain name (5paisha.com), software rights, brand i.e. 5paisha establishment, protection and support, Infrastructure and facilities services etc.

In accordance with the said Scheme of Arrangement:

- 2.1** a. The whole of the undertaking including all assets and liabilities of the undertaking were transferred to and vested by IHL to 5PCL at respective book values from 01.10.2016.
- b. The equity share capital of 5 PCL of ₹ 177,165,000 held by IHL was cancelled and in lieu of the same 5PCL issued 12,739,022 equity shares ₹ 10 to the shareholders of IHL, whose names appear in the Register of Members of IHL on the Record Date i.e. 18th Oct 2017.
- c. The excess of net assets value of 5paisha Digital Undertaking transferred to 5 PCL over the value of equity shares referred to in (c) above, as reduced by the face value of the equity share capital of 5PCL cancelled, referred in (b) above, has been recorded as “Capital Reserve” in March 2017 financials which has been arrived as follows:-
- | | |
|---|--------|
| Net assets value of 5paisha Digital Undertaking (A) | (2.06) |
| Equity shares cancelled (B) | 177.16 |
| New equity share capital to be issued (C) | 127.39 |
| Capital Reserve (A+B-C) | 47.71 |
- 2.2** During the period between the appointed date and the effective date, IHL carried on the business and activities relating to the said Undertaking and held the properties and assets pertaining to the said Undertaking for and on account of and in trust for 5PCL. All the profits or income accruing or arising to IHL or expenditure or loss arising or incurred or suffered by IHL pertaining to the said Undertaking during the period 01.04.2017 to 30.09.2017 have also been incorporated in these financial statements.
- 2.3** The Company has accounted for the scheme with effect from 1st October 2016 and accordingly the comparative previous year figures have been recast after giving effect to the Scheme.

Note: 3 Significant Accounting Policies:**3.1 Basis of accounting and preparation of consolidated financial statements:**

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with all material aspects of the applicable Accounting Standards notified under section 133 of companies Act 2013 (Act) read with Rule 7 of the Companies Accounts Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year by the Company.

3.2 Basis of Consolidation

The financial statements of the subsidiary used for the purpose of consolidation are drawn upto same reporting date as that of the parent company, i.e. year ended on 31st March 2017. Following consolidation process is followed:

- a) Combine like items of assets and liabilities of the parent with those of its subsidiaries.
- b) Offset (eliminate) the carrying amount of the parents investment in each subsidiary and the parent's portion of equity of the subsidiary.

3.3 Use of Estimates:

The preparation of consolidated financial statements in conformity with the generally accepted accounting principles which requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

3.4 Fixed Assets and Depreciation and Amortization:

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any thereon. Depreciation is charged using the straight line method based on the useful life of fixed assets as estimated by the management as specified below. Depreciation is charged from the month in which new assets are put to use. No depreciation is charged for the month in which assets are sold. In the case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the assets. Individual assets / group of similar assets costing up to ₹5,000 have been depreciated in full in the year of purchase. Lease hold land is depreciated on a straight line basis over the lease hold period.

Estimated useful life of the assets is as under:

Class of assets	Useful life in years
Buildings*	20
Computers*	3
Electrical equipment*	5
Office equipment	5
Furniture and fixtures *	5
Vehicles*	5
Software	3

* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

3.5 Translation of foreign currency items:

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Exchange difference, if any, arising out of transactions settled during the year are recognized in the statement of Profit and Loss. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date. The exchange gains or losses, if any, are recognized in the statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet.

3.6 Revenue Recognition:

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

- (a) Brokerage income earned on secondary market operations are accounted on trade dates.
- (b) Income from arbitrage comprises profit/loss on sale of securities held as stock-in-trade and profit / loss on equity derivative instruments is accounted as follows;
 - (i) Profit / loss on sale of securities is determined based on the FIFO cost of the securities sold.
 - (ii) Profit / loss on arbitrage transactions is accounted for as explained below:

Initial and additional margin paid over and above initial margin for entering into contracts for Equity Index / Stock Futures / Currency Futures and or Equity Index / Stock Options / Currency Options which are released on final settlement/squaring-up of underlying contracts are disclosed under other current assets. "Mark-to-market margin- Equity Index / Stock Futures / Currency Futures" representing the amounts paid in respect of mark to market margin is disclosed under 'other current assets.'

"Equity Index / Stock Option / Currency Option Premium Account" represents premium paid or received for buying or selling the Options, respectively.

On final settlement or squaring up of contracts for Equity Index / Stock Futures / Currency Future, the realized profit or loss after adjusting the unrealized loss already accounted, if any, is recognized in the Statement of Profit and Loss. On settlement or squaring up of Equity Index / Stock Options / Currency Option before expiry, the premium prevailing in "Equity Index / Stock Option / Currency Option Premium Account" on that date is recognized in the Statement of Profit and Loss.

As at the Balance Sheet date, the Mark to Market / Unrealised Profit / (Loss) on all outstanding Arbitrage portfolio comprising of Securities and Equity/Currency Derivatives positions is determined on scrip basis (e.g. Nifty, SBI, HDFC etc.) with net unrealized losses on scrip basis being recognized in the Statement of Profit and Loss and the net unrealized gains on scrip basis are ignored.

3.7 Other Income Recognition:

- (a) Interest Income is recognized on accrual basis.
- (b) Dividend income is recognized when the right to receive payment is established.

3.8 Employee Benefits:

The company's contribution towards Provident Fund and Family Pension Fund, which are defined contribution, are accounted for on an accrual basis and recognised in the Statement of Profit & loss. The Company has provided "Compensated Absences" on the basis of actuarial valuation.

Gratuity is post employment benefit and is in the nature of defined benefit plan. The Liability recognized in the Balance Sheet in respect of gratuity is the present value of defined benefit obligation at the Balance Sheet date together with the adjustments for unrecognized actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method.

3.9 Provisions, Contingent Liabilities and Contingent Assets:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an

outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed. Contingent Assets are neither recognized nor disclosed in the financial statements.

3.10 Preliminary Expenses

Preliminary Expenses is written off in same financial year in which they are incurred.

3.11 Taxes on Income:

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, disallowance and exemptions in accordance with the applicable tax laws.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the Balance Sheet date. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. At each reporting date, the Company re-assesses unrecognized deferred tax assets. Deferred tax liability is recognised as and when arisen.

3.12 Operating Leases:

Lease rentals in respect of operating lease arrangements are charged to the Statement of Profit & Loss in accordance with Accounting Standard 19 – Leases, issued by the Institute of Chartered Accountants of India.

3.13 Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other Investments are classified as non – current investments. Current investments are stated at lower of cost or fair value. Non – current investments are carried at cost. Provision for diminution in value of non – current investments is made, if in the opinion of the management such diminution is other than temporary. For investment in mutual funds, the net assets value (NAV) declared by the mutual funds at the Balance Sheet date is considered as the fair value.

3.14 Inventories:

Closing stock is valued at cost or market value whichever is lower. Cost is computed on FIFO basis. The comparison of cost and market value for arbitrage portfolio is done separately for each script.

3.15 Earnings Per Share:

Basic earnings per share for equity shareholders have been calculated by dividing the Net Profit after Tax or loss by the weighted average number of equity shares outstanding during the period.

The diluted earnings per share for equity shareholders have been computed by dividing the Net Profit after Tax or loss by the weighted average number of shares after giving dilutive effect of all potential equity shares.

Annexure V: Notes forming part of Restated Consolidated Financial Statements

Note: 4. Issued, Subscribed and Paid-up share capital:

a) The Authorized, Issued, Subscribed and fully paid up share capital comprises equity shares as follows:

(₹ in Millions)

Particulars	As at March 31,2018
Authorized :	
30,000,000 (PY 18,000,000) Equity Shares of ₹10 each	300.00
Issued , Subscribed and Paid Up :	
12,739,022 (PY 17,716,500 Upto 30.09.2016 and NIL after 30.09.2016) Equity Shares of ₹10 each fully paid-up	127.39
Share Suspense Account 12,739,022 Equity shares of ₹ 10 each to be issued as fully paid-up to the shareholders of India Infoline Holdings Limited pursuant to the Scheme of Arrangement (Refer Note 2A)	-
Total	127.39

b) Reconciliation of the shares outstanding

Particulars	As at March 31,2018	
	No. of Shares	₹ in Millions
At the Beginning of the Year	-	-
Add:- Issued during the Year	12,739,022	127.39
Less : Shares Cancelled under Scheme of Arrangement (Refer Note 2(A))	-	-
Add: Shares to be issued pursuant to scheme of arrangement (Refer Note 2A)	-	-
Outstanding at the end of the year	12,739,022	127.39

c) Equity Shares held by Holding company / Ultimate holding company and their subsidiaries

Particulars	March 31, 2018	
	No. of Shares	% holding in the class
Equity shares of ₹10 each fully paid*	-	-

* Note: 100% Equity Shares 17,716,500 were held by IIFL Holdings Limited -The Holding Company upto 30.09.2016.

d) Detail of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2018	
	No. of Shares	% holding in the class
Equity shares of ₹10 each fully paid *		
FIH Mauritius Investments Ltd	3,385,657	26.58
Nirmal Bhanwarlal Jain	2,178,600	17.10
Hwic Asia Fund Class A Shares	1,134,501	8.91
Madhu N Jain	6,80,000	5.34

* Note: 100% Equity Shares 17,716,500 were held by IIFL Holdings Limited -The Holding Company upto 30.09.2016.

Note: 5. Reserves and Surplus:

(₹ in Millions)

Particulars	As at March 31,2018
Securities premium account	
Opening balance	823.33
Addition during the year	-
Closing Balance	823.33
Capital Reserve	
Opening balance	47.71
Addition during the year (Refer Note 2(A))	-
Closing Balance	47.71
Profit and Loss Account	
Opening balance	(116.07)
Addition during the year	(252.97)
Closing Balance	(369.06)
Total	501.98

Note: 6. Long Term Provisions:

(₹ in Millions)

Particulars	As at March 31,2018
Provision for Gratuity	1.36
Provision for Leave Encashment	0.71
Total	2.07

Note: 7. Short Term Borrowings:

(₹ in Millions)

Particulars	As at March 31,2018
Bank Overdrafts – Secured*, Repayable on Demand	161.47
Total	161.47

*Secured by term deposit of Rs. 50 crores pledged by group company.

Note: 8. Trade Payable:

(₹ in Millions)

Particulars	As at March 31,2018
-Outstanding dues of micro & small enterprises*	-
-Outstanding dues of creditors other than micro & small enterprises	20.69
Total	20.69

*No Interest has been paid/is payable by company during the year to “Suppliers” referred under the Micro, Small & Medium Enterprises Development Act, 2006. The aforementioned is based on the response received by the Company to its inquiries with suppliers with regards to applicability under the said act.

Note: 9. Other Current Liabilities:

(₹ in Millions)

Particulars	As at March 31,2018
Statutory Liabilities Payable	15.58
Contractually reimbursable expenses	0.28
Accrued Salaries & Benefits	1.89
Advance from customers	0.65
Client Payables	433.89
Total	452.29

Note: 10. Short Term Provisions:

(₹ in Millions)

Particulars	As at March 31,2018
Provision for Expenses	47.80
Bonus Payable	2.91
Provision for Leave encashment	0.54
Provision for Gratuity	0.77
Provision for Taxation	-
Total	52.02

Note: 11. Fixed Assets**Tangible Assets**

(₹ in Millions)

Particulars	Computers	Electrical Equipments	Furniture & Fixtures	Office Equipments	Total
Cost or Valuation					
At April 1,2017	1.47	0.32	1.84	1.50	5.13
Addition	10.87	0.78	1.41	0.73	13.79
Deductions/Adjustments during the year	-	-	-	0.04	0.04
As at March 31,2018	12.34	1.10	3.25	2.19	18.88
Depreciation					
At April 1, 2017	0.47	0.25	1.01	0.72	2.45
Depreciation For the year	2.26	0.08	0.83	0.81	3.98
Deductions/Adjustments during the year				0.04	0.04
As at March 31,2018	2.73	0.33	1.84	1.49	6.39
Net Block					
At March 31, 2018	9.61	0.78	1.41	0.71	12.49

Capital work in progress ₹ 0.05 Million pertains to assets not yet capitalized.

Intangible Assets

(₹ in Millions)

Particulars	Software	Total
Cost or Valuation		
At April 1, 2017	2.69	2.69
Addition	9.43	9.43
Deductions/Adjustments during the year	-	-
As at March 31,2018	12.12	12.12
Depreciation		
At April 1, 2017	0.67	0.67
Depreciation For the year	2.69	2.69
Deductions/Adjustments during the year	-	-
As at March 31,2018	3.36	3.36
Net Block		
At March 31, 2018	8.76	8.76

Note: 12. Deferred Tax Assets:

(₹ in Millions)

Particulars	As at March 31,2018
Depreciation	0.02
Deferred Tax Asset for Gratuity and leave encashment	0.87
Provision for Doubtful debts	0.29
Short term/Long Term Capital losses/ Business Loss*	148.11
Total	149.29

*"Considering the future projections and that the carried forward losses are only for the last 3 years, the Company is of the opinion that sufficient taxable income will be available in future against which the deferred tax assets arising from carried forward business loss can be utilized."

Note: 13. Long Term Loans & Advances:

(₹ in Millions)

Particulars	As at March 31,2018
Unsecured, Considered Good :	
Deposit with Exchange / Clearing Corporation	322.48
Security Deposits	2.07
Advance Income Tax & TDS	1.43
Total	325.98

Note: 14. Inventories - (At lower of cost or net realisable value):

Script Name	As at March 31,2018		
	Strike Price in ₹	Number	₹ in Millions
Exchange Traded Fund			
EQ-SBISENSEXETF	342.16	6,212	2.13
EQ-SETFBANK EQ	244.72	1,595	0.39
EQ-SETFBS	105.42	20,630	2.18
EQ-SETFNIFTYNEXT 50 EQ	287.15	1,601	0.46
EQ-SETFNIFTY EQ	101.94	34,474	3.51
EQ-UTINIFTYETF	1,054.30	7,359	7.76
EQ-UTISENSEXETF	341.43	8,473	2.89
EQ-UTINEXT50	290.25	56,816	16.49
DLF LTD	201.05	911	0.18
SUZLON ENERGY LTD	10.70	1,261	0.01
TOTAL		139,332	36.00
Aggregate Market Value-Stock			36.11

Note: 15. Trade Receivables:

(₹ in Millions)

Particulars	As at March 31,2018
Unsecured, considered good, unless otherwise stated	
Outstanding for a period exceeding six months from date they are due for payment.	-
Others	5.66
Total	5.66

Note: 16. Cash and Bank Balances:

(₹ in Millions)

Particulars	As at March 31,2018
Cash & Cash Equivalents:	
Balances with banks:	
In current accounts	
Client bank accounts	163.65
Others Bank accounts #	31.07
Total Cash & Cash Equivalent (a)	194.72
Other Balances	
In Deposit account (Maturity more than 3 months to 12 months)*	105.00
In Deposit account (Maturity more than 12 months)*	7.25
Total Other Balances (b)	112.25
Total (a + b)	306.97

includes Cheque on hand ₹0.17 Million (PY ₹ 9.20 Million)

* Includes fixed deposits to the extent of ₹112.25 Million (PY ₹55.00 Million) pledged with banks for Bank Guarantees and with the stock exchanges for Margin / Capital purpose.

Note: 17. Short term Loan and Advances:

(₹ in Millions)

Particulars	As at March 31,2018
Unsecured, Considered Good :	
Advances recoverable in cash or in kind or for value to be received	4.00
Balance with Government authorities	
GST Credit Receivable	36.64
Total	40.64

Note: 18. Other Current Assets:

(₹ in Millions)

Particulars	As at March 31,2018
Prepaid expenses	3.44
Client Receivables	429.76
Provision for doubtful Client Receivables	(1.13)
Total	432.07

Note: 19. Revenue from Operations:

(₹ in Millions)

Particulars	For the year ended March 31,2018
Capital Market activities	151.32
Fund Based activities	29.81
Financial Products distribution	15.39
Total	196.52

Note: 20. Employee Benefits Expense:

(₹ in Millions)

Particulars	For the year ended March 31,2018
Salaries and bonus	179.61
Contribution to provident and other funds	10.54
Gratuity *	0.61
Staff Welfare Expenses	1.78
Leave Encashment	0.81
Total	193.35

* The Company is recognising and accruing the employee benefit as per accounting standard (AS) – 15 on “Employee Benefits” the disclosures of which are as under.

(₹ in Millions)

Assumptions	For the year ended up to March 31,2018
Discount rate previous year	6.65%
Salary Escalation previous year	5.00%
Discount rate current year	7.35%
Salary Escalation Current year	8.00%
Change in Benefit Obligation	
Liability at the beginning of the year	1.50
Interest Cost	0.10
Current Service Cost	0.58
Past Service Cost	(0.03)
Benefit paid	-
Actuarial (gain)/ Loss on obligations	(1.68)
Liability Transferred in/(out)	1.66
Liability at the end of the year	2.13
Amount Recognized in the Balance Sheet	
Liability at the end of the year	(2.13)
Fair value of plan Assets at the end of the year	-
Differences	(2.13)
Amount of liability Recognized in the Balance Sheet	(2.13)
Expenses Recognized in the Income statement	
Current Service cost	0.58
Interest Cost	0.10
Past Service Cost	(0.03)
Actuarial Gain or Loss	(1.68)
Expense Recognized in P&L	(1.03)
Balance Sheet reconciliation	
Opening Net liability	1.50
Expense as above	(1.03)
Liability Transferred in/(out)	1.66
Benefit paid	-
Amount Recognized in Balance Sheet	2.13

Defined Contribution Plans:

The Company has also recognised the following amounts as an expense.

(₹ in Millions)

Particulars	For the year ended up to March 31,2018
Contribution to provident fund and EPS	7.64

Note: 21. Finance Costs:

(₹ in Millions)

Particulars	For the year ended March 31,2018
Interest Expenses	6.23
Other Borrowing cost	1.72
Total	7.95

Note: 22. Other expenses:

(₹ in Millions)

Particulars	For the year ended March 31,2018
Advertisement	155.70
Books & Periodicals	0.02
Exchange and statutory Charges	0.71
Brokerage related expenses	17.73
Marketing & Commission Expenses	10.34
Directors Sitting Fees	0.66
Bank Charges	0.61
Communication	7.03
Electricity	9.84
Legal and professional charges	29.53
Miscellaneous Expenses	0.04
Office expenses	9.16
Meeting Seminar & Subscription	1.27
Postage and courier	0.40
Printing and stationery	0.58
Provision for bad and doubtful debts	1.14
Rent	30.45
Insurance	0.39
Rates & Taxes	7.51
Repairs & Maintenance :	
Computer	0.62
Others	3.33
Remuneration to Auditors :	
As auditors -Statutory Audit	0.10
Certification Work & other matters	0.01
Software Charges	26.59
Travelling and conveyance	6.88
TOTAL	320.64

Note: 23. Depreciation and Amortisation

(₹ in Millions)

Particulars	For the year ended March 31,2018
Depreciation- Tangible Assets	3.98
Amortisation – Intangible Assets	2.69
Total	6.67

Note: 24. Earnings per Share (EPS):

(₹ in Millions)

Particulars	For the year ended March 31,2018
Net Profit/(Loss) after tax for the Year	(252.97)
Weighted Average No. of Shares to be issues under scheme of arrangement	12,739,022
Basic EPS	(19.86)
Diluted EPS	(19.86)

*The Employee Stock Options granted by the Company which are potential equity shares are ignored for purpose of computation of diluted earnings per share since they are anti-dilutive, considering that the company has incurred losses.

Note: 25.

The Company operates from and uses the premises, infrastructure and other facilities and services as provided to it by group companies which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for by the company were identified and recovered from them based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.

Note: 26.**A) Disclosures in respect of applicability of AS – 18 Related Party Disclosures:**

Nature of relationship	Name of party
Other Related Parties	
Holding Company ceased w.e.f 01.10.2016*	IIFL Holdings Limited
Fellow Subsidiaries up to 30.09.2016 and under common control w.e.f. 01.10.2016	IIFL Commodities Limited (formerly known as India Infoline Commodities Limited) India Infoline Media & Research Services Limited India Infoline Finance Limited IIFL Securities Limited (Formerly known as India Infoline Limited) IIFL Management Services Limited (formerly known as India Infoline Insurance Services Limited) IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited) IIFL Wealth Management Limited IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited) IIFL Wealth UK Limited IIFL Capital Inc India Infoline Foundation IIFL Assets Reconstruction Limited
Group Companies up to 30.09.2016 and under common control w.e.f. 01.10.2016	India Infoline Housing Finance Limited Samasta Microfinance Limited (w.e.f. 01 st Mar 2017) Ayusha Dairy Private Limited (w.e.f. 01 st Mar 2017) IIFL Capital Pte. Ltd IIFL Securities Pte. Limited IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)

Nature of relationship	Name of party
	IIFL Alternate Asset Advisors Limited IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited) IIFL Trustee Limited (Formerly India Infoline Trustee Company Limited) IIFL Distribution Services Limited (Formerly IIFL Distribution Services Private Limited) IIFL Investment Advisers & Trustee Services Limited (Formerly IIFL Trustee Services Limited) IIFL Asia Pte Limited IIFL Private Wealth Hong Kong Limited IIFL Asset Management (Mauritius) Limited (Formerly IIFL Private Wealth (Mauritius) Ltd. IIFL Private Wealth Management (Dubai) Limited IIFL Inc. IIFL Private Wealth (Suisse) SA. Clara Developers Private Limited IIFL Capital (Canada) Limited
Key Managerial Personnel	Mr. Prakarsh Gagdani Mr. Santosh Jayaram w.e.f. 11 th Jan 2018
Others	Mr. R Venkataraman Mr. Nirmal Jain Orpheus Trading Pvt. Limited Ardent Impex Pvt. Limited

*The relationship with holding company and fellow subsidiary has ceased to exist however these are under common control with, the reporting enterprise.

B) Significant Transaction with Related Parties and balances.

(₹ in Millions)

Nature of Transaction	Other Related parties			Key Managerial Person	Total
	Holding Company ceased w.e.f 01.10.2016*	Fellow Subsidiaries ceased w.e.f 01.10.2016*	Group Companies ceased w.e.f 01.10.2016*		
ICD Received					
India Infoline Finance Limited	-	100.00	-	-	100.00
IIFL Holdings Limited	460.00	-	-	-	460.00
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	-	60.00	-	-	60.00
IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited)	-	-	-	-	-
ICD Received (Return)					
India Infoline Finance Limited	-	100.00	-	-	100.00
IIFL Holdings Limited	460.00	-	-	-	460.00
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	-	60.00	-	-	60.00
IIFL Wealth Finance Limited (Formerly Chephis Capital Markets Limited)	-	-	-	-	-
ICD Given					
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	-	-	-	-	-

Nature of Transaction	Other Related parties			Key Managerial Person	Total
	Holding Company ceased w.e.f 01.10.2016*	Fellow Subsidiaries ceased w.e.f 01.10.2016*	Group Companies ceased w.e.f 01.10.2016*		
ICD Given (Received Back)					
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	-	-	-	-	-
Interest Expenses (ICD)					
India Infoline Finance Limited	-	0.46	-	-	0.46
IIFL Holdings Limited	4.13	-	-	-	4.13
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	-	0.18	-	-	0.18
Allocation / Reimbursement of Expenses Paid					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	26.03	-	-	26.03
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	-	12.37	-	-	12.37
India Infoline Finance Limited	-	0.26	-	-	0.26
India Infoline Housing Finance Limited	-	-	0.01	-	0.01
IIFL Holdings Limited	1.73	-	-	-	1.73
IIFL Management Services Limited (formerly known as India Infoline Insurance Services Limited)	-	0.01	-	-	0.01
Allocation / Reimbursement of Expenses Received					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	0.15	-	-	0.15
IIFL Wealth Management Limited	-	-	-	-	-
Rent Expense					
IIFL Facilities Services Limited (Formerly Known as IIFL Real Estate Limited)	-	26.33	-	-	26.33
Remuneration					
Prakarsh Gagdani	-	-	-	5.28	5.28
Santosh Jayaram	-	-	-	0.45	0.45
Others Paid					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	0.24	-	-	0.24
India Infoline Finance Limited	-	-	-	-	-
India Infoline Insurance Brokers Limited	-	0.04	-	-	0.04
IIFL Holdings Limited	2.05	-	-	-	2.05
Others Received					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	0.10	-	-	0.10
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	-	0.10	-	-	0.10
India Infoline Finance Limited	-	0.05	-	-	0.05

Nature of Transaction	Other Related parties			Key Managerial Person	Total
	Holding Company ceased w.e.f 01.10.2016*	Fellow Subsidiaries ceased w.e.f 01.10.2016*	Group Companies ceased w.e.f 01.10.2016*		
Service Income					
IIFL Securities Limited (Formerly known as India Infoline Limited)	-	4.83	-	-	4.83
IIFL Insurance Brokers Limited (Formerly Known as India Infoline Insurance Brokers Limited)	-	4.86	-	-	4.86
Brokerage/Commission Income					
IIFL Asset Management Limited (Formerly India Infoline Asset Management Company Limited)	-	-	0.10	-	0.10
Security Deposit (Received)					
IIFL Holdings Limited	0.20	-	-	-	0.20
Security Deposit (Repaid)					
IIFL Holdings Limited	0.20	-	-	-	0.20

* The relationship with holding company and fellow subsidiary has ceased to exist however these are under common control with, the reporting enterprise.

Note: 27. Segment Reporting:

In the opinion of the management, there is only one reportable business segment as envisaged by AS 17 'Segment Reporting', issued by the Institute of Chartered Accountants of India. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company.

Note: 28. There is no pending litigation by and on the Company as on the balance sheet date.

Note: 29. Capital and Other Commitments at Balance Sheet date

There are outstanding commitments to the tune of ₹1.11 Million (PY ₹ 4.11 Million) (net of advances) of the total contractual obligations entered by the company.

Note: 30. The shareholders of the Company have approved two Esop scheme(s) having a pool size of 600,000 options each i.e. Spaisa Capital Limited Employee Stock Option Scheme 2017 and Spaisa Capital Limited Employee Stock Option Trust Scheme 2017. The Nomination and Remuneration Committee of the Board of Directors of the Company granted 220,000 options under Spaisa Capital Limited Employee Stock Options Scheme 2017 to the eligible employees of the Company on January 29, 2018. Further, the Scheme(s) has been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

Note: 31.Earnings and expenses in foreign currency :

(₹ in Millions)

Particulars	For the year ended March 31, 2018
Earnings in Foreign Currency	-
Total Income	-
Expenses in Foreign Currency	
Advertisement Expenses	3.02
Total Expenses	3.02

As per our attached report of even date

For V Sankar Aiyar & Co

Chartered Accountants

Firm's Registration No.109208W

By the hand of

For and on behalf of the Board of Directors

G Sankar

Partner

Membership No.: 046050

Prakarsh Gagdani

Whole Time Director & CEO

(DIN: - 07376258)

Santosh Jayaram

Whole Time Director

(DIN: -07955607)

Mahesh Shetty

Chief Financial Officer

Roshan Dave

Company Secretary

Place: Mumbai

Dated: September 12, 2018

Spaisa Capital Limited

Annexure VI: Restated Consolidated Summary Statements on the Adjustments to Audited Financial Statements

(₹ in Millions)

Particulars	March 31, 2018
Profit after tax as per audited financial statements	(252.97)
Impact of adjustments due to qualifications in auditor's reports	-
Impact of adjustments of material amounts	-
Impact of changes in accounting policies	-
Profit after tax as per summary restated financial statements	(252.97)

Notes:

1 - There were no qualifications in auditors reports in any of the years and no changes in accounting policies requiring adjustments to the audited financial statements.

2 - Appropriate adjustments have been made in the Restated Consolidated Summary Statements of Assets and Liabilities, Profit and Loss and Cash Flow in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended), by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Company as at and for the nine months period ended March 31, 2018, prepared in accordance with Schedule III of the Companies Act, 2013

Spaisa Capital Limited
Annexure : VII Restated Consolidated Summary Statement Of Accounting Ratios

(₹ in Millions)

Particular	Reference	For the year ended March 31, 2018
Basis for computation of Accounting Ratios		
Restated Profit after tax (A) (Refer Annexure II)	A	(252.97)
Restated Net profit attributable to equity shareholders for calculation of basic & diluted earnings per share	B	(252.97)
Weighted average number of Equity Shares outstanding during the year for calculating basic earnings per share (Refer Note 24)	C	1,27,39,022
Weighted average number of Equity Shares outstanding during the year for calculating diluted earnings per share (Refer Note 24)	D	1,27,39,022
Equity share capital	E	127.39
Reserves and surplus	F	501.98
Net worth (E + F)	G	629.37
Net asset value	H	629.37
Number of equity shares outstanding at the end of the year	I	1,27,39,022
Accounting Ratios		
Basic earnings per share (Rs.) (A / C)	J	(19.86)
Diluted earnings per share (Rs.) (A / D)	K	(19.86)
Return on net worth % (A / G * 100)	L	(40.19)
Net asset value per equity share (Rs.) (H / I)	M	49.41

Notes: The above ratios are calculated as under:

a) Earnings per share = Restated Net profit after tax attributable to equity shareholders / weighted average number of shares outstanding during the year.

b) Return on net worth (%) = Restated Profit after tax / net worth of the year.

Net worth means the aggregate of the paid up share capital, securities premium account, and other reserves and surplus (excluding revaluation reserve), as restated at the end of the year. The Company does not have any revaluation reserve.

c) Net asset value per equity share (₹) = Net worth / Total number of equity shares outstanding as at the end of the year.

5paisa Capital Limited
Annexure : VIII - Restated Consolidated Summary Statement Of Tax Shelter

Particulars	(₹ in Millions) As at March 31st 2018
Restated Profit before tax	(332.09)
Tax rate	30.90%
Tax thereon at the above rate	-
Tax temporary differences	
On account of depreciation on fixed assets	-
On account of provision for employee benefits	-
Others	-
Tax permanent differences	
Others	-
Brought forward losses	-
Total tax expense as per normal provisions (A)	-
Book Profit as per MAT	(332.09)
MAT rate	19.06%
Tax liability as per MAT (B)	-
Current tax being higher of A or B	-
Current tax	-

The figures above have been taken from the income tax returns filed.

5paisa Capital Limited
Annexure - IX: Restated Consolidated Summary Statement of Capitalisation

(₹ in Millions)

Particulars	Pre-issue as at March 31, 2018	Post-issue as adjusted for the issue
Shareholders' funds		
Share Capital	127.39	Refer Note 2
Reserve & Surplus	501.97	
Total Shareholders' funds (Equity) (A)	629.36	
Debt		
Long Term Debt	-	
Short-Term Debt	161.47	
Total debt (B)	161.47	
Long term debt/equity ratio	-	
Total debt equity ratio	0.26	

1. The figures disclosed above are based on the restated financial information of the Company.
2. the corresponding post right issue capitalisation data for each of the amount given in the above table is not determinable at this stage pending the completion of the Rights Issue process and hence the same have not been provided in the above statement.

MATERIAL DEVELOPMENTS

Particulars	Page No.
Limited Review Financial Information for the quarter ended June 30, 2018	211 to 218

Tel : 2200 4465, 2206 7440
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E-mail : mumbai@vsa.co.in
Website : www.vsa.co.in

V. Sankar Aiyar & Co.
CHARTERED ACCOUNTANTS
2-C, Court Chambers
35, New Marine Lines
Mumbai - 400 020

**LIMITED REVIEW REPORT ON THE UNAUDITED STAND ALONE FINANCIAL RESULTS
FOR THE QUARTER ENDED 30TH JUNE 2018**

The Board of Directors
Spaisa Capital Limited
Mumbai

1. We have reviewed the accompanying statement of unaudited stand-alone financial results of M/s Spaisa Capital Limited for the quarter ended 30th June 2018. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information performed by the Independent Auditor of the Entity*. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. Based on our review conducted of the stand-alone financial results as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies generally accepted in India has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Agreement and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: Mumbai
Date: 17th July 2018

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.109208W



(G Sankar)
Partner
Membership No.046050



Spaisa Capital Limited
Statement of Standalone Unaudited Financial Results for the Quarter ended June 30, 2018

Particulars	Quarter ended			(₹ in Lakhs)
	Year ended			
	Jun 30, 2018	Mar 31, 2018	Jun 30, 2017	Mar 31, 2018
	Unaudited	Unaudited	Unaudited	Audited
1. Income				
a. Revenue from operations	906.19	787.09	224.88	1,965.17
b. Other Income	-	-	-	-
Total Revenue	906.19	787.09	224.88	1,965.17
2. Expenses				
a. Employee benefits expense	629.12	487.89	426.14	1,933.53
b. Depreciation and amortisation expense	34.28	26.26	8.41	66.71
c. Administration and other expense	916.81	1,160.72	477.07	3,206.44
d. Finance cost	76.19	43.97	2.25	79.53
Total Expenses	1,656.40	1,718.85	913.88	5,286.22
3. Profit/(Loss) before exceptional items and extraordinary items and tax (1-2)	(750.21)	(931.76)	(688.99)	(3,321.05)
4. Exceptional Item & Extraordinary items	-	-	-	-
5. Profit/(Loss) before tax (3-4)	(750.21)	(931.76)	(688.99)	(3,321.05)
6. Tax Expenses	(186.37)	(239.11)	(72.77)	(791.19)
7. Profit/(Loss) after tax (5-6)	(563.83)	(692.64)	(616.22)	(2,529.86)
8. Paid-up Equity Share Capital (Face Value of Rs10/-)	1,273.90	1,273.90	1,273.90	1,273.90
9. Reserve excluding Revaluation Reserves	-	-	-	5,019.74
10. Earnings Per Share (Face Value Rs. of 10 each)				
Basic (In Rs.)*	(4.43)	(5.44)	(4.84)	(19.86)
Diluted (In Rs.)*	(4.43)	(5.44)	(4.84)	(19.86)

* Quarter ended numbers are not annualised



For Spaisa Capital Limited

Prakash Gagdani

Whole Time Director & Chief Executive Officer

DIN: 07376258

Place :Mumbai

Dated : 17th July 2018

Spaisa Capital Limited
CIN: U67190MH2007PLC289249

Registered Office: IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane - 400604

1. The above unaudited standalone financial results for the quarter ended June 30, 2018, have been reviewed by the Audit Committee and recommended for approval and approved by the Board of Directors of the Company at its meeting held on July 17, 2018 and have been subjected to limited review by the statutory auditors of the Company and the Auditors have issued an unmodified report.
2. The Company's main business is securities broking and distribution of financial products primarily through internet and mobile applications. All other activities revolve around the main business. Further all activities are carried out within India. As such there are no separate reportable segments as per Accounting Standard (AS) 17 on "Segment Reporting" prescribed under Section 133 of the Companies Act, 2013.
3. The proposal of issue of Equity Shares by way of a Rights Issue ("Issue") to the existing shareholders of the Company in the ratio of 1 equity share of Rs 10 each for every 1 equity share of Rs 10 each held in the Company at a premium of Rs 70 per share i.e. issue price of Rs 80 each aggregating to Rs 103.52 Cr. in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, and the record date for determining the entitlement will be announced in due course, subject to receipt of relevant approvals from regulatory authorities, as may be required. The proposed Issue is to inter-alia meet the Company's long-term funding needs to meet in technology enhancements, Expansion and additional product lines.
 For the purpose of giving effect to the Issue, the Board constituted and authorized the Committee of the Board to decide the appointment of intermediaries, structure, terms and conditions of the Issue including record date, timing of the Issue, allotment, listing of equity shares and other related matters.
4. The Accounting policies adopted in the preparation of financial results are consistent with those followed in the previous period/year unless otherwise stated.
5. Key data relating to consolidated results of Spaisa Capital Limited are as under:

Particulars	(Rs. in Lakhs)			
	Quarter ended June 30, 2018 (Unaudited)	Quarter ended March 31, 2018 (Unaudited)	Quarter ended June 30, 2017 (Unaudited)	Year ended March 31, 2018 (Audited)
Revenues from operations	907.11	787.09	224.88	1,965.17
Profit /(loss) for the period/year	(563.17)	(692.64)	(616.22)	(2,529.86)
Earnings per share				
a) Basic (in Rs.)	(4.42)	(5.44)	(4.84)	(19.36)
b) Diluted (in Rs.)	(4.42)	(5.44)	(4.84)	(19.86)

6. The comparative financial information of the Company for the quarter ended June 30, 2017 were reviewed / audited by the previous auditors of the Company.
7. The figures for the quarter ended March 31, 2018 are the balancing figures between audited figures in respect of the year ended March 31, 2018 and unaudited figures of the nine months ended Dec 31, 2017.
8. The Standalone unaudited financial results for the quarter ended June 30, 2018, as submitted to Stock Exchanges are also available on our website www.5paisa.com
9. Previous periods figures have been regrouped / rearranged wherever necessary.

Date: July 17, 2018
Place: Mumbai



By order of the Board
For 5paisa Capital Limited


Prakash Gagdani
Whole Time Director & Chief Executive Officer
DIN: 07376258

Tel. : 2200 4465, 2206 7440
Fax : 91-22-2200 0649
E-mail : mumbai@vsa.co.in
Website : www.vsa.co.in

V. Sankar Aiyar & Co.

CHARTERED ACCOUNTANTS
2-C, Court Chambers
35, New Marine Lines
Mumbai - 400 020

LIMITED REVIEW REPORT ON THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE 2018

The Board of Directors
Spaisa Capital Limited
Mumbai

1. We have reviewed the accompanying statement of unaudited consolidated financial results of M/s Spaisa Capital Limited for the quarter ended 30th June, 2018. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information performed by the Independent Auditor of the Entity*. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. These statements include the financial results of Spaisa P2P Limited (a wholly owned subsidiary of the Company).
4. Based on our review conducted of the consolidated financial results as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies generally accepted in India has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Agreement and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.109208W

Place: Mumbai
Date: 17th July 2018

G Sankar

(G Sankar)
Partner

Membership No.046050



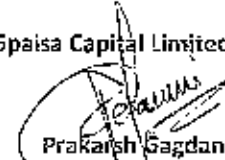
Spaisa Capital Limited
Statement of Consolidated Unaudited Financial Results for the Quarter ended June 30, 2018

Particulars	₹ in Lakhs			
	Quarter ended			Year ended
	Jun 30, 2018	Mar 31, 2018	Jun 30, 2017	Mar 31, 2018
	Unaudited	Unaudited	Unaudited	Audited
1. Income				
a. Revenue from operations	906.20	787.09	224.88	1,965.17
b. Other Income	0.91	-	-	-
Total Revenue	907.11	787.09	224.88	1,965.17
2. Expenses				
a. Employee benefits expense	629.12	487.89	426.14	1,933.53
b. Depreciation and amortisation expense	34.28	26.26	8.41	66.71
c. Administration and other expense	916.84	1,160.72	477.07	3,206.44
d. Finance cost	76.19	43.97	2.25	79.53
Total Expenses	1,656.43	1,718.85	913.88	5,286.22
3. Profit/(Loss) before exceptional items and extraordinary items and tax (1-2)	(749.32)	(931.76)	(688.99)	(3,321.05)
4. Exceptional item & Extraordinary items	-	-	-	-
5. Profit/(Loss) before tax (3-4)	(749.32)	(931.76)	(688.99)	(3,321.05)
6. Tax Expenses	(186.14)	(239.11)	(72.77)	(791.19)
7. Profit/(Loss) after tax (5-6)	(563.17)	(692.64)	(616.22)	(2,529.86)
8. Share of profit / (loss) of Associate Companies	-	-	-	-
9. Minority Interest	-	-	-	-
10. Net Profit after Taxes, Minority Interest and Share of profit / (loss) of Associates Companies (7+8-9)	(563.17)	(692.64)	(616.22)	(2,529.86)
11. Paid-up Equity Share Capital (Face Value of Rs.10/-)	1,273.90	1,273.90	1,273.90	1,273.90
12. Reserve excluding Revaluation Reserves	-	-	-	5,019.74
13. Earnings Per Share (Face Value Rs. of 10 each)				
Basic (In Rs.)*	(4.42)	(5.44)	(4.84)	(19.86)
Diluted (In Rs.)*	(4.42)	(5.44)	(4.84)	(19.86)

* Quarter ended numbers are not annualised

Place : Mumbai
Dated : 17th July 2018



For Spaisa Capital Limited

Prakash Gargani
Whole Time Director & Chief Executive Officer
DIN: 07376258

Spaisa Capital Limited
CIN: U67190MH2007PLC289249

Registered Office: HFL House, Sun infotech Park, Road No. 16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane - 400604

1. The above unaudited consolidated financial results for the quarter ended June 30, 2018, have been reviewed by the Audit Committee and recommended for approval and approved by the Board of Directors of the Company at its meeting held on July 17, 2018 and have been subjected to limited review by the statutory auditors of the Company and the Auditors have issued an unmodified report.
2. The Company's main business is Securities broking and distribution of financial products primarily through internet and mobile applications. All other activities revolve around the main business. Further all activities are carried out within India. As such there are no separate reportable segments as per Accounting Standard (AS) 17 on "Segment Reporting" prescribed under Section 133 of the Companies Act, 2013.
3. The proposal of issue of Equity Shares by way of a Rights Issue ("Issue") to the existing shareholders of the Company in the ratio of 1 equity share of Rs 10 each for every 1 equity share of Rs 10 each held in the Company at a premium of Rs 70 per share i.e. issue price of Rs 80 each aggregating to Rs 103.52 Cr. in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, and the record date for determining the entitlement will be announced in due course, subject to receipt of relevant approvals from regulatory authorities, as may be required. The proposed Issue is to inter-alia meet the Company's long-term funding needs to meet in technology enhancements, Expansion and additional product lines.
 For the purpose of giving effect to the Issue, the Board constituted and authorized the Committee of the Board to decide the appointment of intermediaries, structure, terms and conditions of the Issue including record date, timing of the Issue, allotment, listing of equity shares and other related matters.
4. The Accounting policies adopted in the preparation of financial results are consistent with those followed in the previous period/year unless otherwise stated.
5. Key data relating to standalone results of Spaisa Capital Limited are as under:

Particulars	(Rs. in Lakhs)			
	Quarter ended June 30, 2018 (Unaudited)	Quarter ended March 31, 2018 (Unaudited)	Quarter ended June 30, 2017 (Unaudited)	Year ended March 31, 2018 (Audited)
Revenues from operations	906.19	787.09	224.88	1,965.17
Profit /(loss) for the period/year	(563.83)	(692.64)	(616.22)	(2,529.86)
Earnings per share				
a) Basic (in Rs.)	(4.43)	(5.44)	(4.84)	(19.86)
b) Diluted (in Rs.)	(4.43)	(5.44)	(4.84)	(19.86)

6. The comparative financial information of the Company for the quarter ended June 30, 2017 were reviewed / audited by the previous auditors of the Company.
7. The figures for the quarter ended March 31, 2018 are the balancing figures between audited figures in respect of the year ended March 31, 2018 and unaudited figures of the nine months ended Dec 31, 2017.
8. The consolidated unaudited financial results for the quarter ended June 30, 2018, as submitted to Stock Exchanges are also available on our website www.5paisa.com
9. Previous periods figures have been regrouped / rearranged wherever necessary.

Date: July 17, 2018
Place: Mumbai



By order of the Board
For 5paisa Capital Limited


Prakarsa Gagdani
Whole Time Director & Chief Executive Officer
DIN: 07376258

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

You should read the following discussion and analysis of our financial condition and results of operations together with our audited financial information for the years ended March 31, 2018, March 31, 2017 and March 31, 2016, all prepared in accordance with the provisions under the Companies Act, 2013 and Indian GAAP, including the notes and schedules thereto, included in the section titled "Financial Information" on page 143. You should also read the section titled "Risk Factors" on page 12, which discusses a number of factors and contingencies that could impact our financial condition and results of operations, and the section titled "Our Business" on page 88,, which presents important information about our business.

Unless otherwise specified in this section, the following discussion is based on our audited standalone financial information for the years ended March 31, 2018, March 31, 2017 and March 31, 2016 and in relevant parts, on internally prepared statistical information available to our management and publicly available information.

The financial statements included in this Draft Letter of Offer are prepared in accordance with Indian GAAP, which differs in certain material respects from US GAAP, IFRS and Ind AS. We have not attempted to qualify the impact of US GAAP, IFRS and Ind AS on the financial data included in this Draft Letter of Offer nor do we provide a reconciliation of our financial statements to those under US GAAP, IFRS and Ind AS. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting processes.

Our fiscal year ends on March 31 of each year, so all references to a particular "fiscal year" and "Fiscal" are to the twelve (12) month period ended March 31 of that fiscal year. Unless otherwise specified, all amounts in this section are stated on a standalone basis. In this section, any reference to "we", "us" or "our" is to 5paisa Capital Limited.

We are a financial services company, providing financial products through an online technology platform and mobile application. We provide services in capital market, futures & options and currency derivatives segments of BSE and NSE. We are a depository participant of CDSL and also a trading cum clearing member of BSE and NSE. We distribute mutual funds and IPO products and are also registered as a research analyst.

We are a technology driven company having primarily an online presence, providing services through a DIY (do-it-yourself) model and we charge a flat brokerage fee of ₹ 10 per order for all transactions instead of differential brokerage.

As of March 31, 2018, over one million users have downloaded our mobile application. Our customer base has grown from 4,937 in Fiscal 2017 to 57,703 in Fiscal 2018. Currently, 72% of the total client base are in Tier II and Tier III cities and 70% of the total turnover is from trades through our mobile app.

Our innovative product offerings, based on a deep understanding of customer behaviour, include completely paperless account opening, advanced technological solutions and robo-advisory services etc. With a robust trading platform, advanced mobile application and an artificial intelligence powered robo-advisory platform, we offer advanced technology-led services to our customers, leading to an enhanced user-friendly experience across the investment lifecycle.

We provide a wide range of financial services to our clients including and in relation to:

1. **Discounted stock broking services** - A trading platform for all types of investors in which we provide equity and currency broking services at a very low price. Our services are targeted at retail investors and high-volume traders who actively invest and trade in securities markets and seek DIY (do-it-yourself) services at a low cost. We provide an online technology platform to our clients through internet terminals and mobile applications for trading in securities in BSE and NSE.
2. **Clearing and Depository Services** – We are a depository participant of CDSL and Clearing Members of BSE and NSE. We provide clearing and depository services to our clients as part of our integrated services offering.

3. **Mutual fund distribution** - A mutual fund platform in which our clients can subscribe to a host of mutual fund products offered by various asset management companies and can avail the services of our robot advisory tool to help them select mutual fund products based on their risk profile and goals.
4. **Distribution of other financial products** –We aspire to be a one stop shop for all financial products in the retail segment. As a step towards the same, our platform facilitates our existing customers to subscribe or purchase premium advisory products, IPO funding, personal loans and home loans. We tie-up with respective service providers, apprise our customers on the availability of their products and generate leads for our partners for the purpose.
5. **Research Services** –We are a SEBI registered research analyst and we offer advisory services to our clients through the research undertaken by a team of research analysts.

We believe that our brand, reputation, and the strong and stable management team has enabled us in offering quality services to our customers at a low cost. Our Company was awarded the ‘Digital Start-up of the Year 2017’ award at the world digital marketing congress.

Recently, we have formed a wholly owned subsidiary namely 5paisa P2P Limited (“**5paisa P2P**”) which will operate as a peer-to-peer lending platform. An in-principle approval for registration as NBFC peer-to-peer lending platform (NBFC-P2P) from RBI has been received.

We mainly have an online presence and also currently operating from three offices situated at Thane, Ahmedabad and Bengaluru. We believe that our online presence allows us to capitalize on opportunities to grow our financial product offerings. For further details, see “*Our Business – Properties*” on page 95.

FACTORS AFFECTING OUR BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The business of our Company is subject to various risks and uncertainties those discussed in section titled “*Risk Factors*” on page 12. Our financial condition and results of operations are also affected by various factors of which the following are of particular importance:

Macroeconomic conditions

The financial services industry is highly sensitive to conditions in the domestic and global equity, debt, currency and financial markets. Macroeconomic factors such as political stability, monetary and fiscal policy, any change in regulations or laws of the land etc. have the potential to materially impact our business.

Conditions in securities’ market

A substantial portion of our income is derived from broking services across equities (cash and derivatives) and currency. Distribution of financial products also contributes to our revenues. All such products and services are dependent on favorable capital market conditions, investor confidence and other factors that affect the volume of securities trading in India. Hence, events adversely impacting Indian securities market volumes may adversely affect our business. Trading volumes are primarily influenced by factors outside our control. These factors include, but are not limited to government changes to monetary, fiscal or trade policies, political and market conditions, interest rates, foreign exchange rates and inflation. A market downturn would lead to a decline in the volume of transactions that we execute for our customers and in turn will result in decline in our revenues received from our business.

Competition

The market for financial services is highly competitive. We face significant competition from other established players which provide a digital / online platform for broking services and investment in financial products. Some of these firms have greater resources and/or a more widely recognized brand than us, which may give them a competitive advantage.

Regulatory oversight

We operate in sectors that are regulated in India, and our activities are subject to supervision and regulation by multiple statutory and regulatory authorities including SEBI and various stock exchanges. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in the various regulations and policies. Such changes in regulatory policies affecting the financial services industry may require changes to our

business operations, pricing, and technological processes and thus may involve additional costs and management time. While it may be possible that certain regulatory changes would be positive for our business operations, it may also so happen that such changes could adversely affect our financial condition and results of operations.

Human Resources

The Indian financial services sector is highly competitive, and it can be difficult and expensive to attract and retain talented and experienced employees. The departure or other loss of our key professionals who manage substantial client relationships or who possess substantial experience and expertise could impair our ability to compete efficiently, which could materially adversely affect our business.

Technology

Information technology systems are crucial to the success of our business operations and help us improve our overall productivity. Our failure to maintain or improve or upgrade our information technology systems in a timely manner could materially and adversely affect our business. Considering the rapid pace of innovations in technology globally, our inability to adapt may have significant impact on our operations.

SIGNIFICANT ACCOUNTING POLICIES:

Our significant accounting policies are summarized below. For a full description of our significant accounting policies adopted in the preparation of the Financial Statements, see “*Financial Information*” on page 143.

Basis of accounting and preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with all material aspects of the applicable accounting standards notified under Section 133 of the Companies Act 2013 (Act) read with Rule 7 of the Companies Accounts Rules, 2014, as amended, and the relevant provisions of the Companies Act 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year by the Company.

Use of estimates:

The preparation of financial statements is in conformity with the generally accepted accounting principles which requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized.

Fixed assets and depreciation and amortization:

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any thereon. Depreciation is charged using the straight line method based on the useful life of fixed assets as estimated by the management as specified below. Depreciation is charged from the month in which new assets are put to use. No depreciation is charged for the month in which assets are sold. In the case of transfer of used fixed assets from group companies, depreciation is charged over the remaining useful life of the assets. Individual assets/ group of similar assets costing up to ₹ 5,000 have been depreciated in full in the year of purchase. Lease hold land is depreciated on a straight line basis over the lease hold period.

Estimated useful life of the assets is as under:

Class of assets	Useful life in years
Buildings*	20
Computers*	3
Electrical equipment*	5
Office equipment	5
Furniture and fixtures*	5
Vehicles*	5
Software	3

*For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Translation of Foreign currency items:

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Exchange difference, if any, arising out of transactions settled during the year are recognised in the statement of Profit and Loss. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date. The exchange gains or losses, if any, are recognised in the statement of Profit and Loss and related assets and liabilities are accordingly restated in the Balance Sheet.

Revenue recognition:

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

- a) Brokerage income earned on secondary market operations are accounted on trade dates;
- b) Income from arbitrage comprises profit/loss on sale of securities held as stock-in-trade and profit / loss on equity derivative instruments is accounted as follows:
 - i.) Profit/ loss on sale of securities is determined based on the first-in first-out (FIFO) cost of the securities sold.
 - ii.) Profit/ loss on arbitrage transactions is accounted for as explained below:

Initial and additional margin paid over and above initial margin for entering into contracts for equity index/ stock futures/ currency futures and/ or equity index/ stock options/ currency options which are released on final settlement/squaring-up of underlying contracts are disclosed under other current assets. "Mark-to-market margin-equity index/ stock futures/ currency futures" representing the amounts paid in respect of mark to market margin is disclosed under 'other current assets.

"Equity index/ stock option/ currency option premium account" represents premium paid or received for buying or selling the options, respectively.

On final settlement or squaring up of contracts for equity index/ stock futures/ currency future, the realized profit or loss after adjusting the unrealized loss already accounted, if any, is recognized in the statement of profit and loss. On settlement or squaring up of equity index/ stock options/ currency option before expiry, the premium prevailing in "equity index/ stock option/ currency option premium account" on that date is recognized in the statement of profit and loss.

As at the balance sheet date, the mark to market/ unrealised profit/ (loss) on all outstanding arbitrage portfolio comprising of securities and equity/ currency derivatives positions is determined on scrip basis (e.g. Nifty, SBI, HDFC etc) with net unrealized losses on scrip basis being recognized in the statement of profit and loss and the net unrealized gains on scrip basis are ignored.

Other income recognition:

- a) Interest income is recognized on accrual basis.
- b) Dividend income is recognized when the right to receive is established.

Employee benefits:

The Company's contribution towards provident fund and family pension fund, which are defined contribution, are accounted for on an accrual basis and recognized in the statement of profit and loss. The Company has provided "compensated absences" on the basis of actuarial valuation.

Gratuity is post-employment benefit and is in the nature of defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of defined benefit obligation at the balance sheet date together with the adjustments for unrecognized actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method.

Provisions, contingent liabilities and contingent assets:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

The provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are neither recognized nor disclosed in the financial statements.

Preliminary Expenses:

Preliminary Expenses are written off in the same financial year in which they are incurred.

Taxes on Income:

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The provision for current tax is computed based on estimated tax liability computed after adjusting for allowance, disallowance, and exemptions in accordance with the applicable tax laws.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years.

Deferred tax is measured using the tax rate and the tax laws enacted or substantively enacted at the balance sheet date. The deferred tax asset is recognised or unrecognised, to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. At each reporting date, the Company re-assesses unrecognized deferred tax assets. Deferred tax liability is recognised as and when arisen.

Operating Leases:

Lease rentals in respect of operating lease arrangements are charged to the Statement of Profit & Loss in accordance with Accounting Standard 19 – Leases, issued by the Institute of Chartered Accountants of India.

Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other Investments are classified as non – current investments. The current investments are stated at lower of cost or fair value. The non – current investments are carried at cost. The provision for diminution in value of non – current investments is made, if in the opinion of the management such diminution is other than temporary. For investment in mutual funds, the net assets value declared by the mutual funds at the balance sheet date is considered as the fair value.

Inventories:

The closing stock is valued at cost or market value whichever is lower. The cost is computed on first-in first-out (FIFO) basis. The comparison of cost and market value for arbitrage portfolio is done separately for each script.

Earnings Per Share:

Basic earnings per share for equity shareholders have been calculated by dividing the net profit after tax or loss by the weighted average number of equity shares outstanding during the period.

The diluted earnings per share for equity shareholders have been computed by dividing the net profit after tax or loss by the weighted average number of shares after giving dilutive effect of all potential equity shares.

Discussion on Results of Operations for last three Fiscals

Summary of Standalone Revenues, Expenses, and Profitability

The table below sets forth a summary of our standalone financial results containing significant items of our income and expenses for years ended March 31, 2018, March 31, 2017 and March 31, 2016, based on our Financial Statements included in the section titled “Financial Information” on page 143.

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017		For the year ended March 31, 2016	
	Amount in ₹ million	% of total revenue	Amount in ₹ million	% of total revenue	Amount in ₹ million	% of total revenue
Revenue from operations	196.52	100%	74.67	100%	(12.18)	NA
Total Revenue	196.52	100%	74.67	100%	(12.18)	NA
Employee Cost	193.35	98%	82.38	110%	21.63	NA
Depreciation	6.67	3%	2.77	4%	0.12	NA
Administration Expenses and other Expenditure	320.64	163%	140.81	189%	25.01	NA
Finance Cost	7.95	4%	12.51	17%	18.05	NA
Total Expenses	528.61	269%	238.47	319%	64.81	NA
Profit before Tax	(332.09)	NA	(163.80)	NA	(76.99)	NA
Current Tax	-	-	(0.35)	1%	1.51	NA
Deferred Tax	(79.12)	NA	(46.55)	NA	(23.51)	NA
Profit after Tax	(252.97)	NA	(116.90)	NA	(54.99)	NA

During Fiscal 2018, our Company incorporated a wholly owned subsidiary namely 5paisa P2P Limited on December 7, 2017. As on March 31, 2018, our Subsidiary was yet to commence business and hence the consolidated figures for Fiscal 2018 are not being compared with the figures of the previous years.

Description of Income and Expenses Items

Total revenue

Revenue from operations:

Our revenue from operations comprises of:

- Capital Market activities: Brokerage and other related income comprising income earned for carrying of share sale/ purchase transactions, registration charges for opening an account, delayed pay-in charges, depository charges.
- Fund based activities: Short term capital gains on mutual fund investments and interest on fixed deposits
- Financial products distribution: Service fee income earned through various cross sale and other services.

Total expenses:

Our total expenses comprise the following:

- Employee benefits expenses:* Employee benefit expenses include (i) salaries, bonus and allowances, (ii) contribution to provident fund and other employee benefit funds, and (iii) staff welfare activities.
- Finance cost:* These include interest paid on short term borrowings, inter-corporate deposits, interest on bank overdraft lines and other financial expenses.
- Administration and other expenses:* Our administration and other expenses were primarily attributable to marketing and advertisement, legal and professional fees, rent, software and technology, electricity and office expenses, and other miscellaneous.
- Depreciation and amortization expense:* Depreciation and amortization expense consist of depreciation on fixed assets including electrical installations, computers, office equipment, furniture and fixtures, and amortisation of intangible assets.

Results of operations for Fiscal 2018 compared with Fiscal 2017

Total revenue

Revenue from operations

During the Fiscal 2018, the total income of our Company was ₹ 196.52 million as compared to ₹ 74.67 million in Fiscal 2017. During the period there has been a significant increase in the number of registered clients of the company from 4,937 as on March 31, 2017 to 57,703 as on March 31, 2018, a growth of over 10 times. This, we believe, has been an outcome of the digital campaigns on various social media platforms, Google ads and other mediums. The potential clients were further engaged using various training videos developed by the Company. The on-boarded clients were further guided and supported through dissemination of research ideas. Favourable outcome of all of the above efforts combined with favourable market conditions helped us increase our revenue.

A brief analysis of the movement in numbers from Fiscal 2017 to Fiscal 2018 are as follows:

- a. **Income from Capital Market Activities:** Income from Capital Market activities increased by 843% to ₹ 151.32 million in Fiscal 2018 from ₹ 16.04 million in Fiscal 2017. Income from Capital Market activities consists of Brokerage Income, DP Income, Registration Charges Income.
- b. **Fund Based activities :**Income from Fund Based activities decreased by 43% to ₹ 29.81 million in Fiscal 2018 from ₹ 51.97 million in Fiscal 2017. Income from Fund Based activities consists of Short Term Capital Gain on Mutual Fund Investment, FD interest. During October 2016 IIFL Holdings Limited infused ₹ 1,000 million as capital which was held in deposits pending utilisation. During the year 2018, as the company utilised the amounts available in deposits, there has been a corresponding drop in interest income.
- c. **Financial Products distribution:** Income from Financial Products distribution increased by 131% to ₹ 15.39 million in Fiscal 2018 from ₹ 6.66 million in Fiscal 2017. Income from Financial Products distribution consists of Mutual Fund Brokerage, Processing Fees.

Total expenditure

Our total expenditure increased by 122% to ₹ 528.61 million in Fiscal 2018 from ₹ 238.47 million in Fiscal 2017.

- a. **Employee benefits expenses:** Employee benefits expense increased by 135% to ₹ 193.35 million in Fiscal 2018 from ₹ 82.38 million in Fiscal 2017. This includes (i) salaries, bonus and allowances, (ii) contribution to provident and other employee benefit funds, and (iii) staff welfare activities. During the course of Fiscal 2018, the company commenced operations in Bengaluru and Ahmedabad and added the customer acquisition and service teams.
- b. **Administration and other expenses:** Administration and other expenses increased by 128% to ₹ 320.64 million in Fiscal 2018 from ₹ 140.81 million in Fiscal 2017 primarily consisting of advertisement expense, rent, software expense, professional fees.

The Company recognises that “5paisa” is an online brand in its nascent stages of development. Significant amounts are being invested into brand building activities to create brand recognition and brand recall. In the efforts to reach out to the target audience on the online digital media, there is increased expenditure on brand building including production of content and dissemination of this content through various online digital media.

The company started operations in Bengaluru and Ahmedabad which is reflected in the increased rental and other expenses.

EBITDA

As a result of the foregoing, our EBITDA decreased by 114% to ₹ (317.47) million in Fiscal 2018 from ₹ (148.51) million in Fiscal 2017.

Finance charges

Finance charges consisted of interest on ICDs, interest on short-term borrowings and Bank Guarantee Commission. The company borrowed money through ICDs to meet exchange margins and pay-in purposes. Finance charges decreased by 36% to ₹ 7.95 million in Fiscal 2018 from ₹ 12.51 million in Fiscal 2017 on account of decrease in borrowing during Fiscal 2018.

Depreciation and amortisation

Our depreciation and amortisation increased 141% to ₹ 6.67 million in Fiscal 2018 from ₹ 2.77 million in Fiscal 2017 on account of addition to fixed assets.

Profit/ (loss) before tax

The company declared losses of Rs ₹ (332.09) million in Fiscal 2018, 103% more than the losses of ₹ (163.80) million in declared in Fiscal 2017. The increase in losses is on account of increased advertising expenses and Employee expenses towards client acquisition and client servicing.

Tax expenses

Our deferred tax expenses increased by 70% to ₹ (79.12) million in Fiscal 2018 from ₹ (46.55) million in Fiscal 2017 and our current tax was nil.

Profit/ (loss) for the year (after tax)

Our loss for the year after tax increased by 116% to ₹ (252.97) million in Fiscal 2018 from ₹ (116.90) million in Fiscal 2017.

Results of operations for Fiscal 2017 compared with Fiscal 2016

Our Company started the discount broking services during the last Quarter of Fiscal 2016. The total income of our Company was ₹ 74.67 million as compared to ₹ (12.18) million in Fiscal 2016. The increase in our revenue was on account of expansion of our retail operations. Our Company acquired over 4,000 clients by providing a wide variety of financial products and value added services. During Fiscal 2017, our Company made investments in online marketing, branding and technology due to which our expenses increased to ₹ 238.47 million from ₹ 64.81 million.

Revenue from operations

Our revenue from operations increased by 713% to ₹ 74.67 million in Fiscal 2017 from ₹ (12.18) million in Fiscal 2016 primarily due to increase in the number of clients and increase in client activities. The broad details are as follows:

- a. Income from Capital Market activities increased by 449% to ₹ 16.04 million in Fiscal 2017 from ₹ 2.92 million in Fiscal 2016. This is as a result of increased retail operation of the company and increased number of clients.
- b. Share trading income increased by 176% to ₹ 24.37 million in Fiscal 2017 from ₹ (32.24) million in Fiscal 2016.
- c. Income from Financial Products distribution increased to ₹ 6.66 million in Fiscal 2017 from nil in Fiscal 2016.

otal expenditure

Our total expenditure increased by 268% to ₹ 238.47 million in Fiscal 2017 from ₹ 64.81 million in Fiscal 2016. This increase was primarily due to:

- a. *Employee benefits expenses:* Employee benefits expense increased by 281% to ₹ 82.38 million in Fiscal 2017 from ₹ 21.63 million in Fiscal 2016. The Company set up the customer acquisition team during the Fiscal 2017 which added to the increased employee benefit cost.

- b. *Administration and other expenses:* Administration and other expenses increased by 463% to ₹ 140.81 million in Fiscal 2017 from ₹ 25.01 million in Fiscal 2016. The increase in administration and other expenses is attributed to increase in amount spent on advertising and marketing as compared to the previous year.

EBITDA

As a result of the foregoing, our EBITDA decreased by 152% to ₹ (148.51) million in Fiscal 2017 from ₹ (58.82) million in Fiscal 2016.

Finance charges

Our finance charges decreased by 31% to ₹ 12.51 million in Fiscal 2017 from ₹ 18.05 million in Fiscal 2016. During the Fiscal 2017, there was a decline in the average ICDs outstanding with the company.

Depreciation and amortisation

Our depreciation and amortisation increased 2208% to ₹ 2.77 million in Fiscal 2017 from ₹ 0.12 million in Fiscal 2016 on account of further addition to fixed assets.

Profit/ (loss) before tax

Our loss increased by 113% to ₹ (163.80) million in Fiscal 2017 from losses of ₹ (76.99) in Fiscal 2016.

Tax expenses

Our deferred tax expenses increased by 98% to ₹ (46.55) million in Fiscal 2017 from ₹ (23.51) million in Fiscal 2016 and our current tax was nil.

Profit/ (loss) for the year (after tax)

Our loss for the year after tax increased by 113% to ₹ (116.90) million in Fiscal 2017 from losses of ₹ (54.99) million in Fiscal 2016.

Other Matters:

Off-balance sheet transactions

We have not had any off-balance sheet transactions other than as disclosed in the section titled “*Financial Information*” on page 143.

Unusual or infrequent events or transactions

There has been no unusual or infrequent event or transaction except the demerger and vesting of 5paisa digital undertaking into our Company pursuant to the Scheme of Arrangement.

Significant economic/ regulatory changes

Our business is highly dependent on the regulatory environment and on general economic conditions in the various securities’ markets, including trading volumes in the secondary markets in the equity capital markets and currency markets, the regulatory environment and on general economic conditions in the markets we operate in. For more details, see “*Risk Factors*” on page 12.

Known trends or uncertainties

To our knowledge, there are no other known factors, which we expect to have a material adverse impact on our revenues or income from continuing operations.

Future relationship between costs and revenues

There are no known factors affecting the future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

New product or business segment

Being in a regulatory governed business, our ability to start services will depend on any possible regulatory policies and actions. However, we may be able to start new kinds of services around current offerings to enable more convenience to clients and/ or to improve our marketing and operational efficiencies. For details of new products or business segments, see “*Our Business*” on page 88.

Seasonality of business

Our business is not seasonal but largely dependent on the state of capital markets, level of activity in the secondary market and overall economic conditions prevailing both locally and globally. The level of our operations, income and profitability may be affected by these factors.

Significant dependence on a single or few suppliers or customers

Our operations are not significantly dependent on a single or fewer suppliers or customers.

Competitive Conditions

Refer to the sections “*Our Business*” and “*Risk Factors*” on pages 88 and 12 respectively, for discussions regarding competition.

Related party transactions

For details, see “*Financial Information*” on page 143.

Significant Developments after March 31, 2018

To our knowledge and belief, no circumstances other than as those disclosed in this Draft Letter of Offer have arisen since the date of the last financial statements contained in this Draft Letter of Offer which materially affect or are likely to affect, the trading and profitability of our Company, or the value of our assets or our ability to pay material liabilities within the next 12 months.

FINANCIAL INDEBTEDNESS

Our Company avails loans in the ordinary course of business for the purposes of meeting its working capital requirements, amongst other things. As of August 31, 2018, our Company does not have any long-term borrowing and the aggregate outstanding amount of our Company's fund-based borrowings and non-fund based borrowings were ₹437.80 million and ₹400 million, respectively.

As on August 31, 2018, the aggregate outstanding borrowings of our Company on a standalone basis are as follows:

Category of borrowing	Sanctioned amount (₹ in million)	Outstanding amount (₹ in million)	Rate of interest/ commission	Security
Fund Based (A)				
Overdraft facility availed from DCB Bank Limited	450.00	437.80	9.05%	Secured against the fixed deposit of ₹ 500 million given by India Infoline Finance Limited
Non-Fund Based (B)				
Bank Guarantee obtained from Axis Bank Limited for security deposit / margin	500.00	400.00	0.85%	50% margin in the form of fixed deposit receipt under lien to Axis Bank Limited Corporate guarantee of IIFL Holdings Limited
Total (A+B)	950.00	837.80		

Principal terms of the borrowings availed by our Company:

- (a) Our Company / IIFL Holdings Limited shall not make any drastic changes in management set up shareholding pattern without the Bank's permission. Our Company shall also submit the shareholding pattern/management set up after such change, if any.
- (b) Our Company shall not buy back its own shares/reduce its share capital/pay dividends from previous years profit resulting in reduction of networth without taking prior written approval from the Bank.
- (c) In the event of invocation of bank guarantee, the same would carry interest of one-year MCLR + 4.00% p.a. for the period of default in case of shortfall, if any alter adjustment of margin.

This is an indicative list and there may be additional terms under the borrowing arrangement entered into by our Company.

CAPITALISATION STATEMENT

Standalone Basis

The capitalisation statement of the Company on standalone basis as at March 31, 2018 as adjusted post the Issue is as follows:

(₹ in million)

Particulars	Standalone	
	Pre-issue as at March 31, 2018	Post-Issue as adjusted for the Issue*
Borrowings		
Long-term Borrowings	-	-
Short-term Borrowings	161.47	161.47
Total Borrowings (A)	161.47	161.47
Shareholders' funds		
Equity Share Capital	127.39	254.78
Reserve & Surplus	501.98	1,393.72
Total Shareholders' Funds (B)	629.37	1,648.50
Long term Borrowings/Shareholders' Funds	-	-
Total Borrowings/Shareholders' Funds (A/B)	0.26	0.10

1. The figures disclosed above are based on the Restated Financial Information of the Company.
2. *Figures are derived after assuming full subscription for and Allotment of the Rights Entitlement in the Issue, being 1,27,39,022 Equity Shares of face value of ₹ 10 each at a premium of ₹ 70 per Rights Equity Share aggregating up to ₹ 1,019.12 million, in terms of the resolution passed by the Board on September 12, 2018. Additionally, these figures do not include any Issue related expenses.

Consolidated Basis

The capitalisation statement of the Company on consolidated basis as at March 31, 2018 as adjusted post the Issue is as follows:

(₹ in million)

Particulars	Consolidated	
	Pre-issue as at March 31, 2018	Post-Issue as adjusted for the Issue*
Borrowings		
Long-term Borrowings	-	-
Short-term Borrowings	161.47	161.47
Total Borrowings (A)	161.47	161.47
Shareholders' funds		
Equity Share Capital	127.39	254.78
Reserve & Surplus	501.98	1393.72
Total Shareholders' Funds (B)	629.37	1648.50
Long term Borrowings/Shareholders' Funds	-	-
Total Borrowings/Shareholders' Funds (A/B)	0.26	0.10

1. The figures disclosed above are based on the Restated Financial Information of the Company.
2. *Figures are derived after assuming full subscription for and Allotment of the Rights Entitlement in the Issue, being 1,27,39,022 Equity Shares of face value of ₹ 10 each at a premium of ₹ 70 per Rights Equity Share aggregating up to ₹ 1,019.12 million, in terms of the resolution passed by the Board on September 12, 2018. Additionally, these figures do not include any Issue related expenses.

STATEMENT OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS

Below is the summary of significant differences between Indian GAAP and IND AS:

IND AS	Existing AS
IND AS 1	AS 1
Presentation of Financial Statements	Disclosure of Accounting Policies
Requires classification of expenses to be presented based on nature of expenses.	No specific restriction.
Requires presentation of balance sheet as at the beginning of the earliest period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in the financial statements, or when it reclassifies items in its financial statements.	Only comparative figures of previous year to be given.
Requires the financial statements to include a Statement of Changes in Equity to be shown as a part of the balance sheet.	NO such statement required
IND AS 2	AS 2
Inventories	Valuation Of Inventories
Difference between the purchase price of inventories for normal credit terms and the amount paid for deferred settlement terms is recognised as interest expense.	Inventories purchased on deferred settlement terms are not explicitly dealt with in the accounting standard on inventories
	The cost of inventories generally will be the purchase price for deferred credit terms unless the contract states the interest payable for deferred terms.
Requires an entity to use the same cost formula for all inventories having a similar nature and use to the entity. For inventories with a different nature or use, different cost formulas may be justified.	It is not expressly mandated to use the same cost formula consistently for all inventories that have a similar nature and use to the entity. The formula used should reflect the fairest possible approximation to the cost incurred in bringing the items of inventory to their present location and condition.
No specific classification requirement – classification should be appropriate to the entity.	As per the requirements of Schedule, inventories need to be classified as: Raw materials; Work-in-progress; Finished goods; Stock-in-trade (in respect of goods acquired for trading); Stores and spares; Loose tools; Others.
Valuation is done on market value	Valuation is done on the basis of cost or NRV whichever is lower
IND AS 7	AS 3
Statement of Cash Flows	Cash Flow Statements
Specifically includes bank overdrafts which are repayable on demand as a part of cash and cash equivalents.	Existing AS 3 is silent on this aspect
Specifically requires adjustment of the profit or loss for the effects of 'undistributed profits of associates and non-controlling interests' while determining the net cash flow from operating activities	Does not contain such requirements
Does not contain such requirements	Cash flows associated with extraordinary activities to be separately classified as arising from operating, investing and financing activities
IND AS 8	AS 5
Accounting Policies, Changes in Accounting Estimates & Errors	Net Profit or Loss for the Period, Prior Period Items, and Changes in Accounting Policies
Requires that changes in accounting policies should be accounted for with retrospective effect subject to limited exceptions	Does not specify how change in accounting policy should be accounted for.
Uses the term errors and relates it to errors or omissions arising from a failure to use or misuse of reliable information (in addition to mathematical mistakes, mistakes in application of accounting policies etc.) that was available when the financial statements of the prior periods were	Defines prior period items as incomes or expenses which arise in the current period as a result of errors or omissions in the preparation of financial statements of one or more prior periods.

IND AS	Existing AS
approved for issuance and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.	
IND AS 10	AS 4
Events occurring after the reporting period	Contingencies and Events occurring after the balance sheet date
Material non-adjusting events are required to be disclosed in the financial statements.	Requires the same to be disclosed in the report of approving authority
Dividend proposed or declared after the reporting period, cannot be recognised as a liability in the financial statements because it does not meet the criteria of a present obligation as per Ind AS 37. Such dividend is required to be disclosed in the notes in the financial statements as per Ind AS 1	The same is required to be adjusted in financial statements
IND AS 12	AS 22
Income Taxes	Taxes on Income
Based on balance sheet approach. It requires recognition of tax consequences of differences between the carrying amounts of assets and liabilities and their tax base.	Based on income statement approach. It requires recognition of tax consequences of differences between taxable income and accounting income.
Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The criteria for recognising deferred tax assets arising from the carry forward of unused tax losses and tax credits are the same that for recognising deferred tax assets arising from deductible temporary differences. However, the existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, when an entity has a history of recent losses, the entity recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity Current and deferred tax are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised outside profit or loss, either in other comprehensive income or directly in equity, in those cases tax is also recognised in other comprehensive income or in equity, as appropriate.	Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Where deferred tax asset is recognised against unabsorbed depreciation or carry forward of losses under tax laws, it is recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.
IND AS 16	IND AS 10 & 6
Property, Plant & Equipment	Accounting for Fixed Assets and Depreciation Accounting
Based on the component approach. Under this approach, each major part of an item of property plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.	It recognises the said approach in only one paragraph by stating that accounting for a tangible fixed asset may be improved if total cost thereof is allocated to its various parts. Apart from this, neither existing AS 10 nor existing AS 6 deals with the aspects such as separate depreciation of components, capitalising the cost of replacement, etc.
Requires an entity to choose either the cost model or the revaluation model as its accounting policy and to apply that policy to an entire class of property plant and equipment. It requires that under revaluation model, revaluation be made with reference to the fair value of items of property plant and equipment. It also requires that revaluations should be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.	Recognises revaluation of fixed assets. However, the revaluation approach adopted therein is ad hoc in nature, as it does not require the adoption of fair value basis as its accounting policy or revaluation of assets with regularity. It also provides an option for selection of assets within a class for revaluation on systematic basis.
Provides that the revaluation surplus included in equity in respect of an item of property plant and equipment may be transferred to the retained earnings when the asset is	As compared to the above, neither existing AS 10 nor existing AS 6 deals with the transfers from revaluation surplus. To deal with this aspect, the Institute issued a

IND AS	Existing AS
derecognised. This may involve transferring the whole of the surplus when the asset is retired or disposed of. However, some of the surplus may be transferred as the asset is used by an entity. In such a case, the amount of the surplus transferred would be the difference between the depreciation based on the revalued carrying amount of the asset and depreciation based on its original cost. Transfers from revaluation surplus to the retained earnings are not made through profit or loss.	Guidance Note on Treatment of Reserve Created on Revaluation of Fixed Assets. The Guidance Note provides that if a company has transferred the difference between the revalued figure and the book value of fixed assets to the 'Revaluation Reserve' and has charged the additional depreciation related thereto to its profit and loss account, it is possible to transfer an amount equivalent to accumulated additional depreciation from the revaluation reserve to the profit and loss account or to the general reserve as the circumstances may permit, provided suitable disclosure is made in the accounts. However, the said Guidance Note also recognises that it would be prudent not to charge the additional depreciation arising due to revaluation against the revaluation reserve.
Provides that the cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit unless such interest is capitalised in accordance with Ind AS 16. Similarly, the concept of cash price equivalent has been followed in case of disposal of fixed assets also.	Existing AS 10 does not contain this requirement.
Specifically provides that gains arising on derecognition of an item of property, plant and equipment should not be treated as revenue as defined in AS 9.	Existing AS 10 is silent on this aspect.
Ind AS 19	AS 15
Employees Benefits	Employees Benefits
The term employee includes wholtime directors	The term includes directors.
Requires recognition of the actuarial gains and losses in other comprehensive income, both for post-employment defined benefit plans and other long-term employment benefit plans. The actuarial gains and losses recognised in other comprehensive income should be recognised immediately in retained earnings and should not be reclassified to profit or loss in a subsequent period.	Requires recognition of the actuarial gains and losses immediately in the statement of profit and loss as income or expense.
Ind AS 21	AS 11
The Effects of Changes in Foreign Exchange Rates	The Effects of Changes in Foreign Exchange Rates
Permits an option to recognise exchange differences arising on translation of certain long- term monetary items from foreign currency to functional currency directly in equity. In this situation, Ind AS 21 requires the accumulated exchange differences to be transferred to profit or loss in an appropriate manner.	Does not permit such a treatment.
Permits an option to recognise exchange differences arising on translation of certain long- term monetary items from foreign currency to functional currency directly in equity and to transfer the same to profit or loss over the term of such items.	Gives an option to the foreign currency gains and losses to recognise exchange differences arising on translation of certain long-term monetary items from foreign currency to functional currency directly in equity to be transferred to profit or loss over the life of the relevant liability/asset if such items are not related to acquisition of fixed assets upto 31st March 2011; where such items are related to acquisition of fixed assets, the foreign exchange differences can be recognised as part of the cost of the asset.
Ind AS 24	AS 18
Related Party Disclosures	Related Party Disclosures
Uses the term "a close member of that person's family"	Uses the term "relatives of an individual"
Includes the persons specified within the meaning of 'relative' under the Companies Act 1956 and that person's domestic partner, children of that person's domestic partner and dependants of that person's domestic partner.	Covers the spouse, son, daughter, brother, sister, father and mother who may be expected to influence, or be influenced by, that individual in his/her dealings with the reporting enterprise. Hence, the definition as per Ind AS 24 is much wider.
Covers KMP of the parent as well.	Covers key management personnel (KMP) of the entity only

IND AS	Existing AS
Does not include such clarificatory text and allows respective standards to deal with the same.	Includes clarificatory text, primarily with regard to control, substantial interest (including 20% threshold), significant influence (including 20% threshold).
Ind AS 27	AS 21
Consolidated and Separate Financial Statements	Consolidated Financial Statements
Makes the preparation of Consolidated Financial Statements mandatory for a parent.	Does not mandate the preparation of Consolidated Financial Statements by a parent.
Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.	the definition of control given in the existing AS 21 is rule-based, which requires the ownership, directly or indirectly through subsidiary(ies), of more than half of the voting power of an enterprise; or control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise so as to obtain economic benefits from its activities.
Existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether an entity has control over the subsidiary.	For considering share ownership, potential equity shares of the investee held by investor are not taken into account.
Non-controlling interests shall be presented in the consolidated balance sheet within equity separately from the parent shareholders' equity.	Minority interest should be presented in the consolidated balance sheet separately from liabilities and equity of the parent's shareholders.
Ind AS 33	AS 20
Earnings per Share	Earnings per Share
Requires presentation of basic and diluted EPS from continuing and discontinued operations separately.	Does not require any such disclosure.
As per Ind AS 1, Presentation of Financial Statements, no item can be presented as extraordinary item, Ind AS 33 does not require the aforesaid disclosure.	Requires the disclosure of EPS with and without extraordinary items.
Ind AS 37	AS 29
Provisions, Contingent Liabilities and Contingent Assets	Provisions, Contingent Liabilities and Contingent Assets
Requires creation of provisions in respect of constructive obligations also. The terms 'legal obligation' and 'constructive obligation' have been inserted and defined	NA
Requires discounting the amounts of provisions, if effect of the time value of money is material.	Prohibits discounting the amounts of provisions.
Requires disclosure of contingent assets in the financial statements when the inflow of economic benefits is probable. The disclosure, however, should avoid misleading indications of the likelihood of income arising.	Notes the practice of disclosure of contingent assets in the report of the approving authority but prohibits disclosure of the same in the financial statements.
Ind AS 38	AS 26
Intangible Assets	Intangible Assets
In the case of separately acquired intangibles, the criterion of probable inflow of expected future economic benefits is always considered satisfied, even if there is uncertainty about the timing or the amount of the inflow.	There is no such provision.
If payment for an intangible asset is deferred beyond normal credit terms, the difference between this amount and the total payments is recognised as interest expense over the period of credit unless it is capitalised as per Ind AS 23.	There is no such provision.
Permits an entity to choose either the cost model or the revaluation model as its accounting policy	Revaluation model is not permitted.
The residual value is reviewed at least at each financial year-end. If it increases to an amount equal to or greater than the asset's carrying amount, amortisation charge is zero unless the residual value subsequently decreases to an amount below the asset's carrying amount.	Specifically requires that the residual value is not subsequently increased for changes in prices or value.
Change in the method of amortisation is a change in accounting estimate.	Change in the method of amortisation is a change in accounting policy.
IND AS 102	
SHARE BASED PAYMENT	ESOP accounting

IND AS	Existing AS
IND AS 102 SHARE BASED PAYMENT	There is no equivalent standard. However, the ICAI has issued a Guidance Note on Accounting for Employee Share-based Payments. This guidance note deals only with employee share based payments
Recognise as an expense over the vesting period Goods and services in a share based payment transaction are recognised when goods are received or as services are rendered. A corresponding increase in equity is recognised if goods and services were received in an equity-settled share-based payment transaction or a liability if these were received in a cash-settled share-based payment transaction.	The SEBI has also issued the SEBI (Share Based Employee Benefits) Regulations, 2014 which requires that the Guidance Note on Accounting for Employee Share-based payments or Accounting Standards as may be prescribed by the ICAI, including the disclosure requirements prescribed therein, should be followed while accounting for share based schemes.
For equity settled share-based transactions with non-employees, goods and services received and the corresponding increase in equity is measured at the fair value of the goods and services received. If the fair value of the goods and services cannot be estimated reliably, then the value is measured with reference	The guidance note permits the use of either the intrinsic value method or the fair value method for determining the costs of benefits arising from employee share-based compensation plans. The guidance note recommends the use of the fair value method.
Ind AS 108	AS 17
Operating Segments	Segment Reporting
Identification of segments under Ind AS 108 is based on 'management approach' i.e. operating segments are identified based on the internal reports regularly reviewed by the entity's chief operating decision maker.	Requires identification of two sets of segments—one based on related products and services, and the other on geographical areas based on the risks and returns approach. One set is regarded as primary segments and the other as secondary segments.
Requires disclosures of revenues from external customers for each product and service. With regard to geographical information, it requires the disclosure of revenues from customers in the country of domicile and in all foreign countries, non-current assets in the country of domicile and all foreign countries. It also requires disclosure of information about major customers	Disclosures in existing AS 17 are based on the classification of the segments as primary or secondary segments. Disclosure requirements for primary segments are more detailed as compared to secondary segments.
Ind AS 115	AS 9 and AS 7
Revenue from Contracts with Customers	Revenue Recognition and Construction Contracts
Ind AS 115 has introduced the control model to determine the point of revenue recognition. Revenue is recognized over time if any of the following three criteria are met: <ul style="list-style-type: none"> • The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs... • The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced... • The entity's performance does not create an asset with an alternative use to the entity...and the entity has an enforceable right to payment for performance completed to date 	Revenue can be recognized under Completed Service Method or Percentage Completion Method
Ind AS 23	AS 16
Borrowing Cost	Borrowing Cost
Borrowing costs need not be capitalised in respect of i) qualifying assets measured at fair value (e.g. biological assets) ii) inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis (even if they are otherwise qualifying assets). This is an option.	No such scope exception similar to IFRS/Ind AS is available
Description of specific components are linked to effective interest rate	Borrowing Costs components of borrowing costs-No reference to effective interest rate
Expected Credit Losses	Expected Credit Losses
The impairment model is based on expected credit losses and it applies equally to debt instruments measured at amortised cost or FVTOCI (the loss allowance is recognised in other comprehensive income and not reduced from the carrying amount of the financial asset), lease receivables, contract assets within the scope of IFRS 15 and certain written loan commitments and financial guarantee contracts.	No separate standard on this, earlier it was measured on Incurred Loss Model

IND AS	Existing AS
Expected credit losses (with the exception of purchased or original credit-impaired financial assets) are required to be measured through a loss allowance at an amount equal to: i) the 12 month expected credit losses or ii) lifetime expected credit losses if credit risk has increased significantly since initial recognition of the financial instrument.	
With respect to trade receivables or contract assets within the scope of IFRS 15, loss allowance is measured at lifetime expected credit losses.	
For lease receivables within the scope of IAS 17, an entity can elect to always measure loss allowances at an amount equal to lifetime expected credit losses.	

STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY

Our Company's Equity Shares are listed and actively traded on BSE and NSE from November 16, 2017.

1. Year is a Financial Year;
2. Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
3. High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, as the case may be, for the year, or the month, as the case may be; and
4. In case of two days with the same high / low / closing price, the date with higher volume has been considered.

Stock Market Data of the Equity Shares

The high, low and average closing prices recorded on the BSE and NSE, during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:

Year ending March 31	Date of High	High (₹)	Volume on date of High (Number of Equity Shares)	Date of Low	Low (₹)	Volume on date of low (Number of Equity Shares)	Average price for the year (₹)
NSE							
2018	December 27, 2017	408.15	1,26,536	December 05, 2017	181.00	3,19,610	296.92
BSE							
2018	November 16, 2017	650.00	247	December 08, 2017	241.00	1,42,146	347.60

Source: www.nseindia.com, www.bseindia.com

Note: The trading of equity of Equity Shares of our company commenced on November 16, 2017. Therefore, the market price information of only preceding one year is available.

Prices for the last six months

The total number of days of trading during the past six months from March 1, 2018 to August 31, 2018 is 126. The average volume of Equity Shares traded in the BSE and the NSE were 2037 Equity Shares per day and 9346 Equity Shares per day, respectively.

The high and low prices and volume of Equity Shares traded on the respective dates on the BSE and NSE during the last six months is as follows:

Month	Date of High	High (₹)	Volume (Number of Equity Shares)	Date of Low	Low (₹)	Volume (Number of Equity Shares)	Volume of trade on monthly basis
NSE							
March 2018	March 21, 2018	369.00	6571	March 08, 2018	305.65	9,327	1,95,766
April 2018	April 30, 2018	404.65	8237	April 20, 2018	327.00	1,407	1,70,885
May 2018	May 08, 2018	509.85	43,567	May 24, 2018	355.80	22,689	3,82,339
June 2018	June 01, 2018	414.95	19,316	June 29, 2018	314.00	6,888	1,11,344
July 2018	July 31, 2018	356.10	12,556	July 09, 2018	272.25	5,855	1,92,426
August 2018	August 09, 2018	415.00	6,388	August 31, 2018	295.00	5,511	1,24,895
BSE							
March 2018	March 20, 2018	370.00	2,003	March 08, 2018	303.05	3,091	78,755
April 2018	April 30, 2018	406.80	2,771	April 16, 2018	317.55	919	23,392

Month	Date of High	High (₹)	Volume (Number of Equity Shares)	Date of Low	Low (₹)	Volume (Number of Equity Shares)	Volume of trade on monthly basis
May 2018	May 08, 2018	507.40	3,059	May 24, 2018	361.20	697	95,767
June 2018	June 01, 2018	419.55	1,835	June 29, 2018	306.20	1,229	14,369
July 2018	July 31, 2018	353.10	1,319	July 06, 2018	271.85	1,040	28,166
August 2018	August 13, 2018	420.90	818	August 31, 2018	300.00	1,204	16,269

Source: www.nseindia.com, www.bseindia.com,

The Board of our Company has approved the Issue at their meeting held on July 17, 2018. The high and low prices of our Company's shares as quoted on the BSE and NSE on July 18, 2018, the day on which the trading happened immediately following the date of the Board meeting is as follows:

Date	Volume (No of equity Shares)	High (₹)	Low (₹)
NSE			
July 18, 2018	11,432	337.35	318.60
BSE			
July 18, 2018	1,342	338.00	314.15

Source: www.nseindia.com, www.bseindia.com

SECTION VII - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no outstanding: (i) criminal proceedings, (ii) actions taken by statutory or regulatory authorities, (iii) indirect and direct tax proceedings, (iv) material litigation involving our Company, our Directors, our Promoters, our Subsidiary and our Group Companies or any other person whose outcome could have a material adverse effect on the operations or financial position of our Company.

*Our Board, in its meeting held on September 12, 2018 has adopted a policy for identification of material legal proceedings (“**Materiality Policy**”). For the purposes of disclosure, pursuant to the SEBI ICDR Regulations and the Materiality Policy (i) all pending litigation involving our Company, Directors, Promoters and Group Companies, other than criminal proceedings and statutory or regulatory actions, would be considered ‘material’ if the monetary amount of claim by or against the entity or person in any such pending proceeding of 2% of the net worth of the Company as per latest audited financial statements as on March 31, 2018 or 1 crore, whichever is lower or (ii) such pending proceedings involving the abovementioned persons whose outcome may have a bearing on the business, operations or prospects or reputation of our Company, are considered ‘material’, and disclosed in this Draft Letter of Offer.*

It is clarified that for the purposes of the above, pre-litigation notices (other than those issued by statutory/regulatory/tax authorities or notices threatening criminal action) received by our Company, our Directors, our Promoters and our Group Companies shall, unless otherwise decided by the Board, not be evaluated for materiality until such time that our Company or any of the Directors, Promoters and our Group Companies, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum.

Unless stated to the contrary, the information provided in this section is as of the date of this Draft Letter of Offer. All terms defined in a particular litigation shall be construed only in respect of that litigation.

Litigation involving our Company

There is no outstanding litigation involving our Company

Litigation involving our Promoters

Nirmal Bhanwarlal Jain

i. Criminal proceedings against Nirmal Bhanwarlal Jain

1. A first information report (“**FIR**”) dated July 9, 2008, was lodged by Namo Jain at Lalkurti Police Station, Meerut, against Arun Punia (Ex-employee), Aman Chadda (Ex-employee), and Nirmal Bhanwarlal Jain (“**Accused**”), under Sections 406 and 420 of the Indian Penal Code, 1860, alleging *inter-alia*, cheating and criminal breach of trust by unauthorised trading in the account. The matter was investigated by the police and a charge sheet was filed before the Chief Judicial Magistrate, Meerut against all the persons named as the accused in the FIR. Subsequently, a writ petition was filed by the Accused, before the Allahabad High Court, for quashing of the charge sheet. The Allahabad High Court directed them to file a discharge application before the Chief Judicial Magistrate, Meerut. Accordingly, a discharge application dated June 25, 2014 was filed. The case is presently pending before Chief Judicial Magistrate, Meerut for hearing.
2. A Complaint dated July 12, 2011 (“**Complaint**”) was filed by Sushama Agarwal before Chief Judicial Magistrate, Meerut, against ISL, its directors Nirmal Bhanwarlal Jain and its employees Arun Punia, Aman Chadda and Sandeep Arora under Sections 406, 420 and 464 of the Indian Penal Code, 1860, alleging unauthorised trading, criminal breach of trust, cheating and forgery. Pursuant to the Complaint, the Court, passed an order for issuance of process on July 25, 2011. ISL filed a petition before the Allahabad High Court on April 7, 2014 (“**Petition**”) for quashing the order of the Court. The Petition was admitted and the Allahabad High Court vide its order dated April 22, 2014 stayed the proceedings before the Chief Judicial Magistrate, Meerut. The case is presently pending before the Allahabad High Court for hearing.
3. Anil Kumar Tibrewal lodged a first information report dated October 24, 2010 at Sunlight Colony, South East District, Delhi against IIFL Commodities Limited and its Directors, Nirmal Bhanwarlal Jain and Venkataraman Rajamani for the offences of cheating, forgery and conspiracy, under Sections 420, 464 along

with 120B of the Indian Penal Code, 1860. The matter is placed before Delhi District Court, Saket, New Delhi, and is currently under investigation.

4. A Complaint dated October 18, 2013 was filed by Gouri Manjunath Jonniya before Chief Judicial Magistrate, Nagpur, against IMSL and its directors Nirmal Bhanwarlal Jain and Venkataraman Rajamani, for offence of, *inter alia*, cheating, forgery, criminal breach of trust and misuse of her insurance license under Sections 406, 420 & 464 of the Indian Penal Code, 1860. The Chief Judicial Magistrate, Nagpur passed an order of issuance of process on January 31, 2014. Aggrieved by the order of the Chief Judicial Magistrate, Nagpur, IMSL filed a revision application before the Sessions Court, Nagpur on April 04, 2014 for quashing and setting aside the order of issuance of process. The Sessions Court, Nagpur vide its order dated June 6, 2014 admitted the revision application and stayed the proceedings before the Chief Judicial Magistrate, Nagpur. The case is presently pending before the Sessions Court, Nagpur for hearing.
5. A Complaint dated March 1, 2014 was filed by Abdul Rahim Siddiqui before the Chief Judicial Magistrate, Muzaffarpur, Bihar, against IISL and its directors Nirmal Bhanwarlal Jain, Venkataraman Rajamani, and others alleging *inter alia* unauthorised trading, criminal breach of trust, cheating and forgery under Sections 406, 420 & 464 of the Indian Penal Code, 1860. The matter has not been listed for hearing.
6. A Complaint dated December 9, 2012 was filed by Arunava Patra before the Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal, against India Infoline Limited, its directors Nirmal Bhanwarlal Jain, Venkataraman Rajamani and others under Sections 406 and 120B of the Indian Penal Code, 1860, alleging *inter-alia*, forgery and criminal conspiracy and certain offences under the Companies Act, 1956. Pursuant to the complaint, the Court passed an order for issuance of process on June 16, 2014. ISL filed a writ petition dated April 10, 2015 (“**Petition**”) before the Calcutta High Court for quashing of the proceedings before Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal. The Calcutta High Court passed an order dated June 18, 2015 staying the proceedings before Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal. The matter is presently pending before the Calcutta High Court for further hearing.
7. A first information report dated October 10, 2015 was lodged by Dalip Kumar Garg at Vasant Vihar Police Station, Delhi against IICL and Nirmal Jain and others, under Sections 406, 420 and 120B of the Indian Penal Code, 1860, alleging *inter-alia*, unauthorised trading, cheating, forgery and criminal breach of trust. The matter is presently being investigated by the police. An application was filed before the Sessions Court for grant of anticipatory bail and the same was granted by the court (“**Order**”). Against the Order, the complainant has preferred an appeal before the Delhi High Court and matter is pending at the stage of issuance of notice.

ii. *Other material pending litigation*

1. A commercial suit dated January 19, 2017 was filed by Harish Thawani a client of National Spot Exchange Limited (“NSEL”), before the Bombay High Court (“**Court**”), against India Infoline Commodities Limited (“IICL”) its directors and the directors of its group companies, including its key managerial personnel and employees, alleging losses, refund of brokerage, warehouse charges, damages and legal costs. IICL filed its written statement before the Court and the matter is pending hearing. The claim is valued at ₹168.10 million.
2. A commercial suit dated July 19, 2016 was filed by Vishvanidhi Dalmia, a client of National Spot Exchange Limited (“NSEL”), before the Bombay High Court (“**Court**”), against India Infoline Commodities Limited (“IICL”), its directors, employees including the chairman of IIFL Holdings Limited and NSEL, claiming (a) an amount of ₹ 76 million along with interest thereon at the rate of 18% per annum from August 1, 2013 to May 6, 2016 amounting to ₹ 37.85 million and further interest thereon on the total claim at the rate of 18% per annum from the date of filing of the suit till final realization. It was also prayed for interim/ad-interim relief (b) pending hearing and final disposal appropriate orders for injunction restraining IICL from directly or indirectly assign, selling, mortgage, creating any third party on movable and immovable assets (c) pray for injunction restraining IICL from using ₹ 113.85 million without the leave of the court (d) independent audit or investigating agency like forensic audit to examine the affairs of IICL (e) order and direction to IICL to pay any amount realized from NSEL and to preserve all the records of the relevant period. The total amount involved in the matter is ₹ 113.85 million. IICL received the summons on September 12, 2018. The matter is yet to be admitted.

Venkataraman Rajamani

i. *Criminal proceedings against Venkataraman Rajamani*

1. Anil Kumar Tibrewal lodged a first information report (“**FIR**”) dated October 24, 2010 at Sunlight Colony, South East District, Delhi against IIFL Commodities Limited and its directors Nirmal Bhanwarlal Jain and Venkataraman Rajamani, for the offences of cheating, forgery and conspiracy under Sections 420, 464 along with 120B of the Indian Penal Code, 1860. The matter is placed before Delhi District Court, Saket, New Delhi, and is currently under investigation.
2. A complaint dated October 18, 2013 was filed by Gouri Manjunath Jonniya before Chief Judicial Magistrate, Nagpur, against IMSL and its directors Nirmal Bhanwarlal Jain and Venkataraman Rajamani for the offences of, *inter alia*, cheating, forgery, criminal breach of trust and misuse of her insurance license under Sections 406, 420 & 464 of the Indian Penal Code, 1860. The Chief Judicial Magistrate, Nagpur passed an order of issuance of process on January 31, 2014. Aggrieved by the order of the Chief Judicial Magistrate, Nagpur, IMSL filed a revision application before the Sessions Court, Nagpur on April 04, 2014 for quashing and setting aside the order of issuance of process. The Sessions Court, Nagpur vide its order dated June 06, 2014 admitted the revision application and stayed the proceedings before the Chief Judicial Magistrate, Nagpur. The case is presently pending before the Sessions Court, Nagpur for hearing.
3. A Complaint dated March 1, 2014 was filed by Abdul Rahim Siddiqui before the Chief Judicial Magistrate, Muzaffarpur, Bihar, against ISL and its directors Nirmal Bhanwarlal Jain, Venkataraman Rajamani and others under alleging *inter alia* unauthorised trading, criminal breach of trust, cheating and forgery under Sections 406, 420 & 464 of the Indian Penal Code, 1860. The matter has not been listed for hearing.
4. Arunava Patra filed a complaint dated December 9, 2012 (“**Complaint**”) before the Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal, against India Infoline Limited, its directors Nirmal Bhanwarlal Jain, Venkataraman Rajamani and others, under Sections 406 and 120B of the Indian Penal Code, 1860, alleging *inter-alia*, forgery and criminal conspiracy and certain offences under the Companies Act, 1956. Pursuant to the Complaint, the Court passed an order for issuance of process on June 16, 2014. ISL filed a writ petition dated April 10, 2015 before the Calcutta High Court for quashing of the proceedings before Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal. The Calcutta High Court passed an order dated June 18, 2015 staying the proceedings before Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal. The matter is presently pending before the Calcutta High Court for further hearing.

ii. *Other material pending litigation*

A Commercial Suit dated January 19, 2017 was filed by Harish Thawani “a client of National Spot Exchange Limited (“**NSEL**”), before the Bombay High Court (“**Court**”), against IICL, its directors and the directors of its group companies including its key managerial personnel and employees, alleging losses, refund of brokerage, warehouse charges, damages and legal costs. IICL filed its written statement before the Court and the matter is pending hearing. The claim is valued at ₹ 168.10 million.

Litigation involving our Group Companies

1. IIFL Securities Limited (“ISL”) (Formerly India Infoline Limited)

a. Criminal proceedings against ISL

1. A complaint dated November 24, 2008 (“**Complaint**”) was filed by GHCL Employees Stock Option Trust (“**GHCL ESOP Trust**”) under the Indian Penal Code, 1860, before the Court of Additional Chief Judicial Magistrate, Patiala House Court, New Delhi (“**Court**”) against ISL and its directors, Nirmal Bhanwarlal Jain, Venkataraman Rajamani, the company secretary and others. The trustees of the GHCL ESOP Trust had opened a dematerialized account with ISL and continued purchasing shares through the dematerialized account. By its letter dated April 30, 2008, ISL informed the GHCL ESOP Trust of its outstanding debit of ₹ 104.80 million and the existence of lien on the 2,046,195 shares purchased by it. In its response, GHCL ESOP Trust (**a**) claimed that ₹ 104.80 million had been duly paid by it, and later it had noted that the correct amount, as reflected in its statement of account was ₹ 102.28 million; and (**b**) alleged that ISL instead of refunding the difference amount of ₹ 2.52 million asked the GHCL ESOP Trust to clear the debits of five companies, and on failing to do so, ISL sold 876,668 shares belonging to the GHCL ESOP Trust illegally and without any authorization. A summons order dated September 27, 2008 (“**summons order**”) was passed by the Court, summoning ISL to face trial for the offences under the provisions of the Indian Penal Code, 1860. ISL filed a petition in the Delhi High Court (“**Petition**”) on March 22, 2009 challenging the Summons order. The Delhi High Court by its order dated December 14, 2009 quashed and set aside the Complaint and the summons order as against all the directors and the company secretary. GHCL ESOP Trust filed an Appeal before the

Supreme Court against the order of the Delhi High Court on March 11, 2010. By its order dated March 22, 2013, the Supreme Court confirmed the order of the Delhi High Court and held that no offence of cheating is made out against the directors and company secretary of the ISL and the matter is presently pending before the Court against ISL.

2. A Complaint dated July 12, 2011 was filed by Sushama Agarwal before Chief Judicial Magistrate, Meerut, against ISL, its director Nirmal Bhanwarlal Jain and its employees Arun Puniya, Aman Chaddha and Sandeep Arora under Sections 406, 420 and 464 of the Indian Penal Code, 1860, alleging unauthorised trading, criminal breach of trust, cheating and forgery. Pursuant to the complaint, the Court, passed an order for issuance of process on July 25, 2011. ISL filed a Petition before the Allahabad High Court on April 7, 2014 (“**petition**”) for quashing the order of the Court. The petition was admitted and the Allahabad High Court vide its order dated April 22, 2014 stayed the proceedings before the Chief Judicial Magistrate, Meerut. The case is presently pending before the Allahabad High Court for hearing.
3. A first information report dated October 12, 2012 (“**FIR**”) was lodged by Mohinder Singh (“**Complainant**”) at the Moti Nagar Police Station, New Delhi against IISL under Sections 420 and 120B of the Indian Penal Code, 1860, alleging unauthorised trading and cheating. A notice was received from the police directing IISL to provide the details of the transactions of the Complainant along with the supporting documents. The same has been provided by the Complainant. No further communication received.
4. A first information report No. 70 of 2010 (“**FIR**”) was lodged by Mukesh Verma and the State Sawai Madhopur (“**Complainant**”) at Sawai Madhopur Police Station, Rajasthan against ISL under Sections 420, 467, 468 and 120B of Indian Penal Code, 1860, alleging unauthorised trading and cheating. The Notice received from the Police directing ISL to provide the details of the transactions of the Complainant along with the supporting documents., The same has been provided. No further communication received.
5. A first information report no. 79 of 2010 (“**FIR**”) was lodged by Purshottam kumar Joshi and the State Sawai Madhopur (“**Complainant**”) at Sawai Madhopur Police Station, Rajasthan against ISL, under Sections 420, 467, 468 and 120B of Indian Penal Code, 1860. of the Indian Penal Code, 1860, alleging unauthorised trading and cheating. The Notice received from the Police directing ISL to provide the details of the transactions of the Complainant along with the supporting documents., The same has been provided. No further communication received.
6. A Complaint dated March 1, 2014 was filed by Abdul Rahim Siddiqui before the Chief Judicial Magistrate, Muzzafarpur, Bihar, against ISL and its directors Nirmal Bhanwarlal Jain, Venkataraman Rajamani, and others, alleging *inter alia* unauthorised trading, criminal breach of trust, cheating and forgery under Sections 406, 420 & 464 of the Indian Penal Code, 1860. The matter has not been listed for hearing.
7. A first information report dated March 19, 2014 was lodged by Devender Mohan Singh Negi (“**Complainant**”) at the Moti Nagar Police Station, New Delhi, against ISL, under Sections 420, 468, 471, 406, 34 and 120B of the Indian Penal Code, 1860, alleging unauthorised trading and cheating, forgery and criminal breach of trust. The Notice received from the Police directing ISL to provide the details of the transactions of the Complainant along with the supporting documents., The same has been provided. No further communication received.
8. A first information report dated May 9, 2014 was lodged by Prashant Vashistha (“**Complainant**”) at the Moti Nagar Police Station, New Delhi, against ISL under Sections 420, 468, 418, 465, 406 and 120B of the Indian Penal Code, 1860, for alleging unauthorised trading and cheating, forgery and criminal breach of trust. The Notice received from the Police directing ISL to provide the details of the transactions of the Complainant along with the supporting documents., The same has been provided. No further communication received.
9. A first information report dated May 20, 2014 was lodged by Renu Jain (“**Complainant**”) at the Moti Nagar Police Station, New Delhi, against ISL under Sections 406, 420 and 468 of the Indian Penal Code, 1860 for unauthorised trading and cheating, forgery and criminal breach of trust. The Notice received from the Police directing ISL to provide the details of the transactions of the Complainant along with the supporting documents., The same has been provided. No further communication received.
10. Arunava Patra filed a complaint dated December 9, 2012 before the Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal, against ISL & its directors Nirmal Bhanwarlal Jain, Venkataraman Rajamani and others, under Sections 406 and 120B of the Indian Penal Code, 1860, alleging *inter-alia*, forgery and criminal

conspiracy and certain offences under the Companies Act, 1956. Pursuant to the complaint, the Court passed an order for issuance of process on June 16, 2014. ISL filed a writ Petition dated April 10, 2015 before the Calcutta High Court for quashing of the proceedings before Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal. The Calcutta High Court passed an order dated June 18, 2015 staying the proceedings before Chief Metropolitan Magistrate, Paschim Medinipur, West Bengal. The matter is presently pending before the Calcutta High Court for further hearing.

11. A complaint dated November 23, 2011 was filed by Seema Bulsara with the Economic Offence Wing (“**EOW**”), Mumbai, and the first information report was lodged against Mukti Laheri and ‘unknown officials’ of ISL, alleging unauthorized trading. A charge sheet was filed by the EOW, Mumbai before the 19th Court, Esplanade, Mumbai against Mukti Laheri and Manish Kumar, an ex-employee of ISL. Further, a supplementary charge sheet (“**Supplementary Charge Sheet**”) was filed by EOW, Mumbai against ISL on April 17, 2015. The matter is presently pending before the 19th Court, Esplanade, Mumbai for hearing and for taking on record the Supplementary Charge Sheet.

b. Criminal proceedings by ISL

1. A Complaint dated March 7, 2008 was filed by ISL before the Metropolitan Magistrate’s Court, Tis Hazari, Delhi, against Kuldeep Singh and Surender Kumar, Ex-employees, for theft and criminal conspiracy under sections 120A and 379 of Indian Penal Code, 1860. The matter is presently pending for hearing.
2. A Complaint dated October 7, 2008 was filed by ISL before the Magistrate Court, Borivali, Mumbai, against M/s Rana Furniture for offences of extortion and criminal intimidation under Sections 383 and 120A of the Indian Penal Code, 1860. An advance payment of ₹ 2 million was made to the Accused in relation to an assignment, however, the Accused failed to complete the assigned work. The matter is presently pending for enquiry.
3. A Complaint dated February 25, 2013 was filed by ISL before Chief Judicial Magistrate Court, Pune against Devdutt Musale a former employee of ISL, for, the offences of criminal breach of trust, cheating and forgery. The matter is presently pending for evidence.
4. A Criminal Revision dated December 22, 2016 was filed by ISL before the District and Sessions Court, Hisar, against Tarun Malhotra for restoration of the Complaint filed by ISL for offence of, cheating, criminal breach of trust and also for offences punishable under the provisions of the Information Technology Act, 2000. The matter is presently pending for hearing.
5. A complaint dated May 11, 2016 was filed by ISL before the Metropolitan Magistrate Court, Ahmedabad against Ragvendra Singh (former employee), Harsh Dinesh Kaushik (former employee) for offences of, cheating and criminal breach of trust for carrying out unauthorized trading in a client account. The matter is presently pending for hearing.
6. A complaint was filed by ISL before Police Station PS Kotwali, Bharatpur, Rajasthan against Mukesh Kuntal (“**Accused**”) for the offences of, cheating, forgery and theft. Thereafter, as first information report was registered against the Accused. The matter is presently pending for investigation.
7. A complaint was filed by ISL before Civil Line Police Station, Amritsar against Pankaj Ohri (“**Accused**”) for the offences of, cheating, forgery and theft. Thereafter, a first information report was registered against the Accused. The matter is presently pending for investigation.
8. A complaint dated May 20, 2011 was filed by ISL before Gautam Buddha Nagar Police Station, Uttar Pradesh against Mohd. Tariq (“**Accused**”) for the offences of cheating and forgery of documents. Thereafter, a first information report was registered against the Accused. The matter is presently under investigation.
9. A complaint dated December 23, 2015 was filed by ISL before Kothrud Police Station, Pune against Ashpak Hamid Sayyad, Rakesh Natwarlal Solanki, Kalpesh Kantilal Waghela, Prabhat Bhura Patel, Ex- employees (“**Accused**”) for the offence of cheating and forgery of documents. Thereafter, a first information report was registered against the Accused. The matter is presently under investigation.
10. ISL has filed 16 proceedings against defaulting customers under Section 138 of the Negotiable Instruments Act, 1881 for dishonour of cheques, in various courts. The aggregate of claim amounts filed by ISL are

approximately ₹ 331.46 million. The matters are pending before various courts at various stages of adjudication.

c. Other material pending litigation

1. An arbitration application dated April 1, 2010 was filed by GHCL Employees Trust (“**GHCL**”) before the NSE Arbitration Tribunal (“**Tribunal**”) against ISL, alleging unauthorized sale of shares by ISL. The Tribunal partly passed an award (“**Award**”) dated September 17, 2013 in favour of GHCL stating that: (i) GHCL was entitled to an interest of ₹ 0.52 million and ISL was required to pay interest at the rate of 9% per annum from the date on which the arbitration started till the final payment is made. (ii) ISL must retrieve the 856,466 shares which were sold on the NSE, failing which it should pay ₹ 41.65 million to GHCL within 30 days of the Award; and (iii) 466,273 shares of GHCL with ISL should be released to GHCL immediately or the present-day value of the same i.e., ₹ 14.15 million should be paid to it. ISL and GHCL filed applications (“**Applications**”) dated May 13, 2014 and May 20, 2014 respectively, before the Delhi High Court (“**Court**”) under Section 34 of the Arbitration and Conciliation Act, 1996, (“**Act**”) challenging the Award. An application was filed by GHCL under Section 9 of the Act before the Court, seeking return of the shares lying with NSE. The Court allowed the release of shares to GHCL subject to providing a bank guarantee by GHCL and the outcome of pending Applications. GHCL had also filed an application under Section 9 of the Act claiming voting rights and dividends in respect of the shares lying with NSE. The GHCL shares were deposited by ISL with NSE in compliance with the award dated September 17, 2013 passed by Tribunal. The Court clubbed the Applications filed by GHCL as well as ISL and directed the parties to file their respective written synopsis. The matters are pending for arguments. The claim is valued at approximately ₹ 56.32 million as on the date of Award i.e., September 17, 2013, along with 9% per annum interest from the date of award till the actual payment.
2. An arbitration application dated January 24, 2014 (“**Claim**”) was filed by GHCL Employees Trust (“**GHCL**”) before the BSE Arbitration Tribunal (“**Tribunal**”) against ISL, claiming a total of 723,456 shares of GHCL. The Tribunal rejected the application vide its award dated July 22, 2014 (“**Award**”), on the grounds of the Claim being beyond the limitation period. GHCL filed an appeal before the BSE Appellate Arbitration Panel on September 9, 2014. The BSE Appellate Arbitration Panel by its order dated March 5, 2015, set aside the Award and held that the Claim was within the prescribed period of limitation and the matter was remanded back to the Tribunal to be decided afresh, on merits. Aggrieved by the award passed by the BSE Appellate Arbitration Panel, ISL filed an application dated May 25, 2015 before the Delhi High Court (“**Court**”), under Section 34 of the Arbitration and Conciliation Act, 1996, challenging the findings of the BSE Appellate Arbitration Panel. The Court *vide* its order dated May 27, 2015 stayed the operation of the award passed by the BSE Appellate Arbitration Panel. The matter is presently pending before the Court for hearing. The claim relates to return of 723,458 GHCL shares.
3. A demand notice dated June 5, 2014 (“**Notice**”) was received by ISL from the Rajasthan Stamp Office, demanding payment of stamp duty for the period commencing from September 2007 to March 2012, in relation to the trades carried out by ISL’s clients residing in the state of Rajasthan. ISL, through its reply dated June 21, 2014, stated that the stamp duty with respect to the trades was paid to the State of Maharashtra as the central office of ISL is located in Mumbai and contract notes were issued to the clients from the Mumbai office. Aggrieved by the notice, ISL filed a writ petition before Rajasthan High Court on April 25, 2015, requesting it to quash the notice. The matter has not been listed and is presently pending before the Rajasthan High Court.
4. An arbitration application dated January 1, 2009 was filed by T.N.T. Rajsekhar before a private arbitration tribunal against ISL and claimed that ISL unilaterally terminated the lease agreement by way of a termination notice dated October 14, 2009 and demanded refund of security deposit and to take possession of the property immediately and also claimed huge dues and damages, *inter alia*, for the alleged damage caused to the property, the rent for the remaining lease period and non-payment of service tax on the monthly rent being paid for the property. The matter is presently pending and the Claim is valued at ₹ 33.86 million.
5. A suit dated August 23, 2012 was filed by Ramesh Chandra Mahavir Prasad before the Small Causes Court at Bandra, Mumbai against ISL in relation to a leave and licence agreement dated February 6, 2007, alleging that the same is valid and subsisting and demanded the arrears of compensation/ license fee from February 01, 2009 till January 14, 2012. ISL has filed written submissions denying all the allegations. The matter is pending for cross examination of Ramesh Chandra Mahavir Prasad and the claim is valued at ₹ 13.76 million.

6. An arbitration application dated August 25, 2015 was filed by Central Business Services Limited (“**CBSL**”) along with Jain Industrial & Commercial Services Private Limited (“**JICSL**”) (collectively, “**Claimants**”) before a private arbitration tribunal (“**Tribunal**”) against ISL. A consolidated statement of claim (“**Claims**”) for an amount of ₹ 260 million along with interest thereon was filed before the Tribunal. A statement of defence was filed by ISL along with preliminary objections on the maintainability of the claim filed by JICSL and on the clubbing of Claims filed by the Claimants. The Tribunal dismissed the preliminary objections filed by ISL. The Claimants filed a rejoinder and an affidavit of evidence. The pleadings in the matter are completed. The hearing of the matter concluded on March 26, 2018 and the matter is now reserved for Award and the claim is valued at approximately ₹ 260 million. The matter is currently pending.
 7. A suit dated December 15, 2010 was filed by official liquidator Delhi in the matter of Dimension Invest & Securities, the official liquidator, Delhi before the High Court at Delhi against ISL u/s 446 of Companies Act, 1956 seeking recovery of ₹ 32.74 million from ISL for wrongfully withholding the funds of Dimension Investment & Securities. ISL has filed its detailed response as regards the Claim. The matter is pending for hearing.
- d. Pending actions by statutory or regulatory authorities against ISL*

An enquiry notice dated May 2, 2017 was received by ISL from SEBI, basis an inspection conducted by SEBI during the period between January 30, 2014 and February 3, 2014 covering period from 2011 to 2014. The matter relates to SEBI’s observations for non-segregation of own funds from clients’ funds, misuse of credit balance of clients’ funds for debit balance clients’ funds; and improper designation of the client bank account. ISL had applied for the inspection of documents, which were relied upon by SEBI, in relation to issuance of the enquiry notice. Upon the receiving such documents, ISL submitted reply to SEBI notice providing clarification with supporting documents and highlighting the corrective measures adopted and implemented including compliance with SEBI Circular on enhanced risk based supervision. During the period of three years beginning the date of conclusion of the onsite inspection, three supplementary reports were issued in this matter which have been suitably replied to. Further, a consent application was filed by on January 16, 2018 before SEBI and the same is pending before SEBI.

2. **IIFL Commodities Limited (“IICL”) (formerly India Infoline Commodities Limited)**

a. Criminal proceedings against IICL

1. A first information report dated September 30, 2013 was lodged by Pankaj Saraf, an investor in NSEL, at the MRA Marg Police Station Mumbai against NSEL and other brokers, including IICL (“**Accused**”), alleging *inter-alia*, criminal conspiracy, fraud and criminal breach of trust, under Sections 406, 420 and 120B of the Indian Penal Code, 1860. Basis the complaint, the EOW, Mumbai, lodged a first information report against the Accused. IICL provided all the required details and documents and also personally appeared before the authorities and clarified their position on the above matter. In this connection, one of the directors of IICL, Chintan Modi, was arrested by EOW in March, 2015 and was subsequently released on bail by MPID Court. The matter is pending investigation by the EOW, Mumbai.
2. A first information report dated October 24, 2010 was registered by Anil Kumar Tibrewal at Sunlight Colony, South East District, Delhi against IICL and its directors, Nirmal Bhanwarlal Jain and Venkataraman Rajamani, for the offences of cheating, forgery and conspiracy under Sections 420, 464 along with 120B of the Indian Penal Code, 1860. The matter is placed before Delhi District Court, Saket, New Delhi, and is currently under investigation.
3. A show cause notice dated January 6, 2017 was received by IICL from the Serious Fraud Investigation Office (“**SFIO**”), Mumbai, seeking various details and documents with respect to certain transactions which IICL carried out in NSEL. A detailed reply dated January 30, 2017 was submitted with the SFIO, along with all the supporting documents. Further, SFIO issued a notice dated February 24, 2017, addressed to the directors of the IICL for personal appearance before the additional director, SFIO. Chintan Modi, one of the directors of IICL, appeared and provided the requisite details, clarifications and documents as sought by the SFIO. No further communication was received.
4. A summons (“**Summons**”) was received by IICL from the Enforcement Directorate (“**ED**”) in relation to the on-going probe in matter concerning NSEL. The matter relates to NSEL default in payouts to its clients in the year 2013 where IICL was the member of NSEL in the relevant period. The Summons sought personal

appearance of the directors of IICL, on July 16, 2016 before the ED. Prasanth Prabhakaran and Chintan Modi, directors of IICL, appeared before the ED and provided the necessary explanation and details, as sought by the ED. Further, the ED sought certain additional details and documents from IICL and the same were duly submitted to the ED. No further communication has been received.

5. A first information report dated July 7, 2015 was lodged by Sumita Kalra at the Moti Nagar Police Station, Delhi against IICL, under Sections 406 and 464 of the Indian Penal Code, 1860, alleging *inter-alia*, unauthorised trading, forgery and criminal breach of trust. The matter is pending investigation by the police.
6. A first information report dated October 10, 2015 was lodged by Dalip Kumar Garg at Vasant Vihar Police Station, Delhi against IICL and Nirmal Jain and others, under Sections 406, 420 and 120B of the Indian Penal Code, 1860, alleging *inter-alia*, unauthorised trading, cheating, forgery and criminal breach of trust. The matter is presently being investigated by the police. An application was filed before the Sessions Court for grant of anticipatory bail and the same was granted by the court ("**Order**"). Against the Order, the complainant has preferred an appeal before the Delhi High Court and matter is pending at the stage of issuance of notice.

b. Other material pending litigation

1. A Commercial Suit dated January 19, 2017 was filed by Harish Thawani a client of National Spot Exchange Limited ("**NSEL**"), before the Bombay High Court ("**Court**"), against India Infoline Commodities Limited, its directors and the directors of its group companies including its key managerial personnel and employees, alleging losses, refund of brokerage, warehouse charges, damages and legal costs. IICL filed its written statement before the Court and the matter is pending hearing. The claim is valued at ₹ 168.10 million.
2. A demand notice dated June 5, 2014 was received by IICL from the Rajasthan Stamp Office, demanding payment of stamp duty, for the period commencing from September 2007 to March 2012 in relation to the trades carried out by IICL's clients ("**Clients**"), residing in the state of Rajasthan. IICL, *vide* its reply dated June 21, 2015, stated that the stamp duty with respect to the trades, was paid to state of Maharashtra until 2011, as the central office of IICL was located in Mumbai. Subsequently, the central office was shifted to the state of Tamil Nadu wherein no stamp duty was levied. Hence, the same was not levied and collected from the client. The contract notes for the above period were issued to the Clients from both, the Mumbai and Chennai offices. Aggrieved by the demand notice, IICL filed a writ petition dated December 30, 2015 before Rajasthan High Court, requesting it to quash the demand notice. The matter has not been listed and is pending.
3. A commercial suit dated July 19, 2016 was filed by Vishvanidhi Dalmia, a client of National Spot Exchange Limited ("**NSEL**"), before the Bombay High Court ("**Court**"), against India Infoline Commodities Limited ("**IICL**"), its directors, employees including the chairman of IIFL Holdings Limited and NSEL, claiming (a) an amount of ₹ 76 million along with interest thereon at the rate of 18% per annum from August 1, 2013 to May 6, 2016 amounting to ₹ 37.85 million and further interest thereon on the total claim at the rate of 18% per annum from the date of filing of the suit till final realization. It was also prayed for interim/ad-interim relief (b) pending hearing and final disposal appropriate orders for injunction restraining IICL from directly or indirectly assign, selling, mortgage, creating any third party on movable and immovable assets (c) pray for injunction restraining IICL from using ₹ 113.85 million without the leave of the court (d) independent audit or investigating agency like forensic audit to examine the affairs of IICL (e) order and direction to IICL to pay any amount realized from NSEL and to preserve all the records of the relevant period. The total amount involved in the matter is ₹ 113.85 million. IICL received the summons on September 12, 2018. The matter is yet to be admitted.

c. Pending actions by statutory or regulatory authorities against IICL

1. A show-cause notice dated October 28, 2016 was received by IICL from Designated Authority, SEBI, ("**SEBI**") under Regulation 25(1) of the SEBI (Intermediaries) Regulations, 2008 and SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 in the matter of NSEL Payout Default. A detailed reply was filed by IICL, along with supporting documents on November 25, 2016. Subsequently, IICL received a fresh show cause notice dated April 25, 2017, from SEBI under Regulation 28(1) r/w Regulation 7(2) of the SEBI (Intermediaries) Regulations, 2008, along with a copy of the enquiry report, seeking IICL's reply and clarification. IICL sought inspection of the documents and appeared in personal hearings held on January 24, 2018 and February 7, 2018 before the whole-time member, SEBI. Further, subject to receipt of pending documents sought for inspection, IICL submitted its detailed reply along with all the supporting documents with SEBI on June 18, 2018. SEBI passed an interim Order dated August 30, 2018 in the present matter and

directed IICL to submit any additional written submissions, if any within 2 weeks from the date of order and appear for personal hearing on September 27, 2018. The matter is currently pending.

2. MCX vide its letter dated April 12, 2018, alleged violation of Exchange Bye-laws and Business Rules due to alleged discrepancies in reportings to be made to MCX for the F.Y. 2014-15 and levied a penalty of ₹ 33.00 million. IICL challenged the penalty levied by MCX before Securities Appellate Tribunal (“SAT”) by way of an Appeal dated May 11, 2018 (“**Appeal**”). The SAT heard the matter on May 18, 2018 and directed MCX to file its reply to the Appeal within four weeks and the Company will submit its rejoinder within two weeks thereafter. Matter is pending for filing of reply by MCX and is listed for hearing on September 18, 2018 before the SAT
3. MCX vide its letter dated April 12, 2018 has alleged violation of Exchange Bye-laws and Business Rules due to alleged discrepancies in the reporting to MCX for the F.Y. 2015-16 and has levied a penalty of ₹ 11.92 million. IICL has challenged the penalty levied by MCX before Securities Appellate Tribunal by way of an Appeal dated May 11, 2018 (“**Appeal**”). The SAT heard the matter on May 18, 2018 and directed MCX to file its reply to the Appeal within four weeks and directed the Company to file its rejoinder within two weeks thereafter. Matter is pending for filing of a reply by MCX and is listed for hearing on September 18, 2018 before the SAT.

3. **IIFL Insurance Brokers Limited (“IIIBL”) (Formerly India Infoline Insurance Brokers Limited)**

a. *Criminal proceedings against IIIBL*

1. A first information report having FIR No. 25/2015 dated September 16, 2015 was lodged by Ravindra Nath Gangele at the Cyber & Hi-Tech Crime Police Station, Bhopal, against IIIBL alleging mis-selling of insurance. IIIBL has complied with the requirements and no further communication has been received.
2. A first information report having FIR No. 235/2014 dated July 17, 2014 was lodged by Shailendra Singh at Shakespeare Sarani, Police Station, Kolkata, against IIIBL and others, alleging mis-selling of insurance. IIIBL has complied with the requirements and no further communication has been received.
3. A first information report having FIR No. 396/2015 dated November 21, 2015 was registered by Chandodoy Ghosh at Shakespeare Sarani, Police Station, Kolkata, against IIIBL and others, alleging mis-selling of insurance. IIIBL has complied with the requirements and no further communication has been received.

4. **IIFL Facilities Services Limited (“IFSL”)**

a. *Criminal proceedings filed by IFSL*

IFSL has filed three proceedings against defaulting vendors under Section 138 of the Negotiable Instruments Act, 1881, for dishonour of cheques in various courts. The aggregate of claim amounts filed by IFSL is approximately ₹ 7.5 million. The matters are pending before the courts for adjudication.

5. **India Infoline Finance Limited (“IIFL”)**

a. *Criminal proceedings by IIFL*

1. In the ordinary course of business, IIFL, in relation to its gold loan portfolio, has lodged ten first information reports against its former employees for misappropriation of accounts and funds under provisions of the Indian Penal Code, 1860, involving an amount of approximately ₹ 32.43 million. The matters are pending further investigation by the concerned officers.
2. In the ordinary course of business, IIFL, in relation to its commercial vehicle loan portfolio, has lodged six first information reports against its former employees for misappropriation of accounts and funds under Sections 420, 406, 409, 465, 467, 468, 471 r/w. Section 34 of the Indian Penal Code, 1860, involving an amount of approximately ₹ 2.82 million. These matters are pending further investigation by the concerned officers.
3. In the ordinary course of business, IIFL, in relation to its gold loan portfolio, has lodged eight first information reports against unknown persons under Section 395 of the Indian Penal Code, 1860, involving an amount of approximately ₹ 250.54 million. The matters are pending further investigation by the concerned officers.

4. IIFL, in relation to its gold loan portfolio, has lodged 21 first information reports against borrowers for cheating under Sections 419, 420, 406, 467, 468 471 and 120(b) of the Indian Penal Code, 1860, involving an amount of approximately ₹ 65.82 million. The matters are pending further investigation by the concerned officers.
5. IIFL has filed 10,291 proceedings against various borrowers under Section 138 of the Negotiable Instruments Act, 1881 for dishonour of cheques in various courts, involving an amount of approximately ₹ 3,158.12 million. The matters are pending before various courts at various stages of adjudication.
6. A complaint was filed by Praveen s/o Keshava Murthy at the Cubbon Park Police Station, Bengaluru against certain third parties being Raghavendra, Manjunatha Reddy & others alleging involvement in the unauthorised sale and auction of gold jewels, unconnected with IIFL. However, a storage room, containing 63 kgs of gold at the Bengaluru gold loan office of IIFL, was sealed by the police on September 6, 2014 in connection with the investigation of the matter. (“**Seizure Order**”) Aggrieved by the Seizure Order, IIFL filed a writ petition dated September 30, 2014 (“**Petition**”) before the Karnataka High Court (“**Court**”) requesting it to direct the police to release the gold. During the pendency of the Petition, the police *vide* its letter dated January 5, 2015 addressed to IIFL, permitted auction of the gold, after following due process as prescribed by the regulators, and under the supervision of the investigating officer. The gold was subsequently auctioned. The Petition is currently pending before the Court.

b. Other material pending litigation

1. An application dated December 14, 2017 was filed by Sandeep Narender Aggarwal (“**Borrower**”) before the Debt Recovery Tribunal, at Delhi (“**DRT**”) against IIFL seeking that the demand notice dated June 22, 2017 and the possession notice dated September 28, 2017 (“**possession notice**”), issued by IIFL be declared null and void. IIFL had issued the possession notice in accordance with the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**SARFAESI Act**”), for the possession and sale of the property mortgaged by Borrower, due to non-repayment of ₹ 17.34 million in relation to a loan availed by Borrower. IIFL is contesting the matter and the matter is pending before the DRT.
2. An application dated November 15, 2017 was filed by Sangeeta Pandey (“**Borrower**”) before the Debt Recovery Tribunal, at Chandigarh (“**DRT**”) against IIFL seeking that the demand notice dated August 25, 2016 and the possession notice dated November 29, 2016 (“**possession notice**”), issued by IIFL be declared null and void. IIFL had issued the possession notice in accordance with the provisions of the SARFAESI Act, for the possession and sale of the property mortgaged by Borrower, due to non-repayment of ₹ 28.01 million in relation to a loan availed by Borrower. IIFL is contesting the matter and the matter is pending before the DRT.
3. An arbitration proceeding was initiated by IIFL on August 4, 2015 before a sole arbitrator at Delhi, against Ravi Sherwani under the provisions of the Arbitration and Conciliation Act, 1996, due to a default in repayment of ₹ 14.29 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
4. An arbitration proceeding was initiated by IIFL on July 1, 2015 before a sole arbitrator at Delhi, against Bhupender Singla under the provisions of the Arbitration and Conciliation Act, 1996, due to a default in repayment of ₹ 22.22 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
5. An arbitration proceeding was initiated by IIFL on August 25, 2015 before a sole arbitrator at Delhi, against M/s Saurashtra Specialities Pvt Ltd under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 67.67 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
6. An arbitration proceeding was initiated by IIFL on October 1, 2015 before a sole arbitrator at Delhi, against Ashish Kumar Jain under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 13.97 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
7. An arbitration proceeding was initiated by IIFL on September 9, 2015 before a sole arbitrator at Delhi, against M/s Shree Radheshyam Cement Pvt.Ltd under the provisions of the Arbitration and Conciliation Act, 1996,

due to default in repayment of ₹ 14.23 million towards home loan facility and for recovery of the same. The matter is pending adjudication.

8. An arbitration proceeding was initiated by IIFL on February 12, 2018 before a sole arbitrator at Chennai, against Ramakrishnan Manivannan R under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 96.18 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
9. An arbitration proceeding was initiated by IIFL on April 13, 2018 before a sole arbitrator at Delhi, against M/s Makwana Brothers under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 10.74 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
10. An arbitration proceeding was initiated by IIFL on September 19, 2015 before a sole arbitrator at Mumbai, against M/s Krishidhan Vegetable Seeds India Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 11.54 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
11. An arbitration proceeding was initiated by IIFL on March 20, 2018 before a sole arbitrator at Mumbai, against Pannalal Shivratn Bagdia under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 33.17 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
12. An arbitration proceeding was initiated by IIFL on June 3, 2016 before a sole arbitrator at Mumbai, against Mohd Salim Y Lashkaria under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 20.34 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
13. An arbitration proceeding was initiated by IIFL on June 3, 2016 before a sole arbitrator at Mumbai, against Bharat Shankarlal Shah under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 50.63 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
14. An arbitration proceeding was initiated by IIFL on June 3, 2016 before a sole arbitrator at Mumbai, against Suchita Samir Dabri under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 17.38 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
15. An arbitration proceeding was initiated by IIFL on June 3, 2016 before a sole arbitrator at Mumbai, against Kiran Anil Kursija under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 50.71 million towards home loan facility and for recovery of the same. The matter is presently pending adjudication.
16. An arbitration proceeding was initiated by IIFL on June 13, 2016 before a sole arbitrator at Delhi, against M/s Bhor Engineering Private Ltd under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 69.35 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
17. An arbitration proceeding was initiated by IIFL on February 27, 2016 before a sole arbitrator at Delhi, against M/s Chairman Fashions Pvt Ltd. under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 28.17 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
18. An arbitration proceeding was initiated by IIFL on June 3, 2016 before a sole arbitrator at Delhi, against Suhas Vithal Sankpal under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 15.22 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
19. An arbitration proceeding was initiated by IIFL on June 3, 2016 before a sole arbitrator at Delhi, against Suhas Vithal Sankpal under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 21.24 million towards home loan facility and for recovery of the same. The matter is pending adjudication.

20. An arbitration proceeding was initiated by IIFL on June 8, 2016 before a sole arbitrator at Delhi, against M/s Blue Prime Aluminium Ltd under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 26.04 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
21. An arbitration proceeding was initiated by IIFL on June 3, 2016 before a sole arbitrator at Delhi, against Lalit Kumar Chaurasia under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 11.78 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
22. An arbitration proceeding was initiated by IIFL on June 3, 2016 before a sole arbitrator at Delhi, against Atul Anand under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 34.73 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
23. An arbitration proceeding was initiated by IIFL on June 7, 2018 before a sole arbitrator at Delhi, against Bolla Nageswara Rao, under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 15.24 million towards home loan facility and for recovery of the same. The matter is pending adjudication.
24. An arbitration proceeding was initiated by IIFL on November 2, 2017 before a sole arbitrator at Mumbai, against M/s Apex Diagnostics and Medical Imaging, under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 11.24 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
25. An arbitration proceeding was initiated by IIFL on November 2, 2017 before a sole arbitrator at Mumbai, against M/s Apex Diagnostics And Medical Imaging under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 17.38 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
26. An arbitration proceeding was initiated by IIFL on November 22, 2017 before a sole arbitrator at Mumbai, against M/s Om Shivam Maternity and Nursing Hospital Pvt Ltd under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 20.65 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
27. An arbitration proceeding was initiated by IIFL on December 12, 2017 before a sole arbitrator at Bihar, against M/s Suviksha Health Care Pvt Ltd under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 38.04 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
28. An arbitration proceeding was initiated by IIFL on December 8, 2017 before a sole arbitrator at Mumbai, against M/s Interterra Medical Technologies India Pvt Ltd under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 83.23 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
29. An arbitration proceeding was initiated by IIFL on December 8, 2017 before a sole arbitrator at Mumbai, against M/s Oxygen Medicare Cancer Care Pvt Ltd under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 90.00 million towards healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
30. An arbitration proceeding was initiated by IIFL on January 9, 2018 before a sole arbitrator at Mumbai, against Poornachandran Sankara Devar under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 16.18 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
31. An arbitration proceeding was initiated by IIFL on January 9, 2018 before a sole arbitrator at Mumbai, against M/s Sparsh Hospitals and Critical Care Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 40.73 million towards healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
32. An arbitration proceeding was initiated by IIFL on January 12, 2018 before a sole arbitrator at Delhi, against M/s Venkat Sai Health Care Pvt Ltd under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 11.41 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.

33. An arbitration proceeding was initiated by IIFL on January 9, 2018 before a sole arbitrator at Mumbai, against M/s Suraksha Health Park Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 12.12 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
34. An arbitration proceeding was initiated by IIFL on January 29, 2018 before a sole arbitrator at Delhi, against M/s Venkat Sai Health Care Pvt Ltd under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 11.81 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
35. An arbitration proceeding was initiated by IIFL on March 23, 2018 before a sole arbitrator at Mumbai, against M/s Ace Healthways Pvt. Ltd. under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 59.43 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
36. An arbitration proceeding was initiated by IIFL on March 23, 2018 before a sole arbitrator at Mumbai, against M/s Global Health Partners under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 26.16 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
37. An arbitration proceeding was initiated by IIFL on March 23, 2018 before a sole arbitrator at Mumbai, against M/s Sbr Diagnostic Pvt. Ltd. under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 18.54 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
38. An arbitration proceeding was initiated by IIFL on March 23, 2018 before a sole arbitrator at Mumbai, against M/s Advance Diagnostic and Research Centre under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 22.31 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
39. An arbitration proceeding was initiated by IIFL on April 25, 2018 before a sole arbitrator at Mumbai, against Dr. Deepak Natarajan under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 10.51 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
40. An arbitration proceeding was initiated by IIFL on June 12, 2018 before a sole arbitrator at Mumbai, against M/s Midtown Healthcare Private Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 16.38 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
41. An arbitration proceeding was initiated by IIFL on July 2, 2018 before a sole arbitrator at Mumbai, against M/s Ganadhipati Purushottam Shekhawati Hospital Pvt. Ltd. under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 11.24 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
42. An arbitration proceeding was initiated by IIFL on July 2, 2018 before a sole arbitrator at Mumbai, against M/s Ganadhipati Purushottam Shekhawati Hospital Pvt. Ltd. under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 20.11 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
43. An arbitration proceeding was initiated by IIFL on July 5, 2018 before a sole arbitrator at Mumbai, against M/s Sai Medisolution Pvt. Ltd. under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 19.81 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
44. An arbitration proceeding was initiated by IIFL on July 10, 2018 before a sole arbitrator at Mumbai, against Dr. Vivek Ram Milan Choukse under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 10.31 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
45. An arbitration proceeding was initiated by IIFL on July 11, 2018 before a sole arbitrator at Mumbai, against M/s Ayursundra Health Care Pvt Ltd under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 25.63 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.

46. An arbitration proceeding was initiated by IIFL on July 13, 2018 before a sole arbitrator at Mumbai, against M/s Sri Viswa Medicare Limited under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 14.35 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
 47. An arbitration proceeding was initiated by IIFL on July 11, 2018 before a sole arbitrator at Mumbai, against M/s Ayursundra Health Care Pvt Ltd under the provisions of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 18.90 million towards a healthcare finance loan facility and for recovery of the same. The matter is pending adjudication.
 48. An execution proceeding was initiated by IIFL on April 2, 2016 before the District and Sessions Court, Ahmedabad (“**Court**”), for execution of an award passed by the sole arbitrator under the provisions of the Arbitration and Conciliation Act, 1996 against Jitendrakumar Mansukhlal Shah, for default in repayment of ₹ 18.25 million towards home loan facility and for recovery of the same. The matter is pending before the Court for hearing.
 49. An execution proceeding was initiated by IIFL on July 11, 2016 before the District and Sessions Court, Nagpur (“**Court**”), for execution of an award passed by the sole arbitrator under the provisions of the Arbitration and Conciliation Act, 1996 against M/s Field Spares Sales And Services, for default in repayment of ₹ 75.01 million towards home loan facility and for recovery of the same. The matter is pending before the Court for hearing.
 50. An execution proceeding was initiated by IIFL on July 22, 2016 before the District and Sessions Court, Kolhapur (“**Court**”), for execution of an award passed by the sole arbitrator under the provisions of the Arbitration and Conciliation Act, 1996 against Atul Vishwasrao Salunkhe, for default in repayment of ₹ 12.52 million towards home loan facility and for recovery of the same. The matter is pending before the Court for hearing.
 51. An execution proceeding was initiated by IIFL on August 16, 2016 before the District and Sessions Court, Ahmednagar (“**Court**”), for execution of an award passed by the sole arbitrator under the provisions of the Arbitration and Conciliation Act, 1996 against Mukund Digambar Mulay, for default in repayment of ₹ 17.93 million towards home loan facility and for recovery of the same. The matter is pending before the Court for hearing.
 52. An execution proceeding was initiated by IIFL on February 6, 2017 before the District and Sessions Court, Mumbai (“**Court**”), for execution of an award passed by the sole arbitrator under the provisions of the Arbitration and Conciliation Act, 1996 against M/s Thakare Multitherapy Hospital Private Limited, for default in repayment of ₹ 27.86 million towards home loan facility and for recovery of the same. The matter is pending before the Court for hearing.
 53. An execution proceeding was initiated by IIFL on December 23, 2016 before the District and Sessions Court, Pune (“**Court**”), for execution of an award passed by the sole arbitrator under the provisions of the Arbitration and Conciliation Act, 1996 against Yogesh Chandrakant Zagade, due to default in repayment of ₹ 37.57 million towards home loan facility and for recovery of the same. The matter is pending before the Court for hearing.
- e. *Pending actions by statutory or regulatory authorities against IIFL*
1. A direction dated July 17, 2018 was received by IIFL from Pension Fund Regulatory and Development Authority (“**PFRDA**”), listing out the required actions to be complied with, in regard to pending amount of ₹ 0.76 million by the subscribers deposits with IIFL as registered Point of Presence for National Pension Scheme as on March 31, 2018. In this regard, IIFL had initiated the required compliances and due periodical reports are being submitted to PFRDA. The compliances on the direction are under progress.
6. **IIFL Management Services Limited (“IMSL”)**
- a. *Criminal proceedings against IMSL*
1. A Complaint dated October 18, 2013 was filed by Gouri Manjunath Jonniya before Chief Judicial Magistrate, Nagpur, against IMSL and its directors. Nirmal Bhanwarlal Jain and Venkataraman Rajamani, alleging, *inter alia*, cheating, forgery, criminal breach of trust and misuse of her insurance license under Sections 406, 420 & 464 of the Indian Penal Code, 1860. The Chief Judicial Magistrate, Nagpur passed an order of issuance of process on January 31, 2014. Aggrieved by the order of the Chief Judicial Magistrate, Nagpur, IMSL filed

a revision application before the Sessions Court, Nagpur on April 04, 2014 for quashing and setting aside the order of issuance of process. The Sessions Court, Nagpur vide its order dated June 6, 2014 admitted the revision application and stayed the proceedings before the Chief Judicial Magistrate, Nagpur. The case is presently pending before the Sessions Court, Nagpur for hearing.

7. IIFL Home Finance Limited (“IIHFL”) (Formerly India Infoline Housing Finance Limited)

a. Criminal proceedings against IIHFL

A first information report dated November 16, 2015 was lodged by Ramesh Janjani at Police Station Adarsh Nagar at Ajmer against the employees of IIHFL alleging cheating and criminal breach of trust under the Indian Penal Code, 1860. The matter is pending investigation.

b. Criminal proceedings by IIHFL

1. IIHFL has filed 8,379 proceedings against various borrowers under Section 138 of the Negotiable Instruments Act, 1881 and Section 25 of Payment and Settlement System Act, 2007, for dishonour of cheques/ electronic clearance service/ automated clearing house in various courts. The aggregate of claim amounts filed by IIHFL are approximately ₹ 2,853.47 million. The matters are pending before the courts at various stages of adjudication.
2. IIHFL, in relation to its mortgage loan portfolio, has lodged 5 first information reports (“FIRs”) at various police stations against certain borrowers alleging, *inter alia*, cheating and criminal breach of trust under Sections 420 and 406 of the Indian Penal Code, 1860. The aggregate of claim amounts filed by IIFL are approximately ₹ 61.9 million. The matters are pending before the police stations at various stages of investigation.
3. A first information report dated April 6, 2016 was filed by IIHFL at the Ashok Nagar Police Station, Bengaluru, against Tanveer Pasha and other co-borrowers (“**Accused**”) alleging, *inter alia*, cheating and criminal breach of trust under Sections 420 and 406 of the Indian Penal Code, 1860. It was alleged that the Accused had conspired with certain builders to cause a loss to IIHFL by way of wrongfully inducing IIHFL to disburse a loan in their favour. The claim involved in the matter is ₹ 11.3 million. The matter is pending investigation.
4. A first information report dated November 16, 2015 was lodged by IIHFL at the Vidhayak Puri Police Station, Jaipur, against Uttam Kr. Asrani and other co-borrowers (“**Accused**”) alleging *inter alia*, cheating, forgery and criminal breach of trust under Sections 420 and 406 of the Indian Penal Code, 1860. It was alleged that the Accused had conspired to cause a loss to IIHFL by selling the property mortgaged in favour of IIHFL, without obtaining IIHFL’s prior written permission. The matter is pending investigation.
5. A first information report dated September 10, 2015 was lodged by IIHFL at the Vidhayak Puri, Police Station, Jaipur against Prem Chand Sharma and other co-borrowers (“**Accused**”) alleging *inter alia*, cheating and criminal breach of trust under Sections 420 and 406 of the Indian Penal Code, 1860. It was alleged that the Accused had conspired to cause a loss to IIHFL by transferring the title and possession of the mortgage property to third parties, despite the subsistence of an existing mortgage on the property, in favour of IIHFL. The matter is pending investigation.
6. A first information report dated February 15, 2017 was lodged by IIHFL at the Navrangpura Police Station, Ahmedabad, against Mihir Desai and other co-borrowers (“**Accused**”) alleging *inter alia*, cheating and criminal breach of trust under Sections 420 and 406 of the Indian Penal Code, 1860. It was alleged that the Accused had conspired to cause a loss to IIHFL by creating a subsequent mortgage and making a transfer of title and possession of the mortgage property to third parties despite the subsistence of an existing mortgage on the property in favour of IIHFL. The matter is pending investigation.
7. A first information report dated November 8, 2016 (“**FIR**”) was registered by IIHFL at the Kalyan Police Station, District Thane, Mumbai against Anand Rajaram Yadav and other co-borrowers (“**Accused**”), alleging *inter alia*, cheating and criminal breach of trust. It was alleged that the Accused had conspired to cause a loss to IIHFL by raising funds on the same property from different lenders multiple times. The matter is pending investigation.

c. *Other material pending litigation*

1. An application under Section 17 of the SARFAESI Act, dated June 6, 2018, was filed by Kiran Ravindra Dhumal in the Debt Recovery Tribunal at Pune, challenging the proceedings initiated by IIFL for enforcement of secured assets under the SARFAESI Act. The claim amount involved is ₹ 11.67 million and the matter is pending.
2. An application under Section 17 of the SARFAESI Act, dated July 16, 2018, was filed by Ram Singh Laxman Singh Makwana in the Debt Recovery Tribunal at Pune, challenging the proceedings initiated by IIFL for enforcement of secured assets under the SARFAESI Act. The claim amount involved is ₹ 22.36 million and the matter is pending.
3. An arbitration proceeding was filed on June 7, 2018 by IIFL before a sole arbitrator at Mumbai, against Krishna Ceramic Choice under Section 21 of the Arbitration and Conciliation Act, 1996, for a default in repayment of ₹ 19.70 million towards a housing finance loan facility and recovery of the same. The matter is pending adjudication.
4. An arbitration proceeding was filed on June 7, 2018 by IIFL before a sole arbitrator at Mumbai, against Sevanair D, India under Section 21 of the Arbitration and Conciliation Act, 1996, for default in repayment of ₹ 11.50 million towards a housing finance loan facility and recovery of the same. The matter is pending adjudication.
5. An arbitration proceeding was filed on June 7, 2018 by IIFL before a sole arbitrator at Mumbai, against Krishna Prasad P V, India under Section 21 of the Arbitration and Conciliation Act, 1996, due to default in repayment of ₹ 32.8 million, towards a housing finance loan facility and recovery of the same. The matter is pending adjudication.

8. **Ayusha Dairy Private Limited (“ADPL”)**

a. *Criminal proceedings by ADPL*

1. A complaint dated December 11, 2013 was filed by ADPL (“**Complainant**”) before the Judicial Magistrate, Coimbatore against Sabari Dairy Private Limited (“**Accused**”) under the Section 138 of the Negotiable Instruments Act, 1881 for dishonor of cheques. The claim amount involved is ₹ 2,500,000. The Judicial Magistrate, Coimbatore, directed the case to be transferred to Judicial Magistrate, Udumalpet, as the cheques which were dishonored were initially presented at Udumalpet. The parties mutually agreed that the Accused will pay ₹ 2,300,000 to ADPL, however ADPL has only received ₹ 1,085,000 until the date of this Draft Letter of Offer. The matter is pending before the Judicial Magistrate, Udumalpet for hearing.

9. **IIFL Wealth (UK) Limited (IIFL UK)**

a. *Material pending litigation*

1. A civil suit has been filed in High Court of Justice, Business and Property courts of England and Wales, Queens Bench division, Commercial Court (“**Court**”) against IIFL UK, Ramu Ramasamy, Palaniyapan Ramasamy and Amit Shah (“**Defendants**”) by Prashant Hasmukh Manek, Sanjay Chandi and EAGM Ventures (India) Private Limited (“**Claimants**”). The Claimants claim that they had agreed to sell their shares in Hermes i-Tickets Private Limited to Great Indian Retail Private Ltd as a result of representations purportedly made by the Defendants. IIFL UK and Amit Shah filed a joint statement of defence with the Court and also responded to Claimants’ request for further information. In June 2018, the Claimants filed their reply to the joint statement of defence with the Court. The claim amount in the matter is EUR 26.53 million and a further sum to be assessed in respect of consequential losses relating to the earn out consideration. The matter is pending with the Court for hearing.

Tax proceedings involving our Group Companies

Nature of case	Number of cases	Amount involved (₹ in million)
<i>IIFL Holdings Limited</i>		
Direct tax	6	362.57
Indirect tax	6	431.84

Nature of case	Number of cases	Amount involved (₹ in million)
<i>India Infoline Finance Limited</i>		
Direct tax	6	214.90
Indirect tax	Nil	Nil
<i>IIFL Home Finance Limited</i>		
Direct tax	1	1.46
Indirect tax	Nil	Nil
<i>IIFL Commodities Limited</i>		
Direct tax	Nil	Nil
Indirect tax	1	6.52
<i>IIFL Facilities Services Limited</i>		
Direct tax	Nil	Nil
Indirect tax	1	2.50
<i>IIFL Securities Limited</i>		
Direct tax	1	22.41
Indirect tax	Nil	Nil
<i>IIFL Wealth Management Limited</i>		
Direct tax	1	4.06
Indirect tax	Nil	Nil

Outstanding dues to small scale undertakings and other creditors

As of March 31, 2018, we had 22 creditors. The aggregate amount outstanding to such creditors as on March 31, 2018 was ₹ 20.69 million. For further details, see www.5paisa.com/investor-relations.

As per the Materiality Policy, a creditor of the Company, shall be considered to be material for the purpose of disclosure in the offer document, including this Draft Letter of Offer, if amounts due to such creditor exceeds 5% of the total standalone trade payables as on the date of the latest consolidated financial statements included in such offer documents. Based on the above, trade payables as at March 31, 2018 amounting to ₹ 1.03 million, are material dues for us.

Particulars	No. of Creditors	Amount (₹in Million)
Material Creditors	1	10.64

Information provided on the website of our Company is not a part of this Draft Letter of Offer and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, www.5paisa.com would be doing so at their own risk.

Material Developments

For details of material developments, see “*Management Discussion and Analysis of Financial Condition and Results of Operations*” on page 219.

GOVERNMENT AND OTHER APPROVALS

Our Company and our Subsidiary have received the necessary consents, licenses, permissions, registrations and approvals from the Government, various governmental agencies and other statutory and/or regulatory authorities required for carrying out our present business activities and except as mentioned below, no further material approvals are required for carrying on our present business activities. Unless otherwise stated, these approvals or licenses are valid as of the date of this Draft Letter of Offer and in case of licenses and approvals, which have expired, we have either made an application for renewal or are in the process of making an application for renewal:

A. Incorporation details of our Company

1. Certificate of incorporation dated July 10, 2007 issued by the RoC, in the name of India Infoline Finance Holdings Limited.
2. Certificate of commencement of business dated July 19, 2007 issued by the RoC.
3. Fresh certificate of incorporation dated November 6, 2007 issued by the RoC, consequent upon change of name to IIFL Capital Limited.
4. Fresh certificate of incorporation dated August 12, 2015 issued by registrar of companies, Tamil Nadu at Chennai, consequent upon change of name to 5paisa Capital Limited.
5. Our Company's corporate identification number is L67190MH2007PLC289249.

B. Approvals in relation to the Issue

1. Resolution of our Board of Directors dated July 17, 2018, authorizing the Issue and resolution of our Board dated September 12, 2018, amending the Issue size.
2. In-principle approval from the BSE dated [●].
3. In-principle approval from the NSE dated [●].

C. Approvals in relation to our Business

I. Tax related approvals

- a. Permanent account number of our Company is AABCI7142M.
- b. Tax deduction account number of our Company is MUMI07962D.
- c. State-wise details of the GST registration number of our Company is as follows:

Sr. No	State	GSTIN
1.	Karnataka	29AABCI7142M1Z7.
2.	Maharashtra	27AABCI7142M1ZB
3.	Gujarat	24AABCI7142M1ZH

II. Labour related approvals

- (a) We have obtained registration from Employee Provident Fund Organization, Regional Office, Mumbai under the provisions of Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and have been allotted the EPF Code number MH/BAN/145586/000.
- (b) We have obtained registration from Employees' State Insurance Corporation, Sub-Regional Office, Thane under the provisions of Employees' State Insurance Act, 1948 and have been allotted the ESIC registration number 34000339390000999.

III. Key approvals in relation to our business

Our Company has obtained the following material licenses in relation to its business operations:

Sr. No.	Issuing authority	Date of registration	License/ approval number	Purpose	Validity
1.	SEBI	September 30, 2015	INZ000010231	To undertake the activities relating to a stock broker	Permanent
2.	SEBI	January 18, 2016	INDP1922016	To undertake the activities relating to a depository participant	January 17, 2021
3.	AMFI	July 30, 2015	ARN 104096	To undertake the activities relating to a mutual fund distributor	July 29, 2021
4.	SEBI	April 3, 2017	INH000004680	To undertake the activities relating to a research analyst	Permanent

D. Approvals granted to our Subsidiary

The Reserve Bank of India vide its letter no. DNBR CO. CoR. No. 313/13.27.001/2018-19 dated August 14, 2018, has granted in-principle approval to M/s. 5paisa P2P Limited for setting up of a Peer to Peer Lending Platform and the validity of this in-principle approval shall be twelve months from the date of in principal approval.

E. Licenses or approvals applied for and pending approval

1. As on date of this Draft Letter of Offer, no applications have been made by our Company for any approval.
2. As on date of this Draft Letter of Offer, none of our approvals have expired and hence no application for renewal has been made by our Company.

F. Licenses or approvals applied for and rejected


Our Company and our Subsidiary have not applied for any licenses or approvals which have been rejected.

G. Licenses not applied for by the Company and our Subsidiary

Neither our Company nor our Subsidiary is undertaking activities for which a license is required and not applied for.

H. Intellectual property rights

Our Company has applied for following trademark registrations:

Sr. No.	Trade Mark	Class	Application Number	Date of Application	Status
1		36	3925265	August 24, 2018	Pending

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Rights Equity Shares to the Eligible Equity Shareholders is being made in accordance with the resolution passed by our Board pursuant to section 62 and other provisions of the Companies Act, at its meeting held on July 17, 2018 and September 12, 2018.

The Board or Committee have determined the Issue Price as ₹ 80 per Equity Share and the Rights Entitlement as one Equity Share for every one fully paid-up Equity Share held on the Record Date. The Issue Price has been arrived at, in consultation with the Lead Manager.

Our Company has received approvals from the BSE and the NSE under Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be allotted in the Issue pursuant to their letters, dated [●] and [●], respectively.

Prohibition by SEBI or other Governmental Authorities

None of our Promoters, our Company, our Directors, the members of the Promoter Group, the Group Companies and the persons in control of our Company have been prohibited or debarred from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities.

The companies, with which our Promoters, Directors or persons in control of our Company are or were associated as promoters, directors or persons in control have not been prohibited or debarred from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except our Company, none of our Directors or the entities that our Directors are associated with are engaged in securities market related business and are registered with SEBI and SEBI has not initiated any action against such entities.

Other than as disclosed in the section “*Outstanding Litigation and Material Developments*” on page 240, there has been no action taken by SEBI against our Directors or any of the entities in which our Directors are involved in as promoters or directors.

Prohibition with respect to Wilful Defaulters

Neither our Company, nor our Promoters, relatives of our Promoters, Directors, nor our Group Companies, have been identified as a Wilful Defaulter. Further, other than as disclosed in the section “*Outstanding Litigation and Material Developments*” on page 240, there are no violations of securities laws committed by them in the past or are pending against them.

Directorships of Directors in listed companies

None of our Directors are, or for the five years prior to the date of this Draft Letter of Offer, have been on the board of any listed company whose shares have been/were suspended from being traded on BSE or NSE.

None of our Directors has been or is a director on the board of any listed companies which have been or were delisted from any stock exchange(s).

Eligibility for the Issue

We are a Company incorporated under the Companies Act, 1956 and our Equity Shares are listed on BSE and NSE. We are eligible to undertake the Issue in terms of Chapter IV of the SEBI ICDR Regulations.

Pursuant to Clause 3(b) of Part E of Schedule VIII of the SEBI ICDR Regulations, our Company is required to make disclosures as per Part A of Schedule VIII of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI, IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 14, 2018, WHICH READS AS FOLLOWS:

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THIS DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE;**
- (2) ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - (a) THIS DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - (b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - (c) THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- (3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS IS VALID;**
- (4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE, THE ISSUE IS NOT UNDERWRITTEN**

- (5) WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THIS DRAFT LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE
- (6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE
- (7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT THE AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – NOT APPLICABLE
- (8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. COMPLIED WITH
- (9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOT APPLICABLE. THIS BEING A RIGHTS ISSUE, SECTION 40(3) OF THE COMPANIES ACT 2013 IS NOT APPLICABLE. FURTHER, TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009
- (10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE – COMPLIED WITH
- (11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION

TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL-INFORMED DECISION - COMPLIED WITH

- (12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THIS DRAFT LETTER OF OFFER:
- (a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
 - (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
- (13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE
- (14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC. - COMPLIED WITH
- (15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY - COMPLIED WITH
- (16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI – NOT APPLICABLE FOR A RIGHTS ISSUE
- (17) WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS – COMPLIED WITH TO THE EXTENT OF RELATED PARTY TRANSACTIONS REPORTED, IN ACCORDANCE WITH ACCOUNTING STANDARD 18, IN THE RESTATED FINANCIAL INFORMATION OF THE COMPANY INCLUDED IN THIS DRAFT LETTER OF OFFER
- (18) WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS (IF APPLICABLE) - NOT APPLICABLE

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.

Caution

Disclaimer clauses from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by us or by any other persons at our instance and anyone placing reliance on any other source of information would be doing so at his own risk.

Our Company and the Lead Manager shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

Investors who invest in the Issue will be deemed to have represented to our Company and Lead Manager, and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice/evaluation as to their ability and quantum of investment in the Issue.

Our Company, the Lead Manager and their directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares. The Lead Manager and its affiliates may engage in transactions with and perform services for our Company and our Group Companies or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company and our Group Companies or affiliates, for which they have received and may in the future receive, compensation.

Disclaimer with respect to jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be National Stock Exchange of India Limited.

Disclaimer Clause of BSE

As required, a copy of this Draft Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Disclaimer Clause of NSE

As required, a copy of this Draft Letter of Offer has been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Filing

This Draft Letter of Offer has been filed with the Corporation Finance Department of the SEBI, located at SEBI Bhawan, C – 4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India for its observations. After SEBI gives its observations, this Draft Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Selling Restrictions

The distribution of this Draft Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. We are making this Issue of Equity Shares on a rights basis to our Eligible Equity Shareholders and will dispatch this Draft Letter of Offer/Abridged Letter of Offer and CAFs to the Eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is filed with SEBI for observations. Accordingly, the Rights Entitlement or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.

This Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on directly or indirectly, in whole or in part, to any other person or published, in whole or in part, for any purpose. If this Draft Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlement referred to in this Draft Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlement.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

IMPORTANT INFORMATION FOR INVESTORS – ELIGIBILITY AND TRANSFER RESTRICTIONS

As described more fully under the caption “*Notice to Overseas Investors*”, there are certain restrictions regarding the Rights Entitlements and Rights Equity Shares that affect potential investors. These restrictions are restrictions on the ownership of Equity Shares by such persons following the offer.

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the U.S. and, unless so registered, may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) (“U.S. Persons”) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlement or Rights Equity Shares within the U.S. by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Eligible Investors

The Rights Entitlements and the Rights Equity Shares are being offered and sold only to persons who are outside the U.S. and are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. All persons who acquire the Rights Entitlement or Rights Equity Shares are deemed to have made the representations set forth immediately below.

Rights Equity Shares and Rights Entitlement Offered and Sold in this Issue

Each purchaser acquiring the Rights Entitlement or Rights Equity Shares, by its acceptance of this Draft Letter of Offer and of the Rights Entitlement or Rights Equity Shares, will be deemed to have acknowledged, represented to and agreed with us and the Lead Manager that it has received a copy of this Draft Letter of Offer and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorized to consummate the purchase of the Rights Entitlement or Rights Equity Shares in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Rights Entitlements and Rights Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the U.S. and, accordingly, may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S.

Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

- (3) the purchaser is purchasing the Rights Entitlements and Rights Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;
- (4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Rights Entitlement or Rights Equity Shares, is a non-U.S. Person and was located outside the U.S. at each time (i) the offer was made to it and (ii) when the buy order for such Rights Entitlement or Rights Equity Shares was originated, and continues to be a non-U.S. Person and located outside the U.S. and has not purchased such Rights Entitlement or Rights Equity Shares for the account or benefit of any U.S. Person or any person in the United States or entered into any arrangement for the transfer of such Rights Entitlement or Rights Equity Shares or any economic interest therein to any U.S. Person or any person in the U.S.;
- (5) the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;
- (6) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Rights Entitlement or Rights Equity Shares, or any economic interest therein, such Rights Entitlement or Rights Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) outside the U.S. in an offshore transaction complying with Rule 903 or Rights Entitlement or Rights Equity Shares Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the U.S.. The purchaser understands that the transfer restrictions will remain in effect until our Company determines, in its sole discretion, to remove them, and confirms that the proposed transfer of the Rights Entitlement or Rights Equity Shares is not part of a plan or scheme to evade the registration requirements of the Securities Act;
- (7) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the Securities Act in the U.S. with respect to the rights or the Rights Equity Shares;
- (8) the purchaser understands that such Rights Entitlement or Rights Equity Shares (to the extent they are in certificated form), unless our Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE RIGHTS EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

- (9) the purchaser agrees, upon a proposed transfer of the rights or the Rights Equity Shares, to notify any purchaser of such Rights Entitlement or Rights Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Rights Entitlement or Rights Equity Shares being sold;
- (10) our Company will not recognize any offer, sale, pledge or other transfer of such Rights Entitlements or Rights Equity Shares made other than in compliance with the above-stated restrictions; and
- (11) the purchaser acknowledges that our Company, the Lead Manager, its respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Rights Entitlements or Rights Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Rights Entitlements or Rights Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State”) who receives any communication in respect of, or who acquires any Rights Entitlement or Rights Equity Shares under, the offers contemplated in this Draft Letter of Offer will be deemed to have represented, warranted and agreed to and with the Lead Manager and our Company that in the case of any Rights Entitlement or Rights Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:

- (i) the Rights Entitlements or Rights Equity Shares acquired by it have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Lead Manager has been given to the offer or resale; or
- (ii) where Rights Entitlements or Rights Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Rights Entitlement or Rights Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer of Equity Shares to the public” in relation to any of the Rights Entitlement or Rights Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the Rights Entitlement or Rights Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Rights Entitlement or Rights Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Listing

The existing Equity Shares are listed on the BSE and the NSE. We will apply to the BSE and the NSE for obtaining in-principle approval in respect of the Rights Equity Shares. We will apply to the BSE and the NSE for listing and trading of the Rights Equity Shares.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned above, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer.

Our Company will issue and dispatch allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within the time prescribed under applicable law. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Consents

Consents in writing of the Directors, the Statutory Auditors, the Lead Manager, Legal Advisor, Registrar to the Issue and the Bankers to the Issue to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.

V. Sankar Aiyar & Co., Chartered Accountants, our Statutory Auditors, have given their written consent for the inclusion of their report appearing in this Draft Letter of Offer and such consent and report have not been withdrawn up to the date of this Draft Letter of Offer.

Expert

Except for (i) the reports of the Statutory Auditors on the Restated Financial Information, and (ii) the Statement of Tax Benefits available to our Company and its Shareholders included in this Draft Letter of Offer, we have not obtained any expert opinions.

Issue Related Expenses

For details of and in relation to the Issue Expenses, see “*Objects of the Issue*” on page 67.

Public or rights issues by our Company during the last five years

Our Company got listed on the Stock Exchanges on November 16, 2017, pursuant to the Scheme of Arrangement between IIFL Holdings Limited, its shareholders and our Company. In view thereof, our Company did not undertake a public issue of its equity shares. Further, our Company has not undertaken a rights issue post listing.

Previous issues of securities otherwise than for cash

Except as disclosed in “*Capital Structure*” on page 51, our Company has not made any issue of securities for consideration otherwise than cash.

Commission or brokerage in previous issue of Equity Shares

No sum has been paid or is been payable as commission or brokerage for any of our previous issue(s) of Equity Shares.

Previous capital issue during the previous three years by the listed Group Companies and Subsidiaries, Joint Venture and Associates of our Company

Our Company does not have a joint venture or an associate company. Our Subsidiary is not listed. None of our Group Companies have made any public or rights issue of equity shares during the last three years.

Performance vis-à-vis objects

Our Company got listed on the Stock Exchanges on November 16, 2017, pursuant to the Scheme of Arrangement between IIFL Holdings Limited, its shareholders and our Company. In view thereof, our Company did not undertake a public issue of its equity shares. Further, our Company has not undertaken a rights issue post listing. Accordingly, the requirement to disclose performance vis-à-vis objects in the last three issues of our Company in the preceding ten years does not apply to our Company

Performance vis-à-vis objects – Last issue by Listed Group Companies or Subsidiaries or Joint Venture or Associates

Our Company does not have a joint venture or an associate company. Our Subsidiary is not listed. None of our Group Companies have made any public or rights issue during the last ten years.

Outstanding debentures, bonds, redeemable preference shares or other instruments

Our Company does not have any outstanding debentures, bonds, redeemable preference shares or other instruments as of the date of this Draft Letter of Offer.

Partly Paid-up Equity Shares

Our Company does not have any partly paid-up Equity Shares as on the date of this Draft Letter of Offer.

Investor Grievances and Redressal System

We have adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the SEBI Listing Regulations. Additionally, we have been registered with the SEBI Complaints Redress System (“**SCORES**”) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by us.

The share transfer and dematerialization for us is being handled by Link Intime India Private Limited, Registrar and Share Transfer Agent, which is also the Registrar to the Issue. All investor grievances received by us have been handled by the Registrar and Share Transfer agent in consultation with the Compliance Officer.

Our Stakeholders Relationship Committee comprises of Nirali Sanghi, Dr. Archana Niranjana Hingorani and Prakarsh Gagdani. Our Stakeholders Relationship Committee oversees the reports received from the Registrar and Share Transfer agent and facilitates the prompt and effective resolution of complaints from our shareholders and investors.

Investor Grievances arising out of the Issue

The investor grievances arising out of the Issue will be handled by Link Intime India Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling post-Issue correspondences only.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA Applicants giving full details such as folio no./demat account no., name and address, contact telephone/cell numbers, email id of the first applicant, number of Rights Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank/ SCSB and the branch where the CAF was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 7 to 10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the investor grievances in a time bound manner.

Registrar to the issue

Link Intime India Private Limited

C101, 247 Park, LBS Marg,

Vikhroli (West),

Mumbai 400 083

Tel: +91 22 4918 6000, +91 22 4918 6200

Fax: +91 22 4918 6195

E-mail: 5paisa.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Sumeet Deshpande

SEBI Registration No.: INR000004058

Investors may contact the Compliance Officer in case of any pre-Issue/ post-Issue related problems such as non-receipt of Allotment advice/share certificates/demat credit/refund orders etc. The contact details of the Compliance Officer are as follows:

Roshan Dave

5paisa Capital Limited

IIFL House, Sun Infotech Park

Road No. 16V, B-23, MIDC

Thane Industrial Area Wagle Estate

Thane – 400 604

Maharashtra

Tel: +91 22 41035000

Fax: +91 22 25806654

E-mail: csteam@5paisa.com

Website: www.5paisa.com

Status of Complaints

- (i) The Equity Shares of our Company got listed on November 16, 2017. During Fiscal 2018 and Fiscal 2017, our Company did not receive any complaints.
- (ii) Time normally taken for disposal of various types of investor complaints:
 - Share transfer process: Within 15 days after receiving full set of documents
 - Share transmission process: Within 21 days after receiving full set of documents
 - Other Complaints: The average time taken by the Registrar for attending to routine grievances will be 7 to 10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to

them as expeditiously as possible. Our Company undertakes to resolve the investor grievances in a time bound manner.

Status of outstanding investor complaints

As on the date of this Draft Letter of Offer, there are no outstanding investor complaints.

Disposal of investor grievances by listed companies under the same management

As on the date of this Draft Letter of Offer, IIFL Holdings Limited, our Group Company is listed and has arrangements and mechanisms in place for redressal of investor grievances. As on date of this Draft Letter of Offer, there are no investor complaints pending with respect to IIFL Holdings Limited.

As on the date of this Draft Letter of Offer, we do not have a joint venture and associate company. Further, our Subsidiary is not listed on any stock exchange. Accordingly, the requirement to disclose details of investor grievances does not apply.

Changes in Auditors during the last three years

Other than as disclosed below, there has been no change in the statutory auditors in the last three years:

Name of the Auditors	Date of change	Date of completion of tenure	Reason for change
V Sankar Aiyar & Co, Chartered Accountants	July 19, 2017	Until the conclusion of the 15 th AGM to be held in the year 2022	Appointment
Sharp & Tannan Associates, Chartered Accountants	July 19, 2017	-	Completion of tenure under the Companies Act, 2013.

Capitalisation of reserves or profits during last five years.

Our Company has not capitalised reserves or profits in preceding five Fiscals.

Revaluation of fixed assets

Our Company has not revalued its assets in preceding five Fiscals.

Stock market data for Equity Shares

For stock market data, see “*Stock Market Data for Equity Shares*” on page 238.

Minimum Subscription

If our Company does not receive minimum subscription of 90% of the Issue including subscription of any undersubscribed portion by our Promoter and Promoter Group, our Company shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws. The above is subject to the terms mentioned under “*Terms of the Issue - Basis of Allotment*” on page 296.

SECTION VIII – OFFERING INFORMATION

TERMS OF THE ISSUE

This Section applies to all Investors. ASBA Investors should note that the ASBA process involves procedures that may be different from that applicable to other Investors and should carefully read the provisions applicable to such Applications, in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the CAF, before submitting an Application Form. The Company and the Lead Manager are not liable for any amendments, modifications or changes in applicable law which may occur after the date of this Draft Letter of Offer.

The Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, including the CAF, the SAF, the MOA and AOA of our Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, applicable guidelines and regulations issued by SEBI or other statutory authorities and bodies from time to time, the SEBI Listing Regulations, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

Please note that in accordance with the provisions of the SEBI Circular CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIB investors, Non-Institutional Investors and Non-Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009, who intend to participate must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the eligibility conditions may optionally apply through the ASBA process or apply through the non-ASBA process. Investors (i) who are not QIBs or Non-Institutional Investors, or (ii) whose application amount is not more than ₹ 200,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must only apply for Rights Equity Shares through the non-ASBA process, irrespective of the application amounts.

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, see “*Terms of the Issue - Procedure for Application*” on page 275.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in the Issue and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

All rights or obligations of the Eligible Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Authority for the Issue

Pursuant to a resolution passed by our Board of Directors at their meeting held on July 17, 2018, has authorized the Issue and determined a Rights Entitlement of 1 (one) Rights Equity Shares for every 1 (one) fully paid-up Equity Shares held on the Record Date and a price of ₹ 80 per Rights Equity Share as the Issue Price.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories for the purpose of this Issue in respect of the Equity Shares held in the electronic form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, decided in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Eligible Equity Shareholder of our Company, as on the Record Date, i.e. [●] you are entitled to the number of Equity Shares as set out in Part A of the CAFs.

The distribution of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, CAFs and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. We are making the issue of Equity Shares on a rights basis to the Equity Shareholders and the Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer and the CAFs, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

Persons who may acquire Rights Entitlements or come into possession of the Letter of Offer or Abridged Letter of Offer or CAF are advised to consult their own legal advisors as to restrictions applicable to them and to observe such restrictions. The Letter of Offer may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been or will be taken that would permit the offering of the Rights Equity Shares or Rights Entitlements pursuant to the Issue to occur in any jurisdiction other than India, or the possession, circulation or distribution of the Letter of Offer or CAF in any jurisdiction where action for such purpose is required. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer or CAF may not be distributed or published in or from any jurisdiction except under circumstances that will result in compliance with applicable law and procedures of and in any such jurisdiction. Recipients of the Letter of Offer, the Abridged Letter of Offer or the CAF, including Eligible Equity Shareholders and Renouncees, are advised to consult their legal counsel prior to applying for the Rights Entitlement and additional Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Shares or Rights Entitlement.

For Eligible Equity Shareholders wishing to apply through the ASBA process for the Issue, kindly refer section titled “*Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process*” on page 287.

PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THE ISSUE

Face Value

Each Equity Share will have the face value of ₹ 10.

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹ 80 per Equity Share for cash (including a premium of ₹ 70 per Rights Equity Share).

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of one of every Rights Equity Shares for every one fully paid-up Equity Shares held on the Record Date.

Terms of Payment

The full amount of Issue Price ₹ 80 is payable on application.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of 1 (one) of every Rights Equity Shares for every one fully paid-up Equity Shares held on the Record Date.

Further, the Equity Shareholders holding less than one Equity Shares shall have 'zero' entitlement in the Rights Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the CAF shall be non-negotiable.

Ranking of the Equity Shares

The Rights Equity Shares being issued and Allotted pursuant to the Issue shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Equity Shares issued under the Issue shall rank *pari passu*, in all respects including dividends with our existing Equity shares.

Mode of payment of dividend

In the event of declaration of dividends, we shall pay dividends to equity shareholders as per the provisions of the Companies Act and the provisions of our Articles of Association.

Listing and trading of Rights Equity Shares proposed to be issued

Our existing equity shares are currently listed and traded on BSE (Scrip Code: 540776) and NSE (Scrip Code: 5PAISA) under the ISIN INE618L01018. The Rights Equity Shares proposed to be issued pursuant to the Issue shall, in terms of the circular (no. CIR/MRD/DP/21/2012) by SEBI dated August 2, 2012, be Allotted under a temporary ISIN which shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchange. Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN of our Company and be available for trading.

The listing and trading of the Rights Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule. Upon Allotment, the Rights Equity Shares shall be traded on Stock Exchange in the demat segment only.

We have made an application for "in-principle" approval for listing of the Rights Equity Shares to the BSE and NSE. We have received such approval from the BSE and NSE dated [●] and [●]. We will apply to the BSE and NSE for final approval for the listing and trading of the Rights Equity Shares. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or that the price at which the Equity Shares offered under the Issue will trade after listing on the Stock Exchange. All steps for the completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares to be allotted pursuant to the Issue shall be taken in accordance with law. The Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the BSE and NSE under the existing ISIN for Equity Shares.

Intention and extent of participation by our Promoters and Promoter Group in the Issue

Our Promoters and Promoter Group have undertaken to (a) subscribe, to the full extent of their Rights Entitlement or subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly, with any other Promoter or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to any unsubscribed portion (if any) in the Issue, in compliance with Regulation 10(4) of the Takeover Regulations and the applicable law. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) shall be exempt in terms of Regulation 10(4)(b) of the Takeover Regulations subject to fulfilment of conditions mentioned therein and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

Rights of the Rights Equity Shareholder

Subject to applicable laws, the Rights Equity Shareholders shall have the following rights:

- The right to receive dividend, if declared;

- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote in person or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive surplus on liquidation;
- The right to free transferability of Rights Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum of Association and Articles of Association.

Arrangements for Disposal of Odd Lots

Our Equity Shares are traded in dematerialised form only and therefore the marketable lot is one Equity Share and hence, no arrangements for disposal of odd lots are required.

Restrictions on transfer and transmission of shares and on their consolidation/splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue.

General Terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialised form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share. In case an Equity Shareholder holds Rights Equity Shares in physical form, our Company would issue to the Allottees one certificate for the Rights Equity Shares allotted to each folio ("**Consolidated Certificate**"). Such Consolidated Certificates may be split into smaller denominations at the request of the respective Equity Shareholder.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. In case of joint holders, the Application Form would be required to be signed by all the joint holders to be considered as valid for allotment of Rights Equity Shares. In case such Equity Shareholders who are joint holders wish to renounce their Rights Entitlement, all such Equity Shareholders who are joint holders would be required to sign Part B of the CAF. In absence of signatures of all joint holders, the CAF would be liable for rejection.

Nomination

In terms of Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, nomination facility is available in respect of the Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Where the Equity Shares are held by more than one person jointly, the nominee shall become entitled to all rights in the Equity Shares only in the event of death of all the joint holders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of our Company or such other person at such addresses as may be notified by our Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014, or any other rules that may be

prescribed under the Companies Act, any person who becomes a nominee, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

If the person being a nominee, so becoming entitled, elects to be registered as holders of the Equity Shares himself, he shall deliver to our Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Equity Shareholder.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant (“DP”) of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.

Offer to Non-Resident Eligible Equity Shareholders/Investors

Applications received from NRs for Equity Shares under the Issue shall be, *inter alia*, subject to the conditions imposed from time to time by the RBI under FEMA, in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/allotment advice/share certificates, payment of interest and dividends. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in terms of FEMA and Regulation 6 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 (“**FEMA 20, 2017**”). The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only. If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.

The Equity Shares purchased on a rights basis by Non-Residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original Equity Shares against which Equity Shares are issued on a right basis.

CAFs will be made available for eligible NRIs at our Registered Office and with the Registrar to the Issue.

In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account must be opened.

DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS SHALL BE PRINTED ON THE CAF.

Notices

All notices to the Equity Shareholder(s) required to be given by our Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily newspaper with wide circulation in the state where our registered office is located, in our case being, Marathi daily and/or, will be sent by ordinary post/registered post/speed post the registered address of the Equity Shareholders in India or the Indian address provided by the Equity Shareholders, from time to time. However, the distribution of the Letter of Offer/Abridged Letter of Offer/CAF and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

Procedure for Application

The CAF for the Rights Equity Shares offered as part of the Issue would be printed in black ink for all Eligible Equity Shareholders. The CAF along with the Abridged Letter of Offer shall be dispatched through registered post or speed post at least three days before the Issue Opening Date. In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit. Equity Shareholders should note that those who are making the application in such duplicate CAF should not utilise the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Equity Shareholder violates any of these requirements, he/she shall face the risk of rejection of both applications.

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non-Institutional Investors must mandatorily make use of ASBA facility.

All QIB applicants, Non-Institutional Investors and other Applicants whose Application Amount exceeds ₹ 2 lakhs can participate in the Issue only through the ASBA process, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lakhs, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors or (iii) investors whose application amount is less than ₹ 2 lakhs can participate in the Issue either through the ASBA process or then on ASBA process.

Please also note that by virtue of circular no. 14, dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been de recognised as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Any Equity Shareholders being an OCB is required to obtain prior approval from RBI for applying in this Issue.

CAF

The Registrar to the Issue will dispatch the CAF along with the Abridged Letter of Offer along to all Equity Shareholders as per their Rights Entitlement on the Record Date.

Applicants may choose to accept the offer to participate in the Issue by making plain paper Applications. For more information, see "*Terms of the Issue - Application on Plain Paper*" on pages 279 and 290.

The CAF consists of four parts:

- Part A: Form for accepting the Rights Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Rights Equity Shares;
- Part B: Form for renunciation of Rights Equity Shares;
- Part C: Form for application of Rights Equity Shares by renouncee(s);
- Part D: Form for request for Split Application Forms.

Option available to the Equity Shareholders

The CAFs will clearly indicate the number of Rights Equity Shares that the Equity Shareholder is entitled to.

An Eligible Equity Shareholder can:

- Apply for Rights Entitlement of Equity Shares in full;
- Apply for Rights Entitlement of Equity Shares in part (without renouncing the other part);

- Apply for Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares (by requesting for split forms);
- Apply for Rights Entitlement in full and apply for additional Equity Shares; and
- Renounce Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Rights Equity Shares offered, either in full or in part without renouncing the balance, by filling Part A of the CAFs and submit the same along with the application money payable to the Banker(s) to the Issue or any of the collection branches as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board of Directors in this regard. Investors at centres not covered by the branches of collecting banks can send their CAFs together with the cheque drawn at par on a local bank at Mumbai, demand draft payable at Mumbai to the Registrar to the Issue by registered post/speed post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Please note that neither our Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see “*Mode of Payment for Resident Equity Shareholders/Investors*” and “*Mode of Payment for Non-Resident Equity Shareholders/Investors*” on page 282.

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “*Terms of the Issue-Basis of Allotment*” on page 296.

Under the foreign exchange regulations currently in force in India, transfers of shares between Non-Residents and residents are permitted subject to compliance with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or certain other conditions, then the prior approval of the RBI will be required. FVCIs, Category - I AIFs and VCFs are not permitted to participate in the rights issue by listed companies. For details on restrictions on eligibility by FPIs and FVCIs, see “*Terms of the Issue - Investment by FPIs and NRIs*” and “*Terms of the Issue - Investment by AIFs, FVCIs and VCFs*” on pages 300 and 301, respectively.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Rights Equity Shares.

Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register any Equity Shares in favour of the following Renouncees: (i) more than three persons (including joint holders), (ii) partnership firm(s) or their nominee(s), (iii) minors (except applications by minors having valid demat accounts as per the demographic details provided by the Depositors), (iv) HUF (however, you may renounce your Rights Entitlements to the Karta of an HUF acting in his capacity of Karta), or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorised under its constitutions or bye-laws to hold equity shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities which would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities or other laws. Equity Shareholders may also not renounce in favour of persons or entities in the United States or to the account or benefit of a U.S. person (as defined in Regulation S) or to who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognised as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such renouncee obtains a prior approval from the RBI. On submission of such approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be conclusive evidence for our Company of the fact of renouncement to the person(s) applying for Rights Equity Shares in Part ‘C’ of the CAF for the purpose of Allotment of such Rights Equity Shares. The Renouncees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. Part ‘A’ of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no right to further renounce any Rights Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Rights Equity Shares offered to an Equity Shareholder in favour of one Renouncee

If you wish to renounce the offer indicated in Part ‘A’, in whole, please complete Part ‘B’ of the CAF. In case of joint holding, all joint holders must sign Part ‘B’ of the CAF. The person in whose favour renunciation has been made should complete and sign Part ‘C’ of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part ‘C’ of the CAF.

To renounce in part/or the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of SAFs. Please indicate your requirement of SAFs in the space provided for this purpose in Part ‘D’ of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with our Company/DP, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign Part ‘C’ of the CAF and submit the entire CAF to the Banker to the Issue on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

Change and/or introduction of additional holders

If you wish to apply for Rights Equity Shares jointly with any other person(s), not more than three (including you), who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that our Board of Directors shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof. All such applications will be treated as applications from Renouncees and shall have to be made through then on -ASBA process only to be considered valid for allotment. Please also see section titled “*Terms of the Issue*” on page 270.

APPLICATIONS FOR NON-ASBA INVESTORS

Eligible Equity Shareholders who are eligible to apply under the Non – ASBA process

The option of applying for Equity Shares through non – ASBA process is available only to Eligible Equity Shareholders whose application amount does not exceed ₹ 2 lakhs as well as Renouncees. All Applicants who are QIBs and Non – Institutional Investors can apply in the Issue only through the ASBA process.

Instructions for Options for Non-ASBA Investors

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, using the CAF:

No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance	Fill in and sign Part A (<i>All joint holders must sign in the same sequence</i>)
2.	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares (<i>All joint holders must sign in the same sequence</i>)
3.	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the Rights Equity Shares offered to you to more than one Renouncee	Fill in and sign Part D (<i>all joint holders must sign in the same sequence</i>) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below: (a) For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A. (b) For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncees should fill in and sign Part C for the Rights Equity Shares accepted by them.
4.	Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one)	Fill in and sign Part B (<i>all joint holders must sign in the same sequence</i>) indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (<i>All joint Renouncees must sign in the same sequence</i>)
5.	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

In case of Equity Shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of Equity Shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.

Please note that:

- Options 3, 4 and 5 will not be available for Equity Shareholders applying through ASBA process.
- Part ‘A’ of the CAF must not be used by any person(s) other than the Equity Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.

- Request for SAF should be made for a minimum of one Rights Equity Share or, in either case, in multiples thereof and one SAF for the balance Rights Equity Shares, if any.
- Request by the Investor for the SAFs should reach the Registrar on or before last date for receiving request for SAF(s).
- Only the Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor (s) by post at the applicant's risk.
- Equity Shareholders may not renounce in favour of persons or entities in the restricted jurisdictions including the United States or to or for the account or benefit of a "U.S. Person" (as defined in Regulations of the U.S Securities Act, 1933), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.
- Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for the Rights Equity Shares in Part 'C' of the CAF to receive Allotment of such Rights Equity Shares.
- While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in the same order as per specimen signatures recorded with us or the Depositories.
- Non-resident Equity Shareholders: Application(s) received from Non-Resident/NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares allotted as a part of this Issue shall, amongst other things, be subject to conditions, as may be imposed from time to time by the RBI in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.
- Applicants must write their CAF number at the back of the cheque/demand draft.
- The RBI has mandated that CTS 2010 compliant cheques can only be presented in clearing hence the CAFs accompanied by non-CTS cheques could get rejected.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/DP and Client ID number and his/her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within eight days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilise the original CAF for any purpose including renunciation, even if it is received/found subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications.

Our Company or the Registrar to the Issue or the Lead Manager, shall not be responsible for postal delays or loss of duplicate CAFs in transit, if any.

Application on Plain Paper- Non ASBA

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with demand draft, net of bank and postal charges payable at Mumbai which should be drawn in favour of the "5paisa Capital Limited- Rights Issue – R" in case of the resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of the "5paisa Capital Limited- Rights Issue – NR" in case of the non-resident shareholders applying on repatriable basis and send the same by registered/speed post directly to the Registrar to the Issue so as to reach

Registrar to the Issue on or before the Issue Closing Date.

The envelope should be superscribed “5paisa Capital Limited– Rights Issue – R” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis and “5paisa Capital Limited– Rights Issue – NR” in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being 5paisa Capital Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ₹ 80 per Rights Equity Share;
- Particulars of cheque/demand draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue. Documentary evidence for exemption to be provided by the applicants;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form (Rights Equity Shares will be allotted in physical form only if the Equity Shares held on the Record Date are in the physical form);
- Allotment option preferred - physical or demat form, if held in physical form;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in our records or the Depositories’ records
- In case of Non-Resident Equity Shareholders, NRE/FCNR/NRO A/c No. name and address of the bank and branch;
- If payment is made by a draft purchased from an NRE/FCNR/NRO A/c No., as the case may be, an Account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/FCNR/NRO A/c; and
- Additionally, all such applicants are deemed to have accepted the following:

*“I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the “**US Securities Act**”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “**United States**”) or to, or for the account or benefit of a “U.S. Person” as defined in Regulation S under the US Securities Act (“**Regulation S**”). I/we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that none of the Company, the*

Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company has reason to believe is, a resident of the United States "U.S. Person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Rights Equity Shares is/are, outside the United States, (ii) am/are not a "U.S. Person" as defined in Regulation S, and (iii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilise the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon and no liability shall arise on part of our Company, Lead Manager and its Directors.

Investors are requested to note that CAF or plain paper application with only foreign addresses is liable to be rejected on technical grounds. The CAF or plain paper application should contain the Indian address also if foreign address is mentioned.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor.

The plain paper application format will be available on the website of the Registrar to the Issue at www.linkintime.co.in.

Last date for Application

The last date for submission of the duly filled in CAF or plain paper application is [●]. Our Board of Directors may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered.

Mode of payment for Resident Equity Shareholders/Investors

All cheques/drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed 'A/c Payee only' and marked "5paisa Capital Limited– Rights Issue –R".

Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges favouring the Banker to the Issue, crossed 'A/c Payee only' and marked "5paisa Capital Limited– Rights Issue – R" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager or the Registrar. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Equity Shareholders/Investors

As regards the application by non-resident Equity Shareholders, the following conditions shall apply:

- Individual non-resident Indian applicants who are permitted to subscribe for Rights Equity Shares by applicable local securities laws can obtain application forms from the following address:

LINK INTIME INDIA PRIVATE LIMITED

C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg,
Vikhroli (West),
Mumbai 400 083,
Maharashtra, India
Tel: +91 22 4918 6200
Fax: + 91 22 4918 6195
E-mail id: 5paisa.rights@linkintime.co.in
Website:www.linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration No: INR000004058

Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.

- All non-resident Investors should draw the cheques/demand drafts in favour of "5paisa Capital Limited– Rights Issue – R" in case of the resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of "5paisa Capital Limited– Rights Issue – NR" in case of the non-resident shareholders applying on repatriable basis, crossed "A/c Payee only" for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/collection centres or to the Registrar to the Issue.
- Non-resident Investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with demand draft for the full application amount, net of bank and postal charges drawn in favour of Banker to the Issue, crossed "A/c Payee only" and marked as "5paisa Capital Limited– Rights Issue – NR" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- Payment by non-residents must be made by demand draft payable at Mumbai/cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate);
- By cheque/draft on a Non-Resident External Account (“NRE”) or Foreign Currency Non-Resident (“FCNR”) Account maintained in India;
- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Mumbai;
- Non-resident Investors applying with repatriation benefits should draw cheques/drafts in favour of and marked “5paisa Capital Limited– Rights Issue – NR” and must be crossed ‘account payee only’ for the full application amount, net of bank and postal charges;
- FPIs registered with SEBI must remit funds from special non-resident rupee deposit account;
- Investors may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected;
- In the case of NRI Investors who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any, shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRI Investors who remit their application money through Indian Rupee drafts from abroad, refunds and other disbursements, if any, will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the Investor’s bankers;
- Payments through NRO accounts will not be permitted; or
- Investors may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

- As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of “5paisa Capital Limited– Rights Issue – R” and must be crossed ‘account payee only’ for the full application amount, net of bank and postal charges. The CAFs duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- Investors may note that where payment is made by drafts purchased from NRE/FCNR/NRO accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.

- In case Rights Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

General instructions for non-ASBA Investors

- Please read the instructions printed on the enclosed CAF carefully.
- Applicants that are not QIBs or are not Non - Institutional Investor or those whose application money does not exceed ₹ 2,00,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
- Application should be made on the printed CAF, provided by our Company except as mentioned under the head "*Application on Plain Paper – non ASBA*" on page 279 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the Letter of Offer or Abridged Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.
- The CAF together with the cheque/demand draft should be sent to the Banker to the Issue/Collecting Bank or to the Registrar to the Issue and not to our Company or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by our Company for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.
- Applications where separate cheques/demand drafts are not attached for amounts to be paid for Rights Equity Shares are liable to be rejected.
- Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the IT Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.
- Investors, holding Equity Shares in physical form, are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company.

- j. In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and/or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Banker to the Issue.
- k. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- l. Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Rights Equity Shares, subsequent issue and Allotment of Rights Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- m. All communication in connection with application for the Rights Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of Allotment, should be sent to the Registrar and Transfer Agents of our Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialised form.
- n. SAFs cannot be re-split.
- o. Only the person or persons to whom Rights Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.
- p. Investors must write their CAF number at the back of the cheque/demand draft.
- q. Only one mode of payment per application should be used. The payment must be by cheque/demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- r. A separate cheque/draft must accompany each CAF. Outstation cheques/demand drafts or post-dated cheques and postal/money orders will not be accepted and applications accompanied by such cheques/demand drafts/money orders or postal orders will be rejected.
- s. No receipt will be issued for application money received. The Banker to the Issue/Collecting Bank/Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- t. The distribution of the Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.

Do's for non-ASBA Investors:

- Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;

- Read all the instructions carefully and ensure that the cheque/draft option is selected in part A of the CAF and necessary details are filled in;
- In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialised form only;
- Ensure that your Indian address is available to our Company and the Registrar, in case you hold equity shares in physical form or the depository participant, in case you hold equity shares in dematerialised form;
- Ensure that the CAFs are submitted at the collection centres of the Banker to the Issue only on prescribed forms;
- Ensure that the value of the cheque/draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;
- Ensure that you receive an acknowledgement from the collection centers of the collection bank for your submission of the CAF in physical form;
- Ensure that you mention your PAN allotted under the IT Act with the Application Form, except for Application on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF; and
- Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors

- Do not apply if you are not eligible to participate in this Issue in terms of the securities laws applicable to your jurisdiction;
- Do not apply on duplicate CAF after you have submitted a CAF to a collection center of the collection bank;
- Do not pay the amount payable on application in cash, by money order or by postal order;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground; and
- Do not submit Application accompanied with Stock invest.

Grounds for Technical Rejection for non-ASBA Investors

Investors are advised to note that applications may be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialised holdings) or with the Registrar (in the case of physical holdings);
- Age of Investor(s) not given (in case of Renouncees);
- Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialised form);

- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for renouncee(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs by OCBs without specific RBI approval;
- CAFs accompanied by outstation cheques/post-dated cheques/money order/postal order/outstation demand draft;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in restricted jurisdictions and is authorised to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws);
- CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories;
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application;
- QIBs and other Equity Shareholders applying for Equity Shares in this Issue for value of more than ₹ 2,00,000 who hold Equity Shares in dematerialised form, applying through the non-ASBA process; and
- Equity Shareholders not being individuals or HUFs applying for Equity Shares in this Issue for a value not exceeding ₹ 2,00,000, who hold Equity Shares in dematerialised form, applying through the non-ASBA process.

Please read the Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

Please note that Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed ₹ 2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Lead Manager and we are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Manager, we, our Directors, affiliates, Associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. In relation to applications accepted by SCSBs, applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note in accordance with the provisions of SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are (i) QIBs, (ii) Non-Institutional Investors or (iii) other applicants whose application amount exceeds ₹ 2 lakhs shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose application amount is less than ₹ 2 lakhs can participate in the Issue either through the ASBA process or the non ASBA process. Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013 it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

Self-Certified Syndicate Banks

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on www.sebi.gov.in and/or such other website(s) as may be prescribed by the SEBI / Stock Exchange from time to time. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

ASBA Investors who are eligible to apply under the ASBA Process

An ASBA Investor is an investor (Equity Shareholder) who is intending to subscribe the Equity Shares of our Company under this Issue applying through blocking of funds in a bank account maintained with SCSBs. The option of applying for Rights Equity Shares through the ASBA Process is available only to the Equity Shareholders on the Record Date.

All QIBs and Non-Institutional Investors and investors making an application for a value of more than ₹ 2,00,000 and complying with the above conditions, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. Renouncees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process.

To qualify as ASBA Applicants, Eligible Equity Shareholders:

- are required to hold Rights Equity Shares in dematerialized form as on the Record Date and apply for: (i) their Rights Entitlement; or (ii) their Rights Entitlement and Rights Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF and further renounced it;
- should not be Renouncees;
- should apply through blocking of funds in bank accounts maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Equity Shares in the Issue

CAF

The Registrar will dispatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Eligible Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Eligible Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Equity Shareholder shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account as provided for under the SEBI circular dated December 30, 2009.

Acceptance of the Issue

You may accept the Issue and apply for the Rights Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

Mode of payment under ASBA process

The ASBA Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorising the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the bank account with the SCSB mentioned by the Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by our Company as per the provisions of section 40(3) of the Companies Act. The balance amount remaining after the finalisation of the basis of Allotment shall be either unblocked by the SCSBs or refunded to the Investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Options available to the ASBA Investors applying under the ASBA Process

The summary of options available to the ASBA Investors is presented below. You may exercise any of the following options with regard to the Rights Equity Shares, using the respective CAFs received from Registrar:

Option Available	Action Required
Accept whole or part of your Rights Entitlement without renouncing the balance	Fill in and sign Part A of the CAF (<i>All joint holders must sign</i>)
Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (<i>All joint holders must sign</i>)

The ASBA Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is

tendered to the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Equity Shareholder have selected to apply through the ASBA process option.

Please note that Equity Shareholders being QIBs and Non-Institutional Investors can participate in this Issue only through the ASBA process. Retail Individual Investors whose application amounts do not exceed ₹ 2,00,000 can participate in this Issue either through the ASBA process or the non ASBA process. Renouncees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares that you are entitled to, provided that you are eligible to apply for Rights Equity Shares under applicable law and you have applied for all the Rights Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “*Terms of the Issue - Basis of Allotment*” on page 296.

If you desire to apply for additional Rights Equity Shares please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. The Renouncee applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares.

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees nor can renounce their Rights Entitlement.

Application on Plain Paper - ASBA

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. The Equity Shareholder shall submit the plain paper application to the Designated Branch of SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper from any address outside India will not be accepted.

The envelope should be superscribed “5paisa Capital Limited– Rights Issue – R ” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis and “5paisa Capital Limited– Rights Issue – NR ” in case of non-resident shareholders applying on repatriable basis and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with our Company, must reach the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being 5paisa Capital Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount to be blocked at the rate of ₹ 80 per Rights Equity Share;
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;

- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Signature of the Shareholders to appear in the same sequence and order as they appear in our records or depositories records; and
- Additionally, all such applicants are deemed to have accepted the following:

"I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States") or to or for the account or benefit of a "U.S. Person" as defined in Regulation S under the US Securities Act ("Regulation S"). I/we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement in the United States. I/we understand that none of the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company has reason to believe is, a resident of the United States or a "U.S. Person" (as defined in Regulation S,) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Rights Equity Shares is/are, outside the United States, (ii) am/are not a "U.S. Person" as defined in Regulation S, and (iii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Investors are requested to note that CAF or plain paper application with only foreign addresses is liable to be rejected on technical grounds. The CAF or plain paper application should contain the Indian address also if foreign address is mentioned.

The plain paper application format will be available on the website of the Registrar to the Issue at www.linkintime.co.in.

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilise the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon.

Option to receive Equity Shares in Dematerialised Form

EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES OF OUR COMPANY UNDER THE ASBA PROCESS CAN BE

ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

Issuance of Intimation Letters

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in this Issue, along with:

- The number of Rights Equity Shares to be allotted against each successful ASBA Application;
- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

General instructions for Equity Shareholders applying under the ASBA Process:

- a. Please read the instructions printed on the CAF carefully.
- b. Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected. The CAF must be filled in English.
- c. ASBA Applicants are required to select this mechanism in Part A of the CAF and provide necessary details, including details of the ASBA Account, authorising the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Applicant.
- d. The CAF/plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Banker to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.
- e. All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended credit" and no allotment and credit of Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.
- f. All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment or payment by cheque or demand draft or pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- g. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company/or Depositories.
- h. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- i. All communication in connection with application for the Rights Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of

Allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.

- j. Only persons outside the United States and other restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws and not Renouncees(s) are eligible to participate.
- k. ASBA Investors who intend to subscribe the Rights Equity Shares of our Company under this Issue shall be eligible to participate under the ASBA Process.
- l. All Investors (apart from Retail Individual Investors) having bank accounts with SCSBs that are providing ASBA in cities/centres where such Investors are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection. All Investors are encouraged to make use of the ASBA facility wherever such facility is available.
- m. In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading “*Application on Plain Paper - ASBA*” on page 290.
- n. In terms of SEBI circulars dated September 13, 2012 and January 2, 2013, SCSBs should ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.
- o. Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in the Issue for Equity Shares for an amount exceeding ₹ 2 lakhs shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lakhs subject to their fulfilling the eligibility conditions to be an ASBA Investor.
- p. Only the person or persons to whom the Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.
- q. Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

Do's:

- Ensure that the ASBA Process option is selected in the CAF and necessary details are filled in.
- Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialised form only.
- Ensure that your Indian address is available to our Company and the Registrar, in case you hold equity shares in physical form or the depository participant, in case you hold equity shares in dematerialised form;
- Ensure that the CAFs are submitted at the SCSBs and details of the correct bank account have been provided in the CAF.
- Ensure that there are sufficient funds (equal to [number of Equity Shares as the case may be applied for] X [Issue Price of Equity Shares, as the case may be]) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

- Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.
- Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- Ensure that the Demographic Details are updated, true and correct, in all respects.
- Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.
- Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under applicable law.

Don'ts:

- Do not apply if you are not eligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- Do not pay the amount payable on application in cash, by money order or by postal order.
- Do not send your physical CAFs to the Lead Manager to Issue/Registrar/Collecting Banks (assuming that such Collecting Bank is not a SCSB)/to a branch of the SCSB which is not a Designated Branch of the SCSB/Company; instead submit the same to a Designated Branch of the SCSB only.
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- Do not apply if the ASBA account has been used for five applicants.
- Do not apply through the ASBA Process if you are not an ASBA Investor.
- Do not instruct your respective banks to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection for ASBA Investors

- In addition to the grounds listed under “*Grounds for Technical Rejection for non-ASBA Investors*” on page 286, applications under the ASBA Process are liable to be rejected on the following grounds:
- Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialised form).
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Sending CAF to a Lead Manager/Registrar/Collecting Bank (assuming that such Collecting Bank is not a SCSB)/to a branch of a SCSB which is not a Designated Branch of the SCSB/Company.
- Renouncee applying under the ASBA Process.

- Insufficient funds are available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- Account holder not signing the CAF or declaration mentioned therein.
- CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorised to acquire the rights and the securities in compliance with all applicable laws and regulations.
- CAFs which have evidence of being executed in/dispatched from restricted jurisdiction.
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Submission of more than five CAFs per ASBA Account.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR instead of the PAN.
- An Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor and is not a renouncer or a Renouncee not applying through the ASBA process applying through the ASBA process.
- Applications by SCSBs not complying with the SEBI circulars dated September 13, 2012 and January 2, 2013, whereby SCSBs need to ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account should be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.
- If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.

Depository account and bank details for Equity Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE RIGHTS EQUITY SHARES ARE HELD BY THE EQUITY SHAREHOLDER ON THE RECORD DATE. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("**Demographic Details**"). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by the Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account linked to the DP ID. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Equity Shareholders (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

Issue Opening Date	[●]
Last date for receiving requests for Split Application Forms	[●]
Issue Closing Date	[●]
Finalisation of basis of allotment with the Designated Stock Exchange	On or about [●]
Date of Allotment	On or about [●]
Initiation of Refunds	On or about [●]
Credit of Rights Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of Rights Equity Shares on the Stock Exchange	On or about [●]

Investors are advised to ensure that the CAFs are submitted on or before the Issue Closing Date. Our Company, the Lead Manager and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of CAFs or on before the Issue Closing Date.

The Board of Directors or a duly authorised committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 days from the Issue Opening Date.

Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/have applied for Rights Equity Shares renounced in their favour, in full or in part.

- (b) Allotment to the Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue and have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full Allotment in (a) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board or any committee thereof in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (c) Fractional entitlement if any will be rounded off to the next higher integer and the share required for the same will be adjusted from one of the promoter's entitlement.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour and have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of the Board or any committee thereof in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential Allotment.
- (e) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full Allotment under (a), (b) and (c) above, and the decision of the Board in this regard will be final and binding.
- (f) After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Rights Equity Shares in the Issue, along with:

- The amount to be transferred from the (a) ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

Underwriting

The Issue is not underwritten.

Allotment Advices / Refund Orders

Our Company will issue and dispatch Allotment advice/share certificates/demat credit and/or letters of regret along with refund order or credit the allotted Rights Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("NACH") except where Investors have not provided the details required to send electronic refunds or where the investors are otherwise disclosed as applicable or eligible to get refunds through direct credit and real-time gross settlement ("RTGS").

In case of those Investors who have opted to receive their Rights Entitlement in dematerialised form using electronic credit under the depository system, advice regarding their credit of the Rights Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted and are entitled to receive their Rights Entitlement in physical form, our Company will issue share certificates under Section 56 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment / refund order would be sent by registered post/speed post to the sole/first Investors registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

In the case of non-resident Shareholders or Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The share certificate(s) will be sent by registered post or speed post to the Indian address of the Non-Resident Shareholders or Investors as provided to our Company.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

- 1) **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- 2) **NEFT** – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the registrar to our Company or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- 3) **Direct Credit** – Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- 4) **RTGS** – If the refund amount exceeds ₹ 2 lakhs, the investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
- 5) For all other Investors, the refund orders will be despatched through speed post/registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

- 6) Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and are permitted by the SEBI from time to time.

Refund payment to Non- resident

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian Rupees based on the U.S. dollars equivalent which ought to be refunded. Indian Rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. We will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice/Share Certificates/Demat Credit

Allotment advice/share certificates/demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case our Company issues Allotment advice, the relative share certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Rights Equity Shares in the Issue, along with:

- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Option to receive Equity Shares in Dematerialised Form

Investors shall be allotted the Rights Equity Shares in dematerialised (electronic) form at the option of the Investor. We have signed a tripartite agreement with NSDL on July 10, 2000 and with CDSL on June 2, 2000 which enables the Investors to hold and trade Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates. The ISIN number of the Equity Shares is INE579B01039.

In this Issue, the allottees who have opted for Equity Shares in dematerialised form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate CAFs for Rights Equity Shares in physical and/or dematerialised form should be made.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALISED FORM.

The procedure for availing the facility for Allotment of the Rights Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.*
- For Equity Shareholders already holding Equity Shares in dematerialised form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialised form even if the original Equity Shares are not dematerialised. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in our records.
- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.
- If incomplete/incorrect beneficiary account details are given in the CAF, then such shares will be credited to a demat suspense a/c which shall be opened by our Company as specified in the SEBI circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009.
- The Rights Equity Shares allotted to applicants opting for issue in dematerialised form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the applicant's depository account. It may be noted that Rights Equity Shares in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL.
- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
- Dividend or other benefits with respect to the Rights Shares held in dematerialised form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

Investment by FPIs and NRIs

On January 7, 2014, the SEBI (Foreign Portfolio Investors) Regulations, 2014 ("**SEBI FPI Regulations**") were notified by SEBI pursuant to which FIIs, its sub-accounts and QFIs categories of investors were merged to form a new category called 'Foreign Portfolio Investors'.

Under the SEBI FPI Regulations, purchase of equity shares by an FPI or an investor group should be below 10% of the total issued capital of an Indian company.

Under the FEMA 20, 2017, no single FPI can hold more than 10% of the paid up capital of an Indian company and the total equity share holding of all FPIs put together in a company is subject to a cap of 24% of the paid up capital of the company. The aggregate limit of 24% can be increased up to the applicable sectoral cap by passing a resolution by the board of the directors followed by passing a special resolution to that effect by the shareholders of the company.

The investments by NRIs are governed by the Regulation 5(3) and Regulation 3(4) of the FEMA 20, 2017.

Our Board of Directors and the Shareholders of our Company have on May 10, 2018 and July 2018 approved increasing the FPI and NRI investment limit to 100% and 24%, respectively. Further, our Company has on

August 1, 2018 informed the Reserve Bank of India about the increase in limits with a request to take this on record and notify the increased limits.

Under the FPI Regulations and subject to compliance with all applicable Indian laws, FPIs may issue, subscribe or otherwise deal in offshore derivative instruments (defined under the FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying security), directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms and (iii) shall not be issued to or transferred to persons who are resident Indians or NRIs and to entities beneficially owned by residents Indian or NRIs.

Further, Category II FPIs under the SEBI FPI Regulations which are unregulated broad based funds and Category IIIFPIs under the SEBI FPI Regulations shall not issue, subscribe or otherwise deal in such offshore derivative instruments directly or indirectly. In addition, FPIs are required to ensure that further issue or transfer of any offshore derivative instruments by or on behalf of it is made only to person regulated by an appropriate foreign regulatory authority.

Investment by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended ("SEBI VCF Regulations") and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended ("SEBI FVCI Regulations") prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 ("SEBI AIF Regulations") prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection

Applications will not be accepted from FPIs in restricted jurisdictions.

FPIs which are QIBs, Non-Institutional Investors or whose application amount exceeds ₹ 2 lakhs can participate in the Rights Issue only through the ASBA process. Further, FPIs which are QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lakhs.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for applications by Systemically Important NBFCs

In case of application made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (ii) networth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who—

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name shall be liable for action under section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 1.00 million or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹1.00 million or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 2.00 million or with both.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, the Banker to the Issue/Registrar to the Issue/SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Rights Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- a. All the monies received out of the Issue shall be transferred to a separate bank account.
- b. Details of the all monies utilised out of the Issue, referred to in sub-item (a), shall be disclosed and continue to be disclosed till the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised.
- c. Details of all unutilised monies out of the Issue, if any, referred to in sub-item (a), shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.
- d. Our Company shall utilise the funds collected in this Issue only after the approval of the Basis of Allotment is finalised.

Undertakings by our Company

Our Company undertakes the following:

- a. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- b. All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are to be listed will be taken within seven working days of finalisation of basis of allotment.
- c. The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in this Draft Letter of Offer shall be made available to the Registrar to the Issue by our Company.
- d. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- e. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.
- f. The certificates of the securities/refund orders to the non-resident Indians shall be dispatched within the specified time.
- g. No further issue of securities affecting equity capital of our Company shall be made till the securities issued/offered through this Draft Letter of Offer Issue are listed or till the application monies are refunded on account of non-listing, under-subscription etc.
- h. At any given time, there shall be only one denomination of Equity Shares of our Company.
- i. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

Important

- Please read this Draft Letter of Offer and the Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Draft Letter of Offer and the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this Draft Letter of Offer or the Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed "**Spaisa Capital Limited -Rights Issue**" on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

LINK INTIME INDIA PRIVATE LIMITED

C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg,
Vikhroli (West),
Mumbai 400 083,
Maharashtra, India
Tel: +91 22 4918 6200
Fax: + 91 22 4918 6195

E-mail id: 5paisa.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration No: INR000004058

It is to be specifically noted that the Issue of Rights Equity Shares is subject to the risk factors mentioned in section titled “*Risk Factors*” on page 12.

The Issue will remain open for minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

TERMS OF THE ARTICLES OF ASSOCIATION

1. The regulations contained in Table "F" in the First Schedule to the Companies Act, 2013 shall not apply to this Company, but the regulations for the management of the Company and for the observance of the Members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of, or addition to, its Articles by special resolution, as prescribed by the said Companies Act, 2013, be such as are contained in these Articles, unless the same are repugnant or contrary to the provisions of Companies Act, 2013, rules made there under or any amendment or notification thereto. Table F not to apply but Company to be governed by these articles

INTERPRETATION

2. In the interpretation of these Articles, unless repugnant to the subject of context –

<p>‘The Company’ or ‘This Company’ means 5paisa Capital Limited.</p>	<p>‘The Company’ or ‘this Company’</p>
<p>“1956 Act” means the Companies Act, 1956 to the extent not repealed or the provisions of which have not ceased to be effective.</p>	<p>‘1956 Act’</p>
<p>“Act” or "2013 Act" means the Companies Act, 2013, including the rules made thereunder and any amendments thereto or re-enactments thereof from time to time.</p>	<p>‘Act’</p>
<p>‘These Articles’ means the Articles of Association for the time being of the Company or the Articles of Association as altered from time to time by Special Resolution.</p>	<p>‘These Articles’</p>
<p>‘Alter’ and ‘Alteration’ shall include the making of addition and deletions, omissions, insertions and substitutions</p>	<p>‘Alter’</p>
<p>‘Auditors -’ means and includes those persons appointed as such for the time being by the Company.</p>	<p>‘Auditors and Agent’</p>
<p>‘Beneficial owner’ means the beneficial owner as defined in clause (a) of sub-section (1) of section 2 of the Depositories Act, 1996.</p>	<p>Beneficial owner</p>
<p>‘Board’ or ‘Board of Directors’ means the Board of Directors of the Company, and shall include a Committee thereof.</p>	<p>‘Board’ or ‘Board of Directors’</p>
<p>‘Capital’ / Paid up Share Capital means such aggregate amount of money credited as paid up as is equivalent to the amount received as paid up in respect of shares issued and also includes any amount credited as paid up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called.</p>	<p>‘Capital’ / ‘paid up Share Capital’</p>
<p>‘Debenture’ includes Debenture stock, bonds or any other instruments of a Company evidencing a debt, whether constituting a charge on the asset of the Company or not;</p>	<p>‘Debenture’</p>
<p>‘Depositories Act’ means The Depositories Act, 1996 or any statutory modification or re-enactment thereof for the time being in force.</p>	<p>Depositories Act</p>
<p>‘Depository’ means a Depository as defined under clause (e) of sub- section (1) of section 2 of the Depositories Act.</p>	<p>Depository</p>
<p>‘Director(s)’ means a Director appointed to the Board of the Company.</p>	<p>Directors’</p>
<p>‘Dividend’ includes any Interim Dividend.</p>	<p>‘Dividend’</p>
<p>‘Extraordinary General Meeting’ means a General Meeting (other than an Annual General Meeting) of the Members duly called and constituted and any adjourned holding thereof.</p>	<p>‘Extraordinary General Meeting’</p>
<p>“Financial Statements” shall have the same meaning as prescribed under the Ac</p>	<p>“Financial Statements”</p>
<p>‘General Meeting’ means a Meeting of Members.</p>	<p>‘General Meeting’</p>
<p>“Independent Director” shall have the meaning ascribed to it in the Act.</p>	<p>‘Independent Director’</p>
<p>‘Instrument of Proxy’ means an instrument whereby any person is authorized to vote for a Member at a General Meeting or Poll in accordance with provisions of the Act.</p>	<p>‘Instrument of Proxy’</p>

‘In Writing’ and ‘Written’ means written or printed or partly written and partly printed or lithographed or type written or other substituted for writing, and any other form of electronic transmission.	‘In writing’ and ‘Written’
‘Legal Representative’ means a person who in law represents the estate of a deceased or incompetent Member.	‘Legal Representative’
‘Meeting’ includes a meeting of any class of Members or of debenture holders.	‘Meeting’
‘Member’ means the duly registered holder, from time to time, of the Shares of the Company and includes the subscribers to the Memorandum of Association as also one whose name is entered as Beneficial Owner in the records of the Depository, but does not include a bearer of a Share warrant;	‘Member’
‘Month’ means a calendar month as per Gregorian Calendar.	‘Month’
‘National Company Law Tribunal’ means the tribunal constituted in accordance with the provisions of the Act.	‘Tribunal’
‘Office’ means the Registered Office for the time being of the Company and with respect to the keeping and inspection of registers and returns and other matters mentioned in the Act and includes any other place or places specified by way of a special resolution under the provisions of Act.	‘Office’
‘Ordinary Resolution’ and ‘Special Resolution’ mean an Ordinary Resolution and a Special Resolution of the Company respectively passed in accordance with section 114 of the Act.	‘Ordinary and Special Resolution’
‘Paid-up’ or ‘Capital Paid-up’ includes capital credited as paid- up.	‘Paid-up’
‘Persons’ includes companies, bodies corporate, corporations, associations whether incorporated or not, firms and individuals.	‘Persons’
‘Register of Members’ means the Register of Members / Beneficial owners to be kept pursuant to the Act.	‘Register of Members’
“Relative” shall have the same meaning as prescribed under the Act;	‘Relative’
“Rules” means the Rules framed under the Act.	‘Rules’
‘The Registrar’ means the Registrar of Companies of the State in which the registered office of the Company is for the time being situated.	‘The Registrar’
‘Seal’ means the common seal for the time being of the Company or any other method of authentication of documents, as specified under the Act or amendment thereto.	‘Seal’
‘SEBI’ shall mean the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.	‘SEBI’
‘Security’ or ‘Securities’ shall have the meaning ascribed to it under sub-section (h) of section 2 of the Securities Contract Regulation Act, 1956.	‘Security /Securities’
‘Share’ means a share in the share capital of the Company and includes stock except where a distinction between stock and share is expressed or implied.	‘Share’
“Financial Year” means the financial year of the Company, being April 1 of the current year to March 31 of the succeeding year;	“Financial Year”
“Year” means a calendar year from January to December.	“Year”
‘These presents’ means and includes the Memorandum and the Articles of Association from time to time in force.	‘These presents’
In these Articles unless the context otherwise requires:	
(a) Words importing the masculine gender shall include the feminine gender and vice versa.	
(b) Words importing the singular shall where the context admits or requires include the plural, and vice versa. The headings, titles, marginal notes and catch lines herein are used for convenience of reference only and shall not affect the construction of these Article presents.	
(c) Unless the context thereof otherwise requires, reference to any statute, rules, ordinances or other law shall be deemed to include any amendment, replacement or modification thereof.	

- (d) Reference to days, months and years are to Gregorian days, months and calendar years respectively.
 - (e) The words "include" and "including" are to be construed without limitation.
 - (f) Unless the context thereof otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force.
 - (g) Where the provisions of the Companies Act, 2013 have not been notified or are otherwise not in force, the corresponding provisions of the 1956 Act shall apply.
3. Subject to the foregoing, words or expressions contained in these Articles shall, unless the context otherwise requires have the same meaning as in the Act or the Depositories Act. 'Other Expression'
4. 1) The Company shall have a Registered Office to which all communications and notices may be addressed. Registered Office of the Company
- 2) A separate and specific notice of every change therein, shall be given within 15 days after the date of the change to the Registrar, in such manner as may be prescribed under the Act.
- 3) Except on the authority of a special resolution passed by the Company, the Registered Office of the Company shall not be removed outside the local limits of the city of Mumbai.
5. The Company shall comply with the provisions of Sections 12 and 60 of the Act as regards the publication of its name and of its authorised, subscribed and paid-up capital. Publication by Company of name and authorised, subscribed and paid-up capital

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

6. (1) The Authorised Share Capital of the Company shall be as specified in Clause V of the Memorandum of Association of the Company. Division of Capital
- (2) The Company shall be entitled to issue, offer and allot fresh and further shares, Debentures and other Securities in dematerialised form pursuant to and in accordance with the provisions under the Depositories Act and it shall also be entitled to dematerialise its existing shares, Debentures and other Securities, subject to the provisions of the Act. In this connection, the Company shall comply with all the applicable provisions of the Depositories Act.
7. Subject to the provisions of the Act and these Articles the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Board who may allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 54 of the Act) at a discount or as may be prescribed under the act and at such times as it may from time to time think fit and proper and, with the consent of the general meeting, give to any person the option to call for or be allotted any class of shares of the Company either at par or at a premium or, subject as aforesaid at a discount, such option being exercisable at such times and for such consideration as the Board thinks fit. Share the control of the Board
8. In addition to and without derogating from the powers for that purpose conferred on the Board under Article 7, the Company in general meeting may determine that any share (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportions and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of the Section 53 of the Act) at a discount, as such general meeting shall determine and with full power to give any person (whether a Member or not) the option to call for or be allotted any class of shares of the Company either at a premium or at par, or (subject to compliance with the provisions of Section 54 of the Act) at a discount, such option being exercisable at such times and for such consideration as may be directed by such general meeting or the Company in general meeting may make any other provisions, whatsoever for the issue, allotment or disposal of any shares. Power of Company in General Meeting to issue Shares.

9. The Company by a Resolution in general meeting may from time to time, increase its share capital by the creation of further shares, such increases to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, the further shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the general meeting resolving upon the creation thereof shall direct, and if no direction be given as Board shall determine; and in particular, such shares may be issued with a preferential or qualified or differential right to dividends and in distribution of assets of the Company, and with a right of voting at general meetings of the Company. Increase in capital
10. 1. Where at any time, it is proposed to increase the subscribed capital of the Company by issue of further shares, then, such further shares shall be offered to- Further issue of capital.
- (a) the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up in those shares at that date;
- (b) the offer aforesaid shall be made by notice dispatched through registered post or speed post or through electronic mode or such other means as may be permitted, to all the existing shareholders at least three days before the opening of the issue, specifying the number of shares offered and limiting a time, not being less than fifteen days but not exceeding thirty days from the date of the offer, within which the offer if not accepted, will be deemed to have declined;
- the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the Notice referred to in sub clause (b) hereof shall contain a statement of this right.
- PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any Member may renounce the shares offered to him.
- after the expiry of the time specified in the notice aforesaid, or on the 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 as they think most beneficial to the Company and is not dis-advantageous to the shareholders. Notwithstanding anything contained in clause (a) of this articles, the further shares aforesaid may be offered in any manner whatsoever and to any person or persons, whether or not such person or persons include persons who, at the date of the offer, are holders of the equity shares of the Company, if such offer is authorised by the Special Resolution of the Company in general meeting or where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
- employees under a scheme of employees' stock option, subject to Special Resolution passed by Company in general meeting and subject to such conditions as may be prescribed;
- to any persons, if it is authorised by a Special Resolution, whether or not those persons include the persons referred to in clause (a), clause (b), clause (c), clause (d) either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed.
2. Nothing in clause (d) of Article 10 hereof shall be deemed;
- (i) To extend the time within which the offer should be accepted; or

- (ii) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
3. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued or loans raised by the Company in sub-section 3 of Section 62 of the Act:
11. Subject to the provisions of Section 55 the Act and the Rules made pursuant thereto and this Article, the Company shall have the power to issue preference shares, either at premium or at par which are or, at the option of the Company, are liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption. Redeemable Preference Shares.
12. On the issue of redeemable preference shares under the provisions of Article 11 hereof, the following provisions shall take effect: Provisions applicable in case of Redeemable Preference Shares
- (a) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption;
- (b) No such shares shall be redeemed unless they are fully paid;
- (c) The premium, if any payable on redemption shall be provided for out of the profits of the Company or out of the Company's Security Premium Account, before the shares are redeemed, and
- (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares to be redeemed, and the provisions of the Act relating to the reduction of the share capital of a Company shall, except as provided under Section 55 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.
- (e) Subject to the provisions of Section 55 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit. The reduction of Preference Shares under the provisions by the Company shall not be taken as reducing the amount of its Authorized Share Capital.
13. Subject to the provisions of the Act the Company shall have the power to issue cumulative convertible preference shares to which the following provisions shall apply: Cumulative Convertible Preference Shares
- (a) The dividend payable on the said shares shall be payable on a preferential basis and shall be at such rate as may be prescribed or permitted under the applicable rules and regulations prevailing at the relevant time.
- (b) The dividend shall be cumulative and arrears shall be payable to the shareholders registered with the Company on the date fixed for determining to whom the dividend then declared is paid.
- (c) All such shares shall be converted into equity shares as per the Companies Act, 2013 and necessary regulations as may be amended from time to time and decided by the Board subject to any applicable regulations or sanctions that may be in force at the time. Upon conversion into equity shares the right to receive arrears of dividend, if any, on the preference shares upto the date of conversion shall devolve on the holder of the equity shares registered with the Company on the date prescribed in the declaration of the said dividend.
- (d) Such conversion shall be deemed to be redemption of the preference shares out of the proceeds of a fresh issue of shares.
14. (1) The Company shall not have the power to buy its own shares, unless the consequent reduction of capital is effected and sanctioned in accordance with Article 16 and in accordance with Section 66 or section 242 or other applicable provisions (if any) of the Act. Restrictions on purchase by Company of its own shares.

- (2) Except to the extent permitted by Section 67 or other applicable provisions (if any) of the Act, the Company shall not give whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purchase of, or in connection with the purchase or subscription made or to be made by any person of or for any shares in the Company.
 - (3) Nothing in this Article shall affect the right of the Company to redeem any redeemable preference shares issued under these Articles or under Section 55 or other relevant provisions (if any) of the Act.
 15. Notwithstanding anything contained in these articles but subject to the provisions of Section 68, 69 and 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other securities. Buy Back of Shares
 16. The Company may subject to the provisions of Sections 52, 55 and 66 and other applicable provisions (if any) of the Act, from time to time by Special Resolution reduce its capital and any capital redemption reserve account or any share premium account in any manner for the time being authorised by law, and in particular, capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power that the Company would have, if it were omitted. Reduction of Capital
- Nothing in this Article shall apply to Buy-Back of its own securities by the Company under Section 68 of the Act.
17. Subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time: Consolidation and Division of Capital
 - (a) Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;
 - (b) sub-divide its shares, or any of them into shares of smaller amount so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
 - (c) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act.
 18. If and whenever as the result of issue of new shares or of any consolidation or sub-division of shares, any share are held by Members in fractions, the Board shall, subject to the provisions of the Act, and the articles and to the directions of the Company in general meeting, if any, sell those shares which Members hold in fractions for the best price reasonably obtainable and shall pay and distribute to and amongst the Members entitled to such shares in due proportions the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Board may authorise any person to transfer and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected any irregularity or invalidity in the proceedings with reference to the sale. Sale of Fractional Shares
 19. (a) Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48 of the Act and whether or not the Company is being wound up, be varied, be modified, commuted, affected or abrogated, or dealt with by agreement between the Company and any person purporting to contract on behalf of that class provided such agreement is ratified in writing by holders of at least three-fourths in normal value of the issued shares of the class or with the sanction of special resolution passed at a separate meeting of the holders of the issued shares of that class. Modification of rights

Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three- fourths of such other class of

shareholders shall also be obtained and the provisions of this section shall apply to such variation.

- (b) To every such separate meeting all the provisions of these Articles relating to meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class in question. This Article is not by implication to curtail or derogate from any power the Company would have if this article were omitted.
 - (c) The rights conferred upon the holders of shares of any class, issued with preferred or other rights, shall not, unless otherwise expressly provided by the terms of issue of shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
20. Subject to the provisions of the Act, the Board shall have power to issue or re-issue equity shares with differential rights as to dividend, voting or otherwise in accordance with the provisions of the Act and Rules made thereunder. Power to issue equity shares with differential voting rights
21. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of the issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith. Issue of shares on pari passu basis.

SHARES AND CERTIFICATES

22. The Company shall cause to be kept a register and index of Members, debenture holders and other security holders (if any) in the form and manner provided under Section 88 of the Act and Rules made pursuant thereto and also a Register of Renewed and Duplicate Certificates. It shall give inspection of the Registers, Indexes, returns and copies of certificates and other documents referred to in Section 94 of the Act and furnish a copy thereof as provided in the said Section. The Company may keep in any State or Country outside India a "foreign register" of Members or debenture holders, other security holders resident in that State or Country. Register and Index of Members.
- The provisions of Section 88 of the Act shall apply thereto.
23. Subject to the provisions of these Articles, any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of shares within the meaning of these articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall, for the purposes of these Articles, be a Member. Acceptance of shares.
24. The money (if any), which the Board of Directors shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by it, shall immediately on the insertion of the name of the allottee in the Register of Members as the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly. Deposits and calls etc. to be debt payable immediately.
25. Every Member, or his heirs, executors, legal representative administrators, shall pay to the Company the proportion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts at such time or times and in such manner, as the Board of Directors shall, from time to time in accordance with the Company's Articles require or fix for the payment thereof. Liability of Members.
26. (a) Subject to the applicable provisions of Section 56 of the Act, and in case of fresh issue of shares subject to applicable provisions of Section 29 of the Act, the Company shall, within prescribed time, under the applicable law, keep ready for delivery, the Certificates of all shares, the debentures and debenture stock allotted or transferred, within two months after the allotment of any of its shares, debentures or debenture stock, or after the application for the registration of the transfer or transmission of any such shares, debentures or debenture stock, the Certificates of all shares, debentures, and or debenture stock, as the case may. Share Certificate

- (b) The certificates of title to shares shall be issued under the Seal of the Company which shall be affixed in the presence of and signed by (i) two directors duly authorized by the Board of Directors of the company for the purpose or the committee of the Board, if so authorized by the Board; and(ii) the Secretary or some other person appointed by the Board for the purpose; provided that at least one of the aforesaid two Directors shall be a person other than the Managing Director or a Whole time Director. A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of rubber stamp and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon.

Provided always that, notwithstanding anything contained in this Article, the certificates of title to shares may be executed and issued in accordance with such other provisions of the Act or the Rules made thereunder, as may be in force for the time being and from time to time.

- (c) Every Member shall be entitled, without payment, to one certificate of title to shares for all the shares of each class registered in his name. If the Board so approves, and upon payment of such fee, if any, per certificate as the Board may from time to time determine in respect of each class of shares, a Member shall be entitled to more than one certificate for shares of each class. Every certificate of title to shares shall specify the number and distinctive numbers of the shares in respect of which it is issued and the amount paid thereon

Provided that no share certificate(s) shall be issued in respect of shares held in dematerialisation form.

- (d) Any two or more joint allottees of a share, shall for the purpose of this Article, be treated as a single Member, and the certificate of any share which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them.
- (e) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed issue to the beneficial owner the required certificates of the securities.
- (f) If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, on receipt of the information, the depository shall enter in its records the name of the allottee as the beneficial owner of the security.

27. A certificate may be renewed or a duplicate of a certificate may be issued by the Company if such certificate (a) is proved to have been lost or destroyed or (b) having been defaced or mutilated or torn is surrendered to the Company. The Company shall comply with the rules as may be prescribed regarding the manner of issue or renewal of a certificate or issue of a duplicate thereof, the form of a certificate (original or renewed) or of a duplicate thereof, the particulars to be entered in the Register of Members or in the Register of Renewed or Duplicate Certificates, the form of such registers, the fee on payment of which, the terms and conditions, if any, (including terms and conditions as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating evidence) on which a certificate may be renewed or a duplicate thereof may be issued. Renewal of Certificate
28. If any share stands in the name of two or more persons, the person first named in the Register of Members, shall as regards receipt of dividends or bonus or service of notice and /or any other matter connected with the Company, except voting at meetings and the transfer of the shares, be deemed the sole holder thereof, but the joint holders of a share shall be, severally as well as jointly, liable for the payment of all installments and calls The First Named Joint Holders deemed Sole Holder.

due in respect of such share, and for all incidents thereof according to these articles or Company's Articles.

29. No notice of any trust, express, implied or constructive, shall be entered on the Register of Members. The Company shall not (except as ordered by a Court of competent jurisdiction or by the Act required) be bound to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as in by these presents otherwise expressly provided) any right in respect of a share other than an absolute right to the entirely thereof in accordance with these presents in the person from time to time registered as the holder thereof; or the beneficial owner thereof as per records of Depositories held pursuant to the Depositories Act but the Board shall be at liberty at its sole discretion, to register any share in the joint names of any two or more persons or the survivors or survivor of them. Company not bound to recognise any interest in share other than that of registered holder.
30. The Company shall not give whether directly or indirectly, by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding Company, save as provided by Section 67 of the Act. Funds of Company not to be applied in purchasing of or lending on shares of the Company
31. In making allotment of any share Capital of the Company, the Company shall comply with Section 39 and 40 of the Act. Restriction on Allotment
32. (1) Whenever the Company makes any allotment of its shares or securities, it shall Return as to Allotment within thirty days thereafter:
 - (a) file with the Registrar a return of the allotments in the form and manner as stated in the Rules to Chapter III of the Act, stating the number and nominal amount of the shares / securities comprised in the allotment, the names, addresses and occupations of the allottees and the amount, if any, paid or due and payable on each share;
 - (b) in the case of shares (not being bonus shares) allotted as fully or partly paid up otherwise than in cash, produce for the inspection and examination of the Registrar, a contract in writing constituting the title of the allottee to the allotment, together with any contract of sale, or a contract for services or other consideration in respect of which that allotment was made, such contract being duly stamped, and filed with the Registrar copies verified in the prescribed manner of all such contracts and a return stating the number and nominal amount of shares so allotted, the extent to which they are to be treated as paid up, and the consideration for which they have been allotted; and
 - (c) file with the Registrar in the form and manner as stated in the Rules to Chapter III of the Act, a return stating the number and nominal amount of bonus shares comprised in the allotment and the names, addresses and occupations of the allottees and a copy of the resolution authorising the issue of such shares ; (ii) in the case of issue of shares at a discount, a copy of the resolution passed by the Company authorising such issue together with a copy of the Order of the Court sanctioning the issue and where the maximum rate of discount exceeds ten per cent, a copy of the Order of the Central Government permitting the issue at the higher percentage
- (2) Where a contract such as mentioned in clause (b) of sub-clause (1) is not reduced to writing, the Company shall, within thirty days after the allotment, file with the Registrar in the form and manner as stated in the Rules to Chapter III of the Act, the prescribed particulars of the Contract stamped with the same stamp duty as would have been payable if the contract had been reduced to writing.
- (3) Nothing in this article shall apply to the issue and allotment by the Company of shares which under the provisions of these Articles were forfeited for non-payment of calls.

COMMISSION, UNDERWRITING AND BROKERAGE

33. The Company may, subject to the provisions of Section 40 and other applicable provisions if any of the Act, at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) or in consideration of his procuring or agreeing to procure subscriptions (whether absolutely or conditionally) for any Securities of the Company. Commission may be paid.
34. The Company may pay a reasonable sum for brokerage on any issue of shares and debentures. Brokerage may be paid

CALLS

35. The Board may, from time to time, by a resolution passed at a meeting of the Board (and not by circular resolution) make such call (in accordance with Section 49 of the Act) as it may think fit upon the Members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. Board may make calls on shares.
36. Where any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Articles, shares of the same nominal value on which different amount have been paid up, shall not be deemed to fall under the same class. Calls on shares of the same class to be made on uniform Basis.
37. The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

38. Fifteen days' notice of every call payable otherwise than on allotment shall be given by the Company specifying the time and place of payment, and to whom such call shall be paid. Provided that the Board may, at its discretion, revoke the call or postpone it. Notice of calls.
39. A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed at the meeting of the Board of Directors, and may be made payable by the Members whose names appear in the register of Members on a subsequent date to be fixed by the Board. Calls to date from Resolution.
40. The Board of Directors may, from time to time, at its discretion, extend the time for the payment of any call, and may extend such time as to all or any of the Members, who from residence at a distance or other cause, the Board of Directors may deem fairly entitled to such extension; but no Member shall be entitled to such extension save as a matter of grace and favour. Directors may extend Time.
41. If any Member fails to pay a call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board and nothing in this Article shall render it compulsory upon the Board of Directors to demand or recover any interest from any such Member. Call to carry interest after due date.
42. Subject to the provisions of the Act and these Articles, on the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder or one of the holders at or subsequently to the date at which the money sought to be recovered is alleged to have become due, of the shares, in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the minute book; and that notice of such call was duly given to the member or his

representatives in pursuance of the Act and these presents. The provision of Section 71 apply to such resolution.

43. The Board may, if they think fit, subject to the provisions of section 50 of the Act, agree to and receive from any Member willing to advance whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest as may be prescribed under the Act or at such rates, as the Member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced upon giving to the Member one months' notice in writing. Payments in advance of call may carry interest.

The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of this Article shall mutatis mutandis apply to the calls on debentures of the Company.

FORFEITURE, SURRENDER AND LIEN

44. If any Member fails to pay any call or instalment of a call in respect of any share on or before the day appointed for the payment of the same, the Board may, at any time thereafter, during such time as the call or instalment remains unpaid or a judgment or a Decree in respect thereof, remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the share by transmission requiring him to pay the same, together with any interest that may have accrued and all reasonable expenses that may have been incurred by the Company by reason of such non-payment. If call or instalment not paid notice may be given.
45. The notice shall name a day (not being earlier than the expiry of fourteen days from the date of service of the notice) and a place or places on and at which such money, including the call instalment and such interest and expenses as aforesaid, is to be paid. The notice shall also state that in the event of non payment on or before the time and at the place appointed, the shares in respect of which the call was made or instalment was payable, will be liable to be forfeited. Form of Notice.
46. If the requisitions of any such notice as aforesaid are not complied with any share in respect of which the notice has been given may at any time thereafter, before all the calls or instalments and interests and expenses due in respect thereof are paid, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonus declared in respect of the forfeited shares and not actually paid before forfeiture. On default of payment, shares to be forfeited.
47. When any share shall have been so forfeited notice of the resolution shall be given to the Member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members provided however that the failure to give the notice of the share having been forfeited will not in any way invalidate the forfeiture. Notice after Forfeiture.
48. Any shares so forfeited shall be deemed to be the property of the Company and the Board may sell, allot or otherwise dispose of the same in such manner as it thinks fit. Forfeited Shares to become property of the Company and may be disposed of etc.
49. The Board may, at any time before any share so forfeited shall have been sold, allotted or otherwise disposed of, annul the forfeiture thereof as a matter of grace and favour but not as of right, upon such terms and conditions, as it may think fit. Power to Annul Forfeiture
50. Any Member whose shares shall have been forfeited shall, notwithstanding the forfeiture, be liable to pay, and shall forthwith pay to the Company all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of forfeiture until payment at such rate not exceeding fifteen percent per annum as the Board may determine and the Board may endorse the payment of such moneys or any part thereof if it thinks fit, but shall not be under any obligation so to do. Arrears to be paid notwithstanding Forfeiture.

51. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company, in respect of the share and all other rights incidental to the share except only such of those rights as are by these Articles expressly saved. Effect of Forfeiture.
52. The net proceeds of any such sale shall be applied in or towards satisfaction of the said debt, liabilities or engagements and the residue (if any) be paid to such Member, his heirs, executors, administrators or assigns. Proceeds how to be Applied.
53. A certificate in writing signed by two Directors and counter-signed by the Managing Director or the Secretary of the Company that the call in respect of a share was made and notice thereof was given, and the default in payment of the call was made and that the forfeiture was made by a resolution of the Board to that effect, shall be conclusive evidence of the fact stated therein as against all persons entitled to such share. Certificate of Forfeiture.
54. The Company may receive the consideration, if any, given for the share on any sale, reallocation or other disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and the person to whom such share is sold, reallocated or disposed of may be registered as the holder of the share. Any such purchaser or allottee shall not (unless by express agreement to the contrary) be liable to pay any calls, amounts, instalments, interest and expenses owing to the Company prior to such purchases or allotment, nor shall he be entitled (unless by express agreement to the contrary) to any of the dividends, interest or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment. Such purchaser or allottee shall not be bound to see to the publication of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings with reference to the forfeiture, sale, reallocation or disposal of the share. Title of Purchaser and Allottee
55. Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided. Partial payment not to Preclude Forfeiture.
56. The provisions of these Articles as to forfeiture shall apply to the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time, whether on account of nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified. The provisions of these Articles as to Forfeiture shall apply to the case of non-payment of any sum
57. The Board may at any time, subject to the provisions of the Act, accept the surrender of any share from or by any Member desirous of surrendering the same on such terms as the Board may think fit. Board may accept surrender of Shares.
58. The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that Article 30 hereof is to have full effect and such lien shall extend to all dividends/interests and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Board may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Article. Company's Lien on Shares/ Debentures
- No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.
59. For the purpose of enforcing such lien, the Board may sell the share subject thereto in such manner as it thinks fit, but no sale shall be made until such time fixed as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served Enforcing Lien by Sale.

on such Member, his heirs, executors, administrators or other legal representatives, as the case may be, and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for seven days after the date of such notice.

To give effect to any such sale the Board may authorize some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer.

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| 60. | The net proceeds of any such sale, after payment of cost of such sale shall be received by the Company and applied in or towards satisfaction of the said debts, liabilities or engagements, and the residue, if any shall be paid to such Member, his heirs, executors, administrators or other legal representatives as the case may be. | Application of Proceeds of Sale. |
| 61. | Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board of Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in the Register to Members in respect of such shares the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively. | Validity of Sales in exercise of Lien and after Forfeiture. |
| 62. | Upon any sale, re-allotment or other disposal under the provisions of the preceding Article , the certificate or certificates originally issued in respect of the relative shares (unless the same shall voluntarily or on demand by the Company, have been previously surrendered to the Company by the defaulting Member) stand cancelled and become null and void and of no effect and the Board of Directors may issue a new certificate or certificates for such shares distinguishing it or them in such manner as it may think fit from the certificate or certificates previously issued in respect of the said shares. | Board of Directors may issue new certificate |
| 63. | Any money due from the Company to a Member may, without the consent and notwithstanding the objection of such Member, be applied by the Company in or towards the payment of any money due, from him to the Company for calls or otherwise. | Money due from the Company may be set off against Money due to the Company. |

TRANSFER AND TRANSMISSION OF SHARES

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| 64. | The Company shall keep a book to be called the Register of Transfers and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share. | Register of Transfer. |
| 65. | Subject to the provision of the Act, and these Articles, no transfer of shares in, or debentures of the Company shall be registered, unless a proper instrument of transfer duly stamped and in the form as prescribed under the rules made under sub-section (1) of section 56 of the Act and has been delivered to the Company alongwith the certificate relating to the shares or debentures or if no such certificate is in existence, along with the letter of allotment of the shares or debentures. The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the register in the respect thereof. Shares for different classes shall not be included in the same instrument of transfer. | Execution of Transfer etc. |
| 66. | In the case of transfer of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply. | Transfer of Securities held in dematerialized form |
| 67. | The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 of the Act and any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and of the registration thereof. However the provisions relating to instrument of transfer shall not apply to the shares/debentures of the Company which have been dematerialised. | Form of Transfer. |

Provided that in respect of shares held in dematerialised form, the Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of shares on behalf of the Beneficial Owner.

68. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or similar other document.
69. (1) The Board may, subject to the right of appeal conferred by Section 58 of the Act, and Section 22A of Securities Contracts (Regulation) Act, 1956 at its own, absolute and uncontrolled discretion and by giving reason(s), decline to register or acknowledge any transfer of any shares, or interest of a Member in, or debentures in the Company to any person of whom it does not approve and in particular, if any arrangement or contract between two or more persons in respect of transfer of securities is found not enforceable may so decline in any case in which the Company has a lien upon the shares or any of them. The registration of a transfer shall be conclusive evidence of the approval by the Board of the transferee but so far only as regards the share or shares in respect of which the transfer is so registered and not further or otherwise and not so as to debar the Board from declining to register any subsequent or other transfer or other shares applied for in the name of such transferee. The Board may decline to register Transfer.
- (2) Registration of a transfer shall not be refused on the ground of the transferor being, either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except a lien on shares. If the Board refuses to register a transfer of any shares, it shall within thirty days from the date on which the instrument of transfer, or the instrument of such transmission, as the case may be was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person, giving reasons for such refusal of transfer or such transmission, as the case may be.
70. No shares shall in any circumstances be allotted or transferred to any minor, insolvent or person of unsound mind. No Allotment / Transfer to a person of Unsound Mind.
71. (1) An application for the registration of transfer of shares may be made either by the transferor or by the transferee. Transfer of Shares.
- (2) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- (3) For the purpose of clause (2) hereof notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
- (4) If the Company refuses to register the transfer of any share or transmission of right therein, the Company shall within thirty days from the date on which the instrument of transfer, or the intimation of transmission as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be.
- (5) Nothing in these Articles shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares of the Company has been transmitted by operation of law.
72. The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. Transfer to be left at Office as Evidence of title given.
73. All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Board declines to register shall on demand be retained. When Transfer to be retained.

returned to the person depositing the same. The Board may cause to be destroyed all transfer deeds lying with the Company after such period as may be prescribed.

74. The Board may after giving not less than seven days previous notice by advertisement in some newspaper circulating in Mumbai as required by Section 91 of the Act, close the Register of transfer and Register of Members or the Register of Debenture Holders for any period or periods not exceeding in the aggregate, 45 (forty-five) days in each year, but not exceeding 30 days at any one time. Register of transfer
75. In the case of death of any one or more of the persons named in the Register of Members as joint shareholders of any share, the survivor(s) shall be the only persons recognized by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estates of a joint shareholder from any liability to the Company on shares held by him jointly with any other person. Death of one or more joint holders of shares.
76. The heir, executor or administrator of a deceased shareholder shall be the only person recognised by the Company as having any title to his shares and the Company shall not be bound to recognise such heir, executor or administrator unless shall have first obtained probate or letters of administration or succession certificate. Title to shares of Deceased Holder.
77. Subject to the provisions of the Act and these Articles, any person becoming entitled to a share in consequence of the death, bankruptcy or insolvency of any Member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board (Which it shall not be under any obligation to give) upon producing such evidence as the Board thinks sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him, and approved by the Board, registered as such holder provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing to his nominee an instrument of transfer of the share in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of the share. Transmission of shares
78. The Board shall, subject to the provisions of Article 65 hereof, have the same right to refuse to register a person entitled by transmission to any share, or his nominee, as if he were the transferee named in any ordinary transfer presented for registration. Board may refuse to Transmit.
79. Every transmission of shares shall be verified in such manner as the Board may require and, if the Board so desires, be accompanied by such evidence as may be thought necessary and the Company may refuse to register any such transmission until the same be so verified or requisite evidence produced or until or unless an indemnity be given to the Company with regard to such registration which the Board at its absolute discretion shall consider sufficient, provided nevertheless, that there shall not be any obligation on the Company or the Board to accept any indemnity. Board may require Evidence of Transmission.
80. A transfer of a share in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is not himself a Member be as valid as if he had been a Member at the time of the execution of the instrument of transfer. Transfer by legal representative.
81. The certification by the Company of any instrument of transfer of shares in or debentures of the Company, shall be taken as representation by the Company to any person acting on the faith of the certification that there have been produced to the Company such documents as on the face of them show a prima facie title to the shares or debentures in the transferor named in the instrument of transfer, but not as a representation that the transferor has any title to the shares or debentures. Certificate of Transfer.
82. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer or transmission of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares, notwithstanding that the Company may have had notice of such equitable right, title or interest, or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company, and the Company shall not be bound or required to regard or attend or to give effect to any notice which may be given to it of any equitable right, title or interest or be under any The Company not liable for disregard of a notice prohibiting Registration of a transfer.

liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some books of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

JOINT HOLDERS

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| 83. | Subject to the provisions of the Act, the Board may refuse to transfer a share or shares in the joint names of more than three persons. | Board power to refuse for Transfer. |
| 84. | Where more than one person is registered as the holder of any share the person first named in the Register of Members as one of the joint holders of a share shall be deemed the sole holder for matters connected with the Company subject to the following and other provisions contained in these Articles. | Joint Holders |
| (a) | The joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share. | Joint and several liabilities for all payments in respect of shares. |
| (b) | On the death of any such joint holder the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder any liability on shares held by him jointly with any other person. | Title of survivors. |
| | Nothing shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons. | |
| (c) | Any one of several persons who is registered as joint holder of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such share. | Effectual receipts. |
| (d) | Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificates relating to such share or to receive documents (which expression shall be deemed to include all documents referred to in these Articles) from the Company and any document served on or sent to such person shall be deemed service on all the joint holders. | Delivery of certificate and giving on notice to first named holder |
| (e) | Any one or two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he was solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register of Members in respect of such shares thereof but the others of the joint holders shall be entitled to be present at the meeting; provided always personally shall be entitled to vote in preference to a joint holder present by attorney or by proxy although the name of such joint holder present by an attorney or proxy stands first or higher (as the case may be) in the register in respect of such shares. Several executors or administrators of a deceased Member in whose (deceased Member's) sole name any share stands shall, for the purpose of this Article be deemed joint holders. | Vote of joint holders. |

DECLARATION BY PERSON NOT HOLDING BENEFICIAL INTEREST IN ANY SHARE

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| 85. | (a) Notwithstanding anything herein contained, a person whose name is at any time entered in the Register of Members of the Company as the holder of a share in the Company, but who does not hold the beneficial interest in such share shall, within such time and in such form as may be prescribed, make a declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such share in such manner as may be provided in Section 89 of the Act. |
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- (b) A person who holds or acquires a beneficial interest in a share or a class of shares of the Company shall, within the time prescribed after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of members of the Company and such other particulars as may be prescribed as provided in Section 89 of the Act;
- (c) Whenever there is a change in the beneficial interest in share referred to above, the beneficial owner shall, within the time prescribed from the date of such change make a declaration to the Company in such form and containing such particulars as may be prescribed as provided in Section 89 of the Act;
- (d) Where any declaration referred to above is made to the Company, the Company shall make a note of such declaration in the Register of Members and file within 30 days from the date of receipt of the declaration by it, a return in the prescribed form with the Registrar with regard to such declaration along with such fees or additional fees as may be prescribed.

CONVERSION OF SHARES INTO STOCK

86. The Board may, subject to Section 61 of the Act and with the sanction of a general meeting, convert any paid up share into stock and or any stock into paid up shares. When any shares shall have been converted into stock the several holders of such stock may henceforth, transfer their respective interest therein or any part of such interest in the same
- Conversion of Shares into stock or reconversion.
- manner as and subject to the same Articles, under which fully paid up shares in the capital of the Company may be transferred or as near thereto as circumstances will admit, but the Board may from time to time, as it thinks fit, fix the minimum amount of stock transferable and direct that fractions of rupee shall not be dealt with. With power nevertheless at their discretion to waive such rules in any particular case.
87. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose but no such privilege or advantage shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
- Rights of stock- holders.
- Such of the Articles of the Company (other than those relating to share warrants) as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in these Articles shall include "stock" and "stock holder" respectively.

COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

88. The Company shall, on being so required by a Member, send to them within seven days of the requirement and subject to the payment such fees as may be prescribed under the Act, a copy each of the following documents as in force for the time being. - (a) the Memorandum, (b) the Articles, and (c) any other agreement and every resolution referred to in Section 17 of the Act, if and in so far as they have not been embodied in the Memorandum or Articles.
- Copies of Memorandum and Articles to be sent.
- Where an alteration is made in the Memorandum or Articles of the Company, or in any other agreement or any resolution referred to in Section 17 of the Act, every copy of the Memorandum, Articles, agreement or resolution issued after the date of the alteration shall be in accordance with the alteration.
- Alteration of Memorandum or Articles etc., to be noted in every copy

BORROWING POWERS

89. Subject to the provisions of the Sections 179 and 180 of the Act, the Board may, from time to time at its discretion accept deposits from Members or from the public, either in advance of calls or otherwise and generally raise or borrow or secure the payment of
- Power to borrow.

any sum or sums of money for the purposes of the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans in the ordinary course of business) exceed the aggregate of the paid – up capital of the Company and its free reserves, the Board shall not borrow such money's without the consent of the Member in General Meeting.

90. Subject to the provisions of the previous Article the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit and in particular by a resolution passed at a meeting of the Board (and not by a circular resolution) including by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being, and debenture-stock and other securities may be assignable free from any equities between the Company and the person to whom the same may be issued. Payment or repayment of moneys borrowed.
91. Any issue of debentures, debenture stock, bonds or other securities shall be governed by Section 71 of the Act. This Article and Article 89 shall be subject to the said provisions. In the case of the Company giving a charge on any of its property, the provisions of Sections 2(16), 77 to 87 of the Act shall apply thereto. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at general meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting. Terms of issue of debentures.
92. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of the mortgages, debentures and charges specifically affecting the property of the Company, and shall cause the requirement of Sections 71, 77 and 79 to 85 (both inclusive) of the Act in that behalf to be duly complied with, so far as they fall to be complied with by the Board. Register of Mortgages etc. to be kept.
93. The Company shall, if at any time issues debentures, keep a Register and Index of debenture holders in accordance with Section 88 of the Act. The Company shall have the power to keep in any State or country outside India a branch Register of Debenture holders resident in that state or country. Register and index of Debenture holders.

SHARE WARRANTS

94. The Company may issue share warrants subject to and in accordance with the provisions of the Act and accordingly the Board may in its discretion, with respect to any share which is fully paid up on an application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the persons signing the application, and on receiving the certificate (if any) of the share and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant. Power to issue share warrants.
95. (a) The bearer of a share warrant may at any time deposit the warrant at the office of the Company and, so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the share included in the deposited warrant. Deposit of share warrant.
(b) Not more than one person shall be recognised as depositor of the share warrant.
(c) The Company shall, on two days' written notice return the deposited share warrant to the depositor.
96. (a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling meeting of the Company, or to attend Privileges and disabilities of the holders of share warrants.

or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notices from the Company.

- (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members, as the holder of the share included in the warrant, and he shall be a Member of the Company.

97. The Board may from time to time make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, or loss or destruction. Issue of new share warrant or coupon

MEETING OF MEMBERS / GENERAL MEETINGS

98. (a) Subject to Section 96 of the Act, the Company shall in each year hold in addition to any other meetings a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall lapse between the date of one annual general meeting of the Company and that of the next, subject however to the right of the Registrar under the Act to extend the time within which any annual general meeting may be held. Annual General Meeting
- (b) Every annual general meeting shall be called for at a time during business hours i.e. between 9:00 am and 6:00pm on any day that is not a national holiday and shall be held either at registered office of the Company or at some other place within the city or town or village in which the registered office of the Company is situated.
99. The Company shall in accordance with Section 92 of the Act, within sixty days from the day on which the annual general meeting is held, prepare and file with the Registrar a return in the form MGT-7 along with MGT-8 of the Act or as near as thereto as the circumstances shall admit and containing the particulars specified Form MGT-7 along with MGT-8. Annual Return
100. The Directors may, whenever they think fit, convene an Extraordinary General Meeting and they shall on requisition of such number of Members holding in the aggregate not less than one-tenth of such of the paid up capital of the Company as at the date of deposit of the requisition and in compliance with Section 100 of the Act, forthwith proceed to convene Extraordinary General Meeting. Calling of Extraordinary General Meetings.
101. Notwithstanding anything contrary contained in these Articles, of the Company may provide Video Conference facility and/ or other permissible electronic or virtual facilities for communication to enable the Shareholders of the Company to participate in General Meetings of the Company. Such participation by the Shareholders at General Meetings of the Company through Video Conference facility and/or use of other permissible electronic or virtual facilities for communication shall be governed by such legal or regulatory provisions as applicable to the Company for the time being in force. Participation through Electronic Mode.
102. (1) A general meeting of the Company shall be called by giving not less than clear twenty-one days notice in writing or in electronic mode and by giving a shorter notice if consent is accorded thereto in writing or by electronic mode by 95% of the Members entitled to vote thereat. Subject to the provisions of section 101 of the Act, and other applicable provisions of the Act every notice of a meeting shall specify the place, date, and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat. Further, the notice shall, in accordance with Section 105 of the Act, contain intimation about voting by proxy and that a proxy shall be entitled to attend and vote in a general meeting however, only on a poll. Notice of every meeting of the Company shall be given to every Director and member of the Company, to any person entitled to shares in consequence of the death or insolvency of a member and to such other persons who are entitled to receive such notice in accordance with the Act. Unless otherwise provided under the Act, the notice may be given by electronic means. Notice of the meeting shall be given as provided in Section 101 of the Act and where any special business is to be transacted at the meeting, an explanatory statement shall be annexed to the notice as required under Section 102 the Act. Length of notice for calling meeting.

- All business to be transacted at an annual general meeting with the exception of business relating to (i) the consideration of the financial statements and the reports of the Board of Directors and auditors, (ii) the declaration of the dividend, (iii) the appointment of directors in place of those retiring, (iv) the appointment of and the fixing of remuneration of auditors, and all, business to be transacted at any other meetings of the Company shall be deemed 'Special'.
- Special Business
103. Where any items of business to be transacted at any meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting an explanatory statement setting out all material facts concerning each item of business including in particular the nature and extent of the interest if any, of every Director, Managing Director, Key Managerial Person or their relatives and specifying where any item of business consists of the approval of any document the time and place where the document can be inspected shall be specified in the statement aforesaid.
- Explanatory statement to be annexed to notice.
- PROVIDED that where any such item of special business to be transacted at the meeting of the Company relates to or affects any other company, the extent of shareholding interest in that other company of every Director of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than 2 percent of the paid-up share capital of that other company.
104. No general meeting, annual or extraordinary shall be competent to enter upon, discuss or transact any business which has not been specifically mentioned in the notice or notices upon which it was convened.
- Meeting not competent to discuss or transact any business not mentioned in notice.
105. Quorum for a General Meeting of the Company shall be:
- Quorum.
- (i) five Members personally present if the number of Members as on the date of meeting is not more than one thousand;
 - (ii) fifteen Members personally present if the number of Members as on the date of meeting is more than one thousand but up to five thousand;
 - (iii) thirty Members personally present if the number of Members as on the date of the meeting exceeds five thousand;
106. No business shall be transacted at any general meeting unless the requisite quorum shall be present at the commencement of the business. A body corporate being a Member shall be deemed to be personally present if represented in accordance with section 113 of the Act.
- Presence of Quorum.
107. If within half an hour from the time appointed for holding the meeting a quorum is not present the meeting, if called upon the requisition of Members shall stand dissolved, but in any other case, it shall stand adjourned to the same day in the next week, at the same time and place or if that day is a public holiday until the next succeeding day in the next week which is not a public holiday, or to such other date, day, time and place as the Board may determine.
- If Quorum not present, meeting when to be dissolved and when to be adjourned.
108. If at the adjourned meeting, a quorum is not present within half an hour from the time appointed for holding the meeting, the Members present shall be a quorum and may transact the business for which the meeting was called.
- In case of such an adjourned meeting or of a change of day, time or place of meeting, the Company shall give not less than three days notice to the Members either individually or by publishing an advertisement in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered office of the Company is situated.
109. A resolution shall for all purpose be treated as having been passed on the date on which it was in fact passed and shall be deemed to have been passed on any earlier date.
- Resolution passed at adjourned meeting.
110. (a) The Chairman of the General Meeting may adjourn the Meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- Power to adjourn General Meeting.

- (b) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an Original Meeting.
 - (c) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned meeting.
111. The Chairman of the Board and in his absence the Vice Chairman or a Director who has been longest in office, or the Managing Director if any of the Board shall, if willing, preside as Chairman at every general meeting, annual or extra-ordinary. If there be no such Chairman or Vice Chairman, or a Director who has been longest in office, Managing Director or if at any meeting neither of them shall be present within fifteen minutes after the time appointed for holding such meeting or being present declines to take the chair, the Directors present may choose one of their number to be Chairman and in default of their taking the chair in doing so the Members present shall choose one of the Directors to be chairman and if no Director present be willing to take the Chair shall, on a show of hands elect one of their number to be Chairman of the meeting. If a poll is demanded on the election of the Chairman it shall be taken forthwith in accordance with the provisions of the Act and these Articles, and the chairman elected on a show of hands shall exercise all the powers of the Chairman under the said provisions. If some other person is elected Chairman as a result of the poll, he shall be the Chairman for the rest of the meeting. Chairman of General Meeting.
112. No business shall be discussed at any general meeting except the election of a Chairman while the Chair is vacant. Business confined to election of Chairman while chair vacant.
113. No resolution submitted to a meeting, unless proposed by the chairman of the meeting, shall be discussed nor put to vote until the same has been proposed by a Member present and entitled to vote at such meeting and seconded by another Member present and entitled to vote at such meeting. Resolution must be proposed and seconded.
114. At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded as provided in these Articles or the voting is carried out electronically. How motion to be decided at meetings.
115. A declaration by the Chairman that on a show of hands, a resolution has or has not been carried, or has been carried either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number of proportion of the votes cast in favour of or against such resolution. Declaration of Chairman to be conclusive.
116. The accidental omission to give notice to or the non-receipt of the notice by any member, or other person to whom it should be given, shall not invalidate the proceedings at the meeting. Omission to give notice not to invalidate proceedings
117. Notice of resolutions received from members and the resolutions proposed shall be dealt with as provided in Section 111 of the Act and the Rules made pursuant thereto. Where, by any provision contained in the Act or in the Articles of a Company, special notice is required of any resolution, notice of the intention to move such resolution shall be given to the Company by such number of members holding not less than one per cent of total voting power or holding shares on which such aggregate sum not exceeding five lakh rupees, as may be prescribed, has been paid-up and the Company shall give its members notice of the resolution in such manner as may be prescribed under the Act Members Resolution
118. (1) Before or on the declaration of the result of the voting on any resolution on a show of hand, poll may be ordered to be taken by the chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than five lakh rupees has been paid up. Demand for Poll
- (2) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
119. Any poll duly demanded on the election may of a Chairman of a meeting or on any question of adjournment shall be taken forthwith. A poll demanded on any other Time of taking poll.

question shall be taken at such time not exceeding 48 hours from the time when the demand was made, as the chairman of the meeting may direct.

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| 120. | Where a poll is to be taken, the Chairman of the meeting shall appoint a scrutinizer to scrutinise the votes given on the poll and to report thereon to him. The Chairman shall have power, at any time, before the result of the poll is declared to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or from any other cause. of the two scrutineers so to be appointed, one shall always be a Member (not being an officer or employee of the Company) present at the meeting provided such a Member is available and is willing to be appointed | Scrutineers at Poll. |
| 121. | The demand for a poll except on the question of the election of Chairman or of an adjournment, shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded. | Business may proceed notwithstanding demand for poll. |
| 122. | In the case of equality of votes the Chairman shall, both on a show of hands and on poll, have second or casting vote in addition to the vote or votes to which he may be entitled as a Member. | Chairman's casting Vote. |
| 123. | <p>(a) Subject to the provisions of the Act, the chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.</p> <p>(b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.</p> | Manner of taking poll and result thereof. |

VOTE OF MEMBERS

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| 124. | No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll or electronically in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right of lien. | Members call in arrears not to vote. |
| 125. | Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every Member not disqualified by the last preceding Article shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands every Member present in person shall have one vote and upon a poll (including e-voting) the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, however, if any preference share holder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 47, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preferences shares. | Number of votes to which Member entitled. |

Provided that the proportion of the voting rights of equity shareholders to the voting rights of the preference shareholders shall be in the same proportion as the paid-up capital in respect of the equity shares bears to the paid-up capital in respect of the preference shares:

Provided further that where the dividend in respect of a class of preference shares has not been paid for a period of two years or more, such class of preference shareholders shall have a right to vote on all the resolutions placed before the company.

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| 126. | On a poll taken at a meeting of the Company, Member entitled to more than one vote, or his proxy or other person entitled to vote for him as the case may be, need not, if he votes using all his votes or cast in the same way all the votes he uses. | Casting of votes by a Member entitled to more than one vote. |
| 127. | Without prejudice to this Articles a Member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or legal guardian may, on a poll, vote by proxy. If any Member be a minor, the vote in respect of his share or share shall be by his guardian, or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting. | How Members non-competent and minors may vote. |

128. If there be joint registered holders of any shares, any one of such persons may vote at any meeting or may appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto, but the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint holders be present at the meeting, that one of the said persons so present whose name stands higher on the Register shall alone be entitled to be present at the meeting. Several executors or administrators of deceased Member in whose name shares stand shall for the purpose of this Article be deemed joint holders thereof
129. Subject to the provisions of these Articles, votes may be given either personally or by an attorney or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 113 of the Act and such representative shall be entitled to exercise the same rights and powers (including right to vote by proxy) on behalf of the body corporate which he represents as that body corporate could exercise it if it were an individual Member.
130. No member shall be entitled in respect of any shares registered in his name to be present or to exercise any voting right on any question at any general meeting or be reckoned in a quorum whilst any call or other sum presently payable to the Company in respect of such shares, remains unpaid.
131. Any person entitled under these Articles to transfer any share may vote at any General Meeting in respect therefore in the same manner as if he were the registered holder of such shares provided that, at least forty-eight hours before the time of holding the meeting or adjourned meeting as the case may be, at which he proposes to vote, he shall satisfy the directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require, or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
132. Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation, under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it, and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meeting.
133. An instrument of proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and any adjournment thereof, or it may appoint for the purpose of every meeting of the Company, or of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.
134. A Member present by proxy shall be entitled to vote only on a poll. Provided that a person appointed as proxy shall act on behalf of such member or number of members not exceeding fifty and such number of shares as may be prescribed under the Act. Further , a person can be appointed as a Proxy for only one Member in case the shareholding of that Member exceeds ten percent of the total share capital of the Company.
135. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney shall be deposited at the Registered Office not later than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.
136. Every instrument of proxy whether for a specified meeting or otherwise shall as nearly as circumstances will admit be in any of the forms or to the effect following, or be in the form as may be prescribed under the Chapter VII of the Act.
137. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of the authority under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the Registered Office
- Votes of Joint Members.
- Voting in persons or by proxy.
- Restrictions on Voting
- Votes in respect of shares of deceased and insolvent Member.
- Appointment of proxy.
- Proxy either for specified meetings or for a period.
- Proxy to vote only on poll.
- Deposit of instruments of appointment of proxy .
- Form of Proxy.
- Validity of votes given by proxy notwithstanding death of Member.

before the commencement of the meeting or adjourned meeting at which the proxy is used.

138. No objection shall be made to the validity of any vote except at any meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever. Time for objection of votes.
139. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. Chairman of the meeting to be the judge of validity of any vote.
140. (a) The Company shall cause minutes of all proceedings of every General Meeting of any class of Shareholders or Creditors, and every Resolution passed by postal ballot and every meeting of Board and Committee of the Board to be kept as provided in Section 118 of the Act. Such minutes shall be evidence of the proceedings recorded therein and the presumptions to be drawn as provided in Section 118 of the Act shall apply thereto. Minutes of General Meeting and inspection thereof by Members.
- (b) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or, in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.
- (c) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (d) All appointments of officers made at any meeting aforesaid shall be included in the minutes of the meeting.
- (e) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting (1) is or could reasonably be regarded a defamatory of any person or (2) is irrelevant or immaterial to the proceedings, or (3) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.
- (f) Any such minutes shall be evidence of the proceedings recorded therein.
- (g) The book containing the minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open between 11.00 a.m. and 1.00 p.m. (provided the office shall otherwise be open for normal business), to the inspection of any Member without charge. Inspection of minutes.

Any member shall be entitled to be furnished within 7 (seven) days after he has made a request in that behalf to the Company, with a copy of any such minutes on payment of Rupees 10 (Rupees Ten) or such higher amount as may be prescribed under the Act, for each page or part of any page.

Provided that a member who has made a request for provision of soft copy in respect of minutes of any previous general meetings held during a period immediately preceding three financial years shall be entitled to be furnished, with the same free of cost.

DIRECTORS

141. Until otherwise determined by a general meeting of the Company and subject to the provision of Section 149 and Section 151 of the Act, the number of directors shall not be less than three or more than fifteen. Subject to the provisions of Section 149 of the Act, the Company, in General Meeting, may by ordinary resolution, increase or reduce the number of its Directors within the said limits and the Company may appoint more than 15 Directors after passing a Special Resolution. Number of Directors.
142. The following persons are the present Directors of the Company. Present Directors.

Sr. No	Name	Designation of Director
1	Mohan Radhakrishnan	Director
2	Narendra Deshmal Jain	Director
3	Prakash Sharad Gagadani	Director

143. Subject to the provisions of Sections 152, 161, 162, and 169 of the Act and subject to these Articles, the Directors shall have power at any time and from time to time to appoint one or more person as a Director to be a Managing Director and/or whole time or part-time Director(s) of the Company for such term (not exceeding five years at a time) as they may think fit, either to fill a casual vacancy or as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed.

Power of Directors to Appoint additional Directors and to fill casual vacancies.

144. Whenever the Company enters into an agreement or contract with the Central or State Government, a local authority, bank or financial institution, or any person or persons, (hereinafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for underwriting shares or debentures or other securities of the Company, the Board shall have, subject to the provisions of Section 152 of the Act, the power to agree that such appointer shall have if and to the extent provided by the terms of such agreement or contract, the right to appoint or nominate, by a notice in writing addressed to the Company, one or more Directors on the Board, for such period and upon such conditions as may be mentioned in the agreement or contract and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. The Board may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill any vacancy which may occur as a result of any Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by other Directors.

Nominee Directors.

If the Nominee Director/s is an officer of any of the financial institution(s) the sitting fees in relation to such nominee Directors shall accrue to such financial institution(s) and the same accordingly be paid by the Company to them. The Financial Institution(s) shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.

The Nominee Director/s shall, notwithstanding anything to the contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.

145. If it is provided by the trust deed securing or otherwise in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another director may be appointed in his place. A debenture Director shall not be bound to hold any qualification shares. A Debenture Director shall not be liable to retire by rotation

Debenture Directors.

146. The Board shall have power at any time and from time to time, to appoint any person or persons other than a person/persons who fails to get appointed as a director in a general meeting to be an Additional Director or additional Directors, provided that such additional Director or Directors shall hold office only upto the date of the next Annual General Meeting of the Company; provided further that the number of Directors and additional Directors together shall not exceed the maximum strength fixed for the Board by these Articles.

Additional Directors

147. If the office of any Director other than Independent Director appointed by the Company in General Meeting is vacated before his term of office will expire in the normal course, the Board may, fill the resulting casual vacancy at a Meeting of the Board. Any person

Casual vacancies

so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have filled office if it had not been vacated as aforesaid.

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| 148. | The Board may appoint an alternate Director to act for a Director during his absence who shall hold the office for a period not longer than that permissible to the Director in whose place he has been appointed and shall vacate the office if and when the Director in whose place he has been appointed returns to India The proviso to Sub-clause (2) of Section 161 shall apply to such appointment. | Alternate Director |
| 149. | A director need not hold any qualification shares. | Qualification of Directors. |
| 150. | <p>(1) Subject to the provision of the Act, a Managing Director or a whole time director or part-time director (subject to Sections 197 and 198 and other applicable provisions of the Act and these Articles and of any contract between him and the Company) who is in the whole- time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.</p> <p>(2) Subject to the provisions of the Act, a Director, who is neither in the whole time employment nor a Managing Director, may be paid remuneration –</p> <p style="padding-left: 20px;">(i) by way of monthly, quarterly or annual payment with the approval of the Central Government, or</p> <p style="padding-left: 20px;">(ii) by way of commission if the Company by a ordinary resolution authorises such payments.</p> <p>(3) The fee payable to a Director for attending a meeting of the Board or Committee thereof shall be the maximum sitting fee as may be prescribed under Sections 197 and 198 of the Act as applied to the Company at any given time.</p> <p>(4) If any Director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as Member of any committee formed by the Directors), the Board may arrange with such Directors for such special remuneration for such extra services or special exertions either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided in accordance with proviso to sub-section 4 of section 197 of the Act.</p> | Remuneration of Directors. |
| 151. | The Board may allow and pay to any Director reimbursement of expenses for participation in the Board, committee meeting and other meetings in addition to his fees for attending such meetings, or work as specified, and the Company may from time to time fix the remuneration to be paid to any member or members of their body constituting a Committee appointed by the Board in terms of these Articles and may pay the same. | Reimbursement of Expenses |
| 152. | The Board on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any office or place of profit salaried or otherwise, with the Company, or to his widow or dependants and may make contributions to any fund such as a provident fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance. | Payment of pension etc. to Director who holds salaried office etc. with the Company. |
| 153. | The continuing Directors may act notwithstanding any vacancy in the Board, but if and so long as the number is reduced below the quorum fixed by the Act or by these Articles for a meeting of the Board, the continuing Directors or Directors may act for the purpose of increasing the number of Directors to that fixed for the quorum or for summoning a general meeting of the Company but for no other purpose. | Directors may act notwithstanding vacancy. |
| 154. | (1) Every Director or Key Managerial Personnel of the Company who is in any way, whether directly or indirectly concerned or interested in any contract or arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company shall disclose the nature of his concern or interest at a first meeting of the Board of Directors in which he participates as a Director and thereafter at the first board meeting in every financial year or | Disclosure of interest of Directors. |

wherever there is a change in the disclosure already made then at the first board meeting held after such change disclose his concern or change.

- (2) (a) In the case of a proposed contract or arrangement the disclosure required to be made by a Director under clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or if a Director was not, at the date of that meeting concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he becomes so concerned or interested.
- (b) In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.
- (3) (a) For the purpose of clauses (1) and (2) hereof, a general notice given to the Board by a Director to the effect that he is a director or a Member of a specified body corporate or is a Member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made.
- (b) No such general notice and no renewal thereof shall be effective unless either it is given at a meeting of the Board, or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
- (c) Nothing in this Article shall apply to any contract or arrangement entered into between two companies when any of the Directors of the Company or two of them together holds or hold not more than two percent of the paid up share capital in the other Company.

155. No Director of the Company shall, as Director, take any part in the discussion of or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company if he is in any way whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming quorum at the time of any such discussion or vote and if he does vote his vote shall be void, provided however, that a Director may vote on any contract of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming of sureties or surety for the Company. Interested Director not to participate or vote on Board's proceedings.
156. A Director of the Company or his relative, a firm in which such a Director or relative is partner, any other partner in such firm or a private Company of which the Director is a Member or Director shall not enter into any contract with the Company, except to the extent and subject to the provisions of the Act. Board's sanction to be required for certain contracts in which particular Director is interested.

RETIREMENT AND ROTATION OF DIRECTOR

157. (1) Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation; and save as otherwise expressly provided by the Act, be appointed by the Company in General Meeting. At every annual general meeting, one third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office. The provisions in respect of retirement of Directors by rotation shall not be applicable to the appointment of Independent Directors. Retirement of Directors by rotation.
- (2) The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment but as between persons who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot.
- (3) At the annual general meeting at which a Director retires as aforesaid the Company may fill up the vacancy by appointing the retiring Director who shall be eligible for re-appointment or some other person thereto.

- (4) If the place of the retiring Director is not filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that is a National holiday, till the next succeeding day which is not a National holiday at same time and place. If at the adjourned meeting also the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting unless:
- (i) at the meeting or at the previous meeting, a resolution for the reappointment of such Director has been put to the vote and lost;
 - (ii) the retiring Director has by a notice in writing addressed to the Comp any or its Board of Directors, expressed his unwillingness to be reappointed;
 - (iii) he is not qualified or is disqualified for appointment;
 - (iv) a resolution, whether special or ordinary, is required for his appointment by virtue of any of the provisions of the Act; or
 - (v) The provision to Section 162 of the Act is applicable to the case.
158. (1) No motion at any general meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it. Appointment of Director to be voted individually.
- (2) A resolution moved in contravention of clause (1) shall be void whether or not objection was taken at the time of it being so moved.
- (3) For the purpose of this clause a motion for approving a person's appointment or for nominating a person for appointment shall be treated as a motion for his appointment.
159. (1) A person who is not a retiring Director shall, subject to the provisions of the Act, be eligible for appointment to the office of Director at any general meeting if he or some Member intending to propose him has not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such Member to propose him as a candidate for that office, as the case may be, along with a deposit of one lakh rupees or such other sum as may be prescribed under the Act which shall be refunded to such person or, as the case may be, to such Member, if the person succeeds in getting elected as a director or gets more than twenty-five per cent of total valid votes cast either on show of hands or on poll on such resolution..
- (2) The Company shall inform its Members of the candidature of a person for the office of Director or the intention of Member to propose such person as a candidate for that office, by serving individual notice on the Members not less than seven days before the meeting.
- Provided that it shall not be necessary for the Company to serve individual notices upon the Members as aforesaid if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the place where the Registered Office of the Company is located, of which one is published in the English language and the other in the Marathi language.
- (3) Every person proposed as a candidate for the office of Director shall sign and file with the Company his consent to act as a director if appointed and every person other than a Director re-appointed after retirement by rotation shall not act as a Director of the Company unless he has within 30 days of his appointment, signed and filed with the Registrar, his consent in writing to act as such Director.
160. A Director may at any time give notice in writing of his intention to resign by addressing it to the Board of Directors of the Company and delivering such notice to the Secretary or leaving the same at the Registered office of the Company, and thereupon his office shall be vacated. Resignation of Director.

Provided that a Director shall also forward a copy of his resignation along with detailed reasons for the resignation to the Registrar within thirty days of resignation in such manner as may be prescribed. The resignation of a Director shall take effect from the date on which the notice is received by the company or the date, if any, specified by the director in the notice, whichever is later

161. The Company shall keep at its registered office a register of Directors and Key Managerial Personnel and their Shareholding containing the particulars as required by Section 170 of the Act, and shall send the Registrar a return in prescribed form containing the particulars specified in the said register and shall notify to the Registrar any change among its Directors and Key Managerial Personnel and their Shareholding or any of the particulars contained in the register as required by Section 170 of the Act. Register of Directors and notification of change to Registrar.

REMOVAL OF DIRECTORS

162. (1) The Company subject to the provisions of Section 169 and other applicable provisions Act, may by ordinary resolution remove a Director not being a Nominee Director or a Debenture Director and not being a Director appointed by the Central Government in pursuance of the Act before the expiry of his period of office. Removal of Directors.
- (2) Special notice shall be required of any resolution to remove a director under this Article or to appoint somebody instead of a director so removed at the meeting at which he is removed.
- (3) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director shall be entitled to be heard on the resolution at the meeting.
- (4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests their notification to Members of the Company, the Company shall unless the representations are received by it too late for it to do so -
- (a) in any notice of the resolution given to the Members of the Company, state the fact of the representations having been made, and
 - (b) send a copy of the representations to every Member of the Company to whom notice of the meeting is sent (whether before or after receipt of the representation by the Company) and if a copy of the representation is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the meeting, provided that copies of the representations need not be sent out and the representations need not be read out at the meeting if, on the application either of the Company or of any other person who claims to be aggrieved, a court of competent jurisdiction is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.
- (5). A vacancy created by the removal of a Director under this Article may if he had been appointed by the Company in general meeting or by the Board under Article 146 hereof, be filled by the appointment of another Director in his stead by the meeting at which he is removed provided special notice of the intended appointment has been given. A director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.
- (6) If the vacancy is not filled up under clause (5) hereof it may be filled as a casual vacancy in accordance with the provisions, so far as they may be applicable to Article 148 hereof and all the provisions of that Article, shall apply accordingly. Provided that

the Director who is removed from office under this Article shall not be reappointed as a Director by the Board of Directors.

(7) Nothing in this Article shall be taken-

- (a) as depriving a person removed there under of any compensation or damages payable to him in respect of any appointment terminating with that as Director, or
- (b) as derogating from any power to remove a Director which may exist apart from this Article.

163. (a) The Board of Directors may meet together for the conduct of business, adjourn and otherwise regulate its meetings and proceedings as it may think fit. Proceedings of Directors.

(b) A meeting of the Board of Directors shall be held at least four such meetings in every year. Not more than one hundred and twenty days shall elapse between two consecutive meetings of the Board. Notice of every meeting shall be given to every Director as provided in Section 173 of the Act.

(c) The Chairperson or any one Director with the previous consent of the chairperson may, or the company secretary or some other person upon the request of a Director on the direction of the chairperson shall, at any time, summon a meeting of the Board.

(d) Notice of every meeting of the Board of Directors of the Company shall be given in writing to every Director for the time being in India, and at his usual address in India to every other director.

164. Notwithstanding anything contrary contained in the Articles of Association, the Director(s) may participate in Meetings of the Board and Committees thereof, through Video Conference facility and/ or other permissible electronic or virtual facilities for communication. Such participation by the Director(s) at Meetings of the Board and Committees thereof, through Video Conference facility and/or use of other permissible electronic or virtual facilities for communication shall be governed by such legal or regulatory provisions as applicable to the Company for the time being in force. Participation through Electronic Mode.

165. (a) Subject to Section 174 of the Act, the quorum for a meeting of the Board shall be one third of the total strength of the Board (any fraction contained in the one third being rounded off as one) or two directors whichever is higher; provided that where at any meeting the number of interested Directors exceeds or is equal to two thirds of the total strength, the number of remaining directors, that is to say the number of the directors who are not interested and are present at the meeting, being not less than two shall be quorum during such time. The provisions of Section 174 of the Act shall apply where a meeting is adjourned for want of a quorum. The attendance at the meeting of the Board shall be in accordance with the provisions of the Act and the Rules made thereunder. Quorum for Meetings

Provided further that a Director participating in a Meeting through use of Video Conference or any other permissible electronic mode of communication shall be counted for the purpose of quorum, notwithstanding anything contrary contained in Articles of Association.

(b) For the purpose of Clause (a)-

- (i) 'Total Strength' means the total strength of the Board of Directors of the Company as determined in pursuance of the Act, after deducting therefrom the number of directors, if any, whose places may be vacant at the time, and
- (ii) 'Interested Directors' means any Director whose presence cannot by reason of Article 165 hereof or any other provision in the Act, count for the purpose of forming a quorum at a meeting of the Board, at the time of discussion or vote on any matter.

166. Subject to the provisions of the Act, questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of an equality of votes the Chairman shall have a second or casting vote. Decision of Questions.

167. In case there is no permanent chairman is appointed, the Board may elect a Chairman of their meeting and determine the period for which he is to hold office, but if no such Chairman is elected or if at any meeting, the Chairman is not present within thirty minutes after the time appointed for holding the meeting, the Directors present may choose one of the Directors to be Chairman of the Meeting. Board may appoint Chairman.
168. A meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles are for the time being vested in or exercisable by the Board generally. Power of Board meeting.
169. Subject to the restrictions contained in section 175, 179 and Rules prescribed of the Act, the Board may delegate any of its powers to a Committee of the Board consisting of such number or number of its body or any other person as it thinks fit and it may from time to time revoke and discharge any such Committee. Any such Committee of the Board so formed, shall in the exercise of the power so delegated confirm to any Articles that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such Articles and in fulfillment of the purposes of their appointment, but not otherwise shall have the like force and effect as if done by the Board. Delegation of Power to Committee
170. The meeting and proceedings of any such Committee of the Board consisting of two or more persons shall be governed by the provisions herein contained for regulating the meeting and proceedings of the Board, so far as the same are applicable thereto and are not superseded by any regulations; made by the Board under the last preceding Article. Meeting of the committee how to be Governed.
171. All acts done by any meeting of the Board or by a committee of the Board or by any person acting as a director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such directors or committee or person acting as aforesaid or that they or any of them were or was disqualified or had vacated office, or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a director and had not vacated office or his appointment had not been terminated. Provided that nothing in this Article shall be deemed to give validity to acts done by a director after his appointment has been shown to the Company to be invalid or to have terminated. Acts of Board or Committee valid notwithstanding defective appointment.
172. (1) No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors or to all the Members of the Committee, as the case may be at their addresses registered with the Company in India by hand delivery or by post or courier or through electronic means Resolution by Circular
- Provided that, where not less than one-third of the total number of directors of the company for the time being require that any resolution under circulation must be decided at a meeting, the chairperson shall put the resolution to be decided at a meeting of the Board.
- (2) A resolution passed by circular without a meeting of the Board or of a Committee of the Board shall subject to the provision of sub-clause (1) hereof be as valid and effectual as a resolution duly passed at a meeting of the Board or of the committee duly called and held.
173. (1) Subject to the provisions of the Act and these Articles the Board of Directors of the Company shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do. General powers of the board.
- Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other act or by the Memorandum of Association of the Company or these Articles or otherwise, to be exercised or done by the Company in general meeting.
- Provided further that in exercising any such power or doing any such act or thing the Board shall be subject to the provisions contained in this behalf in the Act or

in any other act or in the Memorandum of Association or in any regulations not inconsistent therewith and duly made thereunder including Articles made by the Company in general meeting.

- (2) No regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

174. The Board shall not, except with the consent of the Company in general meeting:

- (a) Sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertakings.
- (b) Invest otherwise in trust securities the amount of compensation received by it as a result of any merger or amalgamation.
- (c) Borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose provided further that the powers specified in Section 180 of the Act, shall subject to these Articles be exercised only at meeting of the Board unless the same be delegated to the extent stated or
- (d) contribute to bona fide charitable and other funds, any amounts the aggregate of which will in any financial year, exceed five percent of its average net profits during the three financial years immediately preceding.
- (e) to remit, or give time for the repayment of, any debt due from a director.

175. If the Directors or any of them or any other persons shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming or being sureties or surety for the Company. Execution of indemnity

176. Without prejudice to the general powers conferred by Article 174 and the other powers conferred by these Articles and Section 179 of the Act, so as not in any way to limit or restrict those powers, but subject however to the provisions of the Act, it is hereby expressly declared that the Board shall have the following powers: Certain powers of the Board.

- (1) To pay the costs, charges and expenses incurred preliminary incidental to the promotion, formation, establishment and registration of the Company.
- (2) Subject to the provisions of the Act, to purchase or otherwise acquire for the Company any property movable or immovable, right or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as it may think fit, and in any such purchase or other acquisition to accept such title as the Board may believe or may be advised to be reasonably satisfactory.
- (3) At its discretion and subject to the provisions of the Act, to pay for any property, right or privileges, acquired by or for services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, debenture stock or other securities of the Company and any such shares may be issued either as fully paid up or with such amount credited as fully paid up thereon as may be agreed upon and any such bonds, debentures, debenture stock or other securities may be either specifically charged upon all or any part of the property of the Company including its uncalled capital or not so charged.
- (4) To secure the fulfillment of any contracts, agreements or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such other manner as it may think fit.

- (5) To appoint and at its discretion, remove or suspend, such manager, secretaries, officers, clerks, agents and employees, for permanent, temporary or special services as it may from time to time think fit, and to determine their powers and duties and fix their salaries, employments or remuneration and to require security in such instances and of such amounts as it may think fit.
- (6) To accept from any Member, subject to the provisions of the Act a surrender of his share or any part thereof on such terms and conditions as shall be agreed.
- (7) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested, or for any other purpose, and to execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees.
- (8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due or any claims or demand by or against the Company, and to refer any difference to arbitration and observe the terms of any awards made therein either according to Indian law or according to foreign law and either in India or abroad and observe and perform or challenge an award made therein.
- (9) To refer any claims or demands by or against the Company or any differences to arbitration, and observe and perform the awards, except by an order of a court to the contrary.
- (10) To act on behalf of the Company in all matters relating to bankrupts and insolvents
- (11) To open and operate Bank Accounts to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, hundis, bills of exchange, negotiable instruments, leases and related documents, dividend warrants, releases, contracts and documents and to discount, endorse or co-accept bills and to give the necessary authority for such purpose.
- (12) Subject to the provision of the Act and these Articles to invest and deal with the moneys of the Company not immediately required for the purpose thereof in or upon such security (not being shares in this Company) or without security and in such manner as it may think fit, and from time to time to vary or realise such investments. Save as provided in the Act all investments shall be made and held in the Company's own name.
- (13) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur, any personal liability for the benefit of the Company such mortgages of the Company's property (present and future) as it thinks fit and any such mortgages may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon.
- (14) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any director, officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as a part of working expenses of the Company.
- (15) To provide for the Welfare of employees or ex-employees of the Company and the wives and families or the dependants or connections of such persons by building or contributing to the building of houses, dwellings or chawls or by grants of money, pensions, gratuity, annuities, allowances, bonuses or other payments or by creating and from time to time subscribing or contributing to, provident fund and other associations, institutions, fund of trusts and by providing or subscribing or contributing towards places of instruction or recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit.

- (16) To subscribe, incur, expenditure or otherwise to assist or to guarantee money to charitable benevolent, religious, scientific, national, political or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation or of public and general utility or otherwise.
- (17) Before recommending any dividend, to set aside out of the profits of the Company such sums as it may think proper for depreciation or to a depreciation fund or to an insurance fund or as a reserve fund or sinking fund or any special fund to meet contingencies to repay debentures or for debenture - stock or for special dividends or for equalising dividends or for repairing, improving extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the last two preceding clauses) as the Board of Directors may in its absolute discretion think conducive to the interest of the Company, and subject to the Act to invest the several sums so set aside or so much thereof as is required to be invested upon such investments (other than shares of this Company) as it may think fit and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, In such manner and for such purposes as the Board of Directors, in its absolute discretion thinks conducive to the interests of the Company, notwithstanding that the matters to which the Board of Directors applies or upon which it expends the same or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended, and to divide the general reserve fund into such special funds as the Board may decide to transfer the whole or any portion of a reserve fund or division of a reserve fund to another reserve fund and with full power to employ the assets constituting all or any of the above funds including the depreciation fund, in the business of the Company or in the purchase or repayment of debentures or debenture-stock and that without being bound to keep the same separate from the other assets and without being bound to pay interest on the same, with power however to the Board of Directors at its discretion to pay or allow to the credit of such funds interest at such rates as the Board of Directors may think proper.
- (18) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provision of Sections 40 of the Act and of the provisions contained in these presents.
- (19) From time to time to make, vary and repeal bye-laws for regulation of the business of the Company, its officers and servants;
- (20) To redeem redeemable preference shares;
- (21) Subject to the provisions of the Act and these Articles for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds, and things in the name and on behalf of the Company as it may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company;
- (22) To undertake any branch or kind of business which the Company is expressly or by implication authorised to undertake at such time or times as it shall think fit; and to keep in abeyance any such branch or kind of business even though it may have been actually commenced or not, so long as the Board may deem it expedient not to commence or proceed with such branch or kind of business.

MANAGING DIRECTORS / WHOLE TIME DIRECTORS

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| 177. | Subject to the provisions of the Act, the Board of Directors may from time to time appoint one or more of their body to be Managing Directors or Managing Directors or whole time Director or whole time Directors of the Company for a term not exceeding five years at a time for which he or they is or are to hold such office and may from time | Board may appoint Managing Directors. |
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to time remove or dismiss him or them from office and appoint another or others in his or their place or places.

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| 178. | Subject to the provisions of these Articles a Managing Director or the Whole time Director shall be liable to retire by rotation save and except as may be decided by the Board. | Retirement by Rotation |
| 179. | Subject to the Section 197 and 198 of the Act and these Articles and of any contract between him and the Company, the remuneration of Managing Director or Whole time Director or part time director shall be determined and fixed from time to time, by the Board/committee, subject to the approval of the Company in General Meeting by way of a fixed salary or variable salary or commission on profits of the Company, and or perquisites or by any or all of those modes. | Remuneration of Managing Directors. |
| 180. | Subject to the provisions of the act and to the restrictions contained in these Articles the Board may, from time to time entrust to and confer upon a Managing Director/Whole time Director for the time being such of the powers exercisable by the Board under these Articles as it may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it thinks expedient and it may confer such powers either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Board in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers. | Directors may confer power on Managing Director. |
| 181. | Subject to provisions contained in the Act, the Company may make payment to a Managing Director/Whole time Director by way of compensation for loss of office or as compensation for retirement from such office or in connection with such loss or retirement from office except in cases specified in Sections 191 and 202 and such payment shall be subject to the limit specified in Sections 191 and 202 of the Act. | Compensation for loss of office. |
| 182. | The Company shall not appoint or employ or continue the employment of any person as its Managing Director or Whole time Director who: | Certain persons not to be appointed Managing Directors. |
| | (a) is an undischarged insolvent or has at any time been adjudged an insolvent; | |
| | (b) suspends or has at any time suspended, payment to his creditors or makes or has at any time made composition with them; or | |
| | (c) is or has at any time been, convicted by a court of an offence involving moral turpitude. | |

CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER

183. (a) Subject to the provisions of the Act,—

A Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer or any other Key Managerial Personnel may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

KEY MANAGERIAL PERSONNEL

184. 1. Subject to Section 203 of the Act and any other applicable provisions of the Act, the Company shall appoint by means of resolution of the Board, the following Key managerial Personnel:
- (a) Managing Director, or Chief Executive Officer or Manager and in their absence; a whole time Director;
 - (b) Company Secretary; and
 - (c) Chief Financial Officer.

2. Every whole time key managerial personnel of a company shall be appointed by means of a resolution of the Board containing the terms and conditions of the appointment including the remuneration.
3. A whole time Key Managerial Personnel shall not hold office in more than one company except in its subsidiary company at the same time.

Provided that nothing contained in this Article shall disentitle a Key Managerial Personnel from being a director of any company with the permission of the Board.

Provided also that the Company may appoint or employ a person as its Managing Director, if he is the Managing Director or Manager of one, and of not more than one, other company and such appointment or employment is made or approved by a resolution passed at a meeting of the Board with the consent of all the Directors present at the meeting and of which meeting, and of the resolution to be moved thereat, specific notice has been given to all the Directors then in India.

If the office of any whole time Key Managerial Personnel is vacated, the resulting vacancy shall be filled-up by the Board at a meeting of the Board within a period of six months from the date of such vacancy.

THE SEAL

185. The Board of Directors may provide a Common Seal for the purpose of the Company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given. Every deed or other instrument to which the Seal of the Company is required to be affixed shall, unless the same is executed by a duly constituted attorney of the Company be signed at least by one Director and of the secretary or such other person as the Board may appoint for the purpose; and those one directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence. Provided nevertheless that certificates of shares or debentures may be sealed and signed in the manner and in conformity with the provisions of Section 46 of the Companies Act, 2013 and rules made there under. The Seal its Custody and use.
186. The Company may, subject to the provisions of the Act, have for use in any territory, district or place not situated in the union of India an official seal which shall be a facsimile of the Common Seal of the Company with the addition on its face of the name of the territory, district or place where it is to be used. Foreign Seal.
187. The following provisions shall apply on the Company having a foreign seal under the preceding Article :- Provision applicable to Foreign Seal
 - (i) The Company shall, by a document under its common seal, Authorise any person appointed for the purpose in that territory, district or place to affix the official seal to any deed or other documents to which the Company is a party in that territory, district or place.
 - (ii) The authority of any agent under the preceding clause shall, as between the Company and any person dealing with the agent continue during the period if any mentioned in the document conferring the authority, or if no period is therein mentioned, until notice of the revocation or determination of the agent's authority has been given to the person dealing with him.
 - (iii) The person affixing any such official seal, shall certify on the deed or document to which such a seal is affixed, the date on which and the place at which, such seal is affixed.

- (iv) A deed or other document to which an official seal is duly affixed shall bind the Company as if it had been sealed with the common seal of the Company.

MINUTES

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| 188. | The Company shall cause minutes of all proceedings of every General Meeting and of all proceedings of every meeting of its Board of Directors or of every committee of the Board to be kept in the manner required by the Act and the provisions of the Act will apply accordingly. | Minutes |
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DIVIDENDS

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| 189. | The profits of the Company which it shall from time to time determine, subject to the provisions of the Act, to time determine, subject, to divide in respect of any year or other period, shall be applied first in paying the fixed preferential dividend on the capital paid up on the preference shares if any and secondly in paying a dividend declared for such year or other period on the capital paid up on the equity shares. | Division of profits. |
| 190. | No amount paid or credited as paid on a share in advance of calls shall be treated as capital paid up on the share. | Amount paid in advance of calls not to be treated as paid up capital. |
| 191. | All dividend shall be apportioned and paid proportionate to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share rank for dividend accordingly. | Apportionment of Dividends. |
| 192. | The Company in general meeting may subject to the provisions of the Act declare a dividend to be paid to the Members according to their rights and interests in the profits and may fix the time for payment. | Declaration of Dividends. |
| 193. | No larger dividend shall be declared than is recommended by the Board but the Company in general meeting may declare a smaller dividend. | Restrictions on amount of dividend. |
| 194. | <p>(1) No dividend shall be payable except out of the profits of the Company arrived at as laid down in the Act.</p> <p>(2) The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.</p> | <p>Dividend out of profits only.</p> <p>What is to be deemed net profits.</p> |
| 195. | The Board of Directors may from time to time pay to the Members such interim dividends as in its judgement the position of the Company justifies. | Interim Dividends. |
| 196. | The Board may retain any dividends payable on shares on which the Company has a lien and may apply the same in or towards the satisfaction of the debts. Liabilities or engagements in respect of which the lien exists. | Debts may be deducted. |
| 197. | Any general meeting declaring a dividend may make a call on the Members of such amount as the meeting fixes but so that the call on each Member shall not exceed the dividend payable to him and so that the call may be made payable at the same time as the dividend and the dividend may if so arranged between the Company and the Member be set off against the call. | Dividend and call together. |
| 198. | Any general meeting declaring a dividend or bonus may resolve that such dividend be paid wholly or in part by the distribution of specific assets, partly or fully paid up shares, or debentures or debenture stock of the Company or in any one or more of such ways and Board shall give effect to the same and the Board may settle any difficulty in doing so in such manner as it may deem expedient. | Dividend how paid. |
| 199. | A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer. | Effect of Transfer. |
| 200. | The Board may retain the dividends payable upon shares in respect of which any person is under Article 75 and 76 entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same. | Retention in certain cases. |

201. No Member shall be entitled to receive payment of any interest on dividend in respect of his own share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any shareholder all sums of money so due, from him to the Company.
- No Member to receive interest or dividend whilst indebted to the Company and Company's right to Reimbursement thereof.
202. Any dividend payable in cash may be paid by electronic credit or by cheque or warrant sent through the post/speed post/registered post/courier directed to the registered address of the shareholder entitled to the payment of the dividend or in case of joint shareholders to the registered address of that one whose name stands first on the Register of Members in respect of the joint shareholding, or to such persons and to such address as the shareholder or the joint shareholders may in writing direct and the Company shall not be responsible or liable for any cheque or warrant lost in transit or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent recovery thereof by any other means. The Company may, if it thinks fit, call upon the shareholders when applying for dividends or bonus to produce their share certificates at the registered office or other place where the payment of dividend is to be made.
- Payment by post/speed post/registered post/courier
203. The Company shall pay dividend or send the warrant in respect thereof to the shareholder entitled to the payment of the dividend within thirty days from the date of the declaration of the dividend unless :
- Dividend to be paid within thirty days.
- (a) the dividend could not be paid by reason of the operation of any law or
 - (b) a shareholder has given directions to the Company regarding the payment of dividend and these directions cannot be complied with, or
 - (c) there is a dispute, regarding the right to receive the dividend, or
 - (d) the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder, or
 - (e) for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
204. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank as the unpaid dividend account of the Company and transfer to the said account, the total amount of dividend which remains unpaid or unclaimed.
- Any money transferred to the said unpaid dividend account of the Company, which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund established under 205C (1) of the Act by the Central Government. No unclaimed or unpaid dividend shall be forfeited by the Board.
205. 1. The Company in General Meeting may, upon recommendation of the Board, resolve;
- Capitalisation
- (a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account or otherwise available for distribution; or any part of the amount standing to the credit of any capital reserve, or securities premium account or or any other reserve not created out of profits earned by the Company; and
 - (b) that such sum be accordingly set free for distribution in the manner specified in Clause [2] amongst the members who would have been entitled thereof, if distributed by way of dividend and in the same proportions.

2. The sum aforesaid shall not be paid in cash, but shall be applied, subject to the provisions contained in Clause [3], either in or towards;
 - (a) paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - (b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up to and amongst such members in the proportions aforesaid; or
 - (c) partly in the way specified in the Sub-clause [i] and partly in that specified in Sub-clause [ii]
3. A share premium account, free reserves and a capital redemption reserve account may, for the purposes of this Article only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid-up bonus shares.
4. The Board shall give effect to the resolution passed by the Company in pursuance of this article
5. Whenever a resolution as mentioned in the preceding Article shall have been passed, the Board shall;
 - (a) make all appropriations and applications of the reserves and/or undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares and
 - (b) generally do all acts and things required to give effect thereto.
6. The Board shall have full power:
 - (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and also
 - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation, or [as the case may require] for the payment by the Company on their behalf, by the application thereto of their respective proportions of the amounts, resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.
7. Any agreement made under such authority shall be effective and binding on all the members.

Powers of the Board on Capitalisation

ANNUAL ACCOUNTS

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| 206. | The Company shall prepare and keep proper books of account with respect to : | Books of Account to be kept. |
| | <ol style="list-style-type: none"> (a) all sums of money received and expended by the Company and the matters in respect of which receipts and expenditure take place; (b) all sales and purchases of goods by the Company; and (c) the assets and liabilities of the Company. | |
| 207. | (1) Books of account shall be kept at the Registered Office of the Company or at such other place in India as the Board of Directors may decide and when the | Books where to be kept and inspection. |

Board of Directors so decide, the Company shall within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place.

- (2) The books of account shall be open to inspection by any Director during business hours.
208. The Board of Directors shall from time to time determine whether and to what extent and at what times and place and under what conditions or regulations the documents of the Company or any of them shall be open to the inspection of Member, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorised by the Board of Directors or by a resolution of the Company in general meeting. Inspection by Members.
209. The Board of Directors shall from time to time, in accordance with the Act, cause to be prepared and to be placed before the Company in general meeting, such Financial Statement including Consolidated Financial Statements and reports as are required by the Act. Statement of Accounts to be furnished to General Meeting.
210. (1) A copy of every such Financial Statement so audited (including the auditor's report and every other document required by the Act to be annexed or attached to the balance sheet) shall at least twenty one days before the meeting at which the same are to be laid before the Members be sent to the Members of the Company, to the trustees for the holders of Debentures and to all persons entitled to receive notice of general meetings of the Company. Financial Statement to each Member.
- (2) If and as long as the Company's shares are listed on a recognised stock exchange and subject to the provisions of Section 136 of the Act, it shall be sufficient compliance with clause (1) of this Article if the copies of documents referred to in clause (1) are made available for inspection at the Company's registered office during working hours for a period of twenty-one days before the date the meeting and a statement containing the salient features of such documents in the prescribed form or copies may deem fit, is or are sent, not less than twenty-one days before the date of the meeting, to every Member of the Company and to every trustee for the holders of any debentures issued by the Company.
211. (1) Once at least in every year the accounts of the Company shall be examined by one or more auditors who shall report to the shareholders as to whether the Balance sheet reflects a true and fair view of the state of affairs of the Company as at that date and profit and loss account discloses a true and fair view of the profit and loss incurred by the Company during the year under review. Accounts to be audited.
- (2) The appointment, remuneration, rights, powers and duties of the Company's auditors shall be regulated in accordance with the provisions of the Act.
- (3) Every balance sheet and profit and loss account of the Company when audited and adopted by the Company at an annual general meeting, shall be conclusive, provided that such balance sheet and profit and loss account and Board's Report may be amended at any time with the consent of the Company accorded by a special resolution.

ANNUAL RETURNS

212. The Company shall make and file the requisite Annual Returns in accordance with the provisions of Sections 92 of the Act.

DOCUMENTS AND NOTICES

213. (1) A document or notice may be served by the Company on any Member thereof either personally or by sending it by post/registered post/speed post/courier to him to his registered address or if he has no registered address, in India, the address if any within India supplied by him to the Company for the giving of notices to him. Service of the documents on Members by Company.
- (2) Where a document or notice is sent by post/registered post/speed post/courier.

- (a) Service thereof shall be deemed to be effected by properly addressing preparing and posting a letter containing the document or the notice, provided that where a Member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the Member; and
 - (b) Such service shall be deemed to have been effected -
 - (i) in the case of notice of a meeting at the expiration of forty eight hours after the letter containing the same is posted; and
 - (ii) in any other case, at the time at which the letter would be delivered in the ordinary course of post.
 - (3) A document or notice may be served by the Company on the joint holders of a share by serving it on the joint holder named first in the Register of Members in respect of the share.
 - (4) A document or notice may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of the Member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignees of the insolvent or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or until such address has been so supplied by serving the document or notice in any manner in which it might have been served if the death or insolvency had not occurred.
 - (5) A certificate in writing signed by the manager, Secretary or other officer or employee of the Company that the notice was properly addressed, prepaid and posted shall be conclusive evidence thereof.
 - (6) The signature to any document or notice to be given by the Company may be written on printed or lithographed.
214. A document may be served on the Company or an officer thereof by sending it to Company or the officer at the registered office of the Company by post under a certificate of posting or by registered post or by leaving it at its registered office. Service of documents on Company.
215. Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the Company may be signed by a Director, Managing Director, the Manager, the Secretary, or other authorised officer of the Company and need not be under the common seal of the Company. Authentication of documents and proceedings.

INDEMNITY AND INSURANCE

216. Subject to the provisions of the Act, every Director, Manager any other officer or any person (whether officer of the Company or not) employed by the Company, or as an Auditor, or servant of the Company shall be indemnified by the Company and it shall be the duty of the Board to pay out of the funds of the Company all costs, charges, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or thing done by him as such officer or servant or in any way in the discharges of his duties including expenses, and in particular and so as not limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Manager, officer or servant in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted by the court. Company may indemnify.
217. Subject to the provision of Section 201 of the Act no Director, Manager or other officer of the Company shall be liable for the acts, receipts, neglects of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Board for or on behalf of the Company, or for the Liability of officers.

insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy or insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by error of judgement, omission, default or oversight, on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own dishonesty.

218. The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former Directors and key Managerial Personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably. Insurance

WINDING UP

219. If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be the losses shall be borne by the Members in proportion to the capital paid up on which ought to have been paid up at the commencement of the winding up on the shares held by them respectively and if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid at the commencement of the winding up the excess shall be distributed amongst the Members in proportion to the capital paid up or which ought to have been paid up at the commencement of winding up on the shares held by them respectively. But this Article is without prejudice to the rights of the holders of shares issued upon special terms and conditions. Distribution of Assets.
220. No Member or other person (not being a Director) shall be entitled to visit or inspect any property or premises or works of the Company without the permission of the Board or to require discovery of or any information regarding any detail of the Company's trading or any matter which is or may be in nature of a trade secret, mystery of trade, secret process or any business of the Company and which in the opinion of the Board it would be inexpedient in the interest of the Company to disclose. Restriction on Right to Inspect
221. Every Director, Manager, Auditor, Treasurer, Trustee, Member of a committee, agent, officer, servant, accountant of other person employed in the business of the Company shall, when required, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company with the customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties, except when required so to do by the Board or by any meeting of the shareholder if any or by a Court of Law, or by the person to whom the matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained. Secrecy undertaking.
222. Each Member of the Company, present and future, is to be deemed to join the Company with full knowledge of all contents of these presents. Members knowledge Implied.

GENERAL POWERS

223. Wherever in the Act, the Rules or other applicable laws, it has been provided that the Company shall have any right privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its Articles, then and in that case, these Articles authorizes and empowers the Company to have such rights, privileges or authorities and to carry out such transaction as have been permitted by the Act, without there being any specific Article in that behalf herein provided. General Powers

SECTION X – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts referred to in para (A) have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Letter of Offer.

Copies of the abovementioned contracts and also the documents for inspection referred to in para (B), may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from the date of this Draft Letter of Offer until the closure of the subscription list.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

A. Material Contracts for the Offer

1. Issue Agreement dated September 11, 2018 entered into between our Company and the Lead Manager.
2. Registrar Agreement dated September 12, 2018 entered into between our Company and the Registrar to the Issue.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended from time to time.
2. Certificate of incorporation dated July 10, 2007.
3. Fresh certificate of incorporation dated November 6, 2007 pursuant to the change of name from 'India Infoline Finance Holdings Limited' to 'IIFL Capital Limited'.
4. Fresh certificate of incorporation dated August 12, 2015 pursuant to change of name from 'IIFL Capital Limited' to '5paisa Capital Limited'.
5. Annual reports of our Company for the Fiscals 2018, 2017, 2016, 2015 and 2014.
6. Resolution of our Board dated July 17, 2018 and September 12, 2018, pursuant to section 62 of the Companies Act, authorising the Issue.
7. Resolution of our Board dated September 12, 2018 approving this Draft Letter of Offer and resolution of our Rights Issue Committee dated September 14, 2018 approving modifications made to this Draft Letter of Offer.
8. Due diligence certificate dated September 14, 2018 addressed from the Lead Manager to SEBI.
9. The Statement of Tax Benefits dated September 10, 2018 issued by the Statutory Auditors.
10. Consent of Statutory Auditors being V Sankar Aiyar & Co., Chartered Accountants dated September 12, 2018 to be named as an "expert" under section 2(38) of the Companies Act, in relation their report dated September 12, 2018.
11. Unaudited financial results for the quarter ended June 30, 2018.
12. Examination reports on the Restated Standalone Financial Information and Restated Consolidated Financial Information both dated September 12, 2018 of our Statutory Auditors, included in this Draft Letter of Offer.
13. Consents in writing of our Directors, our Company Secretary and Compliance Officer, legal advisor to the Issue, lenders of our Company and Registrar to the Issue to act in their respective capacities.

14. Scheme of Arrangement of IIFL Holdings, their respective shareholders and our Company.
15. 5paisa Capital Limited Employee Stock Option Plan 2017.
16. 5paisa Capital Limited Employee Stock Option Trust Scheme 2017.
17. In-principle listing approvals dated [●] and [●] issued by BSE and NSE, respectively.
18. Tripartite agreement dated September 21, 2017 among our Company, NSDL and the Registrar to the Issue.
19. Tripartite agreement dated November 1, 2010 among our Company, CDSL and the Registrar to the Issue.
20. SEBI observation letter no. [●] dated [●].

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, the SCRA, SCRR, the SEBI Act or rules or regulations made or guidelines issued thereunder, as the case may be. We further certify that all disclosures and statements made in this Draft Letter of Offer are true and correct.

SIGNED BY ALL THE DIRECTORS OF OUR COMPANY

Archana Niranjana Hingorani
(Chairperson and Independent Director)

Sarbeswar Lenka
(Additional Non-Executive Director)

Prakarsh Gadgani
(Whole-Time Director and Chief Executive Officer)

Nirali Sanghi
(Independent Director)

Santosh Jayaram
(Whole Time Director)

SIGNED BY THE CHIEF FINANCIAL OFFICER

Mahesh Shetty
(Chief Financial Officer)

Place: Mumbai

Date: September 14, 2018